



# Offer to the Shareholders of Broström AB (publ)

Financial advisor to A.P. Moller – Maersk



Arranger of the Offer



## **THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**This offer document including the related acceptance form contains important information and should be read carefully before any decision is made with respect to the Offer (as defined herein).**

### **Choice of law, disputes and translation**

This offer document has been prepared in accordance with the laws of Sweden, as well as with the rules and regulations applicable to public offers in Sweden, in connection with A.P. Møller – Mærsk A/S public offer, which is formally made through the wholly-owned subsidiary Maersk Product Tankers AB (“Maersk Product Tankers”), for all shares in Broström AB (publ) (“Broström” or the “Company”) which was made public on 27 August 2008 (the “Offer”).

The Offer shall be governed by and construed in accordance with Swedish law. Furthermore, OMX Nordic Exchange Stockholm’s rules regarding public offers on the stock market (the “Takeover Rules”) and the Swedish Securities Council’s rulings regarding the interpretation and application of the Takeover Rules<sup>1)</sup> apply to the Offer. Maersk Product Tankers has given an undertaking to OMX Nordic Exchange Stockholm that it will comply with the foregoing, and that it will submit to any sanctions imposed by OMX Nordic Exchange Stockholm in the event of any breach of the Takeover Rules. Maersk Product Tankers has on 27 August 2008 informed the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the “SFSA”) about the Offer and about the above undertaking with the OMX Nordic Exchange Stockholm. Disputes concerning the Offer shall be exclusively settled by Swedish courts, and the Stockholm District Court shall be the court of first instance.

This offer document is available in Swedish and English. The Swedish language version has been approved by and registered with the SFSA in accordance with the provisions of Chapter 2, Section 3 of the Takeover Act (*Sw. lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) and Chapter 2 a, Section 9 of the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*). In the event that there are any differences between the language versions, the Swedish language version shall prevail. Approval by and registration with the SFSA does not imply that the Authority guarantees that the factual information provided in this offer document is correct or complete.

### **Forward-looking statements**

This offer document and related offer documentation contains forward-looking statements. These statements appear throughout this offer document and such related documentation and are not guarantees of future performance and are subject to inherent risks and uncertainties. Forward-looking statements may be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, words such as “may”, “will”, “expects”, “believes”, “anticipates”, “plans”, “intends”, “estimates”, “projects”, “targets”, “forecasts”, “seeks”, “could”, or the negative of such terms, and other variations on such terms or comparable terminology. Forward-looking statements include, but are not limited to, statements about the expected future business of Broström resulting from and following the Offer. These statements reflect Maersk Product Tankers’ or Broström’s respective management’s current expectations based upon information currently available to them and are subject to various assumptions, as well as risks and uncertainties that may be outside of their control. Actual results could differ materially from those expressed or implied in such forward-looking statements. Any such forward-looking statements speak only as of the date on which they are made and neither Maersk Product Tankers, Broström nor anyone closely affiliated to these companies undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

### **Information for shareholders outside Sweden**

The Offer pursuant to the terms and conditions presented in this offer document is not being made to persons whose participation in the Offer requires that an additional offer document is prepared, or that registration is effected or that any other measures are taken in addition to those required under Swedish law. This offer document, the relevant acceptance form and any documentation related to the Offer will not be distributed and must not be mailed or otherwise distributed or sent in or into any country in which the distribution or the Offer would require such additional measures to be taken or would be in conflict with any law or regulation in that country. Any purported acceptance of the Offer resulting directly or indirectly from a violation of these restrictions may be disregarded. The Offer is not being made, directly or indirectly, by use of mail or any other means of instrumentality (including, without limitation, facsimile transmission, electronic mail, telex, telephone and the Internet) in or into the United States of America, Australia, Canada, Japan, New Zealand or South Africa and the Offer cannot be accepted in or from the United States of America, Australia, Canada, Japan, New Zealand or South Africa. As a result, this offer document, the acceptance form and other documentation relating to the Offer will not, and may not, be mailed or in any other way distributed, forwarded or transmitted to or within the United States of America, Australia, Canada, Japan, New Zealand or South Africa. Maersk Product Tankers will not send any payment in respect of the terms of the Offer to the United States of America, Australia, Canada, Japan, New Zealand or South Africa. The availability of the Offer to persons not resident in Sweden may be affected by the laws and regulations of the relevant jurisdiction. Persons who are not resident in Sweden should inform themselves of and observe any applicable requirements.

### **Miscellaneous**

The parent company A.P. Møller – Mærsk A/S is in this offer document referred to with its full name. Unless otherwise stated, all references to “A.P. Møller – Maersk” refer to A.P. Møller - Mærsk A/S and all companies that A.P. Møller – Mærsk A/S controls (group). References to “Maersk Product Tankers” in this offer document refer to Maersk Product Tankers AB. Unless otherwise stated, and depending on the context, all references to “Broström” in this offer document refer to Broström AB (publ) (parent company) or to Broström AB (publ) and its subsidiaries (group).

The figures reported in this offer document may have been rounded off, including certain totals set out in the tables contained herein.

Other than to the extent required by applicable law or the Takeover Rules, this offer document will not be supplemented or updated with any financial information or any other information that Broström might announce after the date of this offer document, nor will Maersk Product Tankers separately provide notice of any announcement of such financial information or any other information.

1) This includes the Swedish Securities Council’s former rulings with respect to the earlier rules regarding public takeovers issued by the Swedish Industry and Commerce Stock Exchange Committee, where applicable.

<b>Contents</b>	Page
The Offer .....	2
Terms, Conditions and Instructions.....	3
Background, Strategic Rationale and Consequences.....	5
Description of A.P. Møller – Maersk and of Maersk Product Tankers and its Financing.....	6
Statement by the Board of Directors of Broström .....	7
Fairness Opinion from SEB Enskilda .....	11
Information on Broström.....	13
Overview.....	13
Operations.....	14
Summary of Financial Information.....	15
Share Capital and Ownership Structure.....	17
Board of Directors, Supervisory Committee and Auditors.....	20
Miscellaneous .....	21
Articles of Association.....	22
Interim Report January–June 2008.....	24
Report of the Board of Directors of Broström .....	38
Auditors’ Report.....	39
Tax Issues in Sweden.....	40
Addresses and Advisors.....	41

### **The Offer in brief**

A.P. Møller – Mærsk A/S, through their wholly owned Swedish subsidiary Maersk Product Tankers AB, announced on 27 August 2008 a public offer to the shareholders in Broström AB (publ) to tender all outstanding shares in Broström to Maersk Product Tankers.

Price per share: SEK 57 in cash<sup>1)</sup>

Acceptance period: 19 September – 28 November 2008 (at 16.00 CET)

Anticipated settlement date: 5 December 2008

Information concerning the procedure for accepting the Offer can be found in the section entitled “Terms, Conditions and Instructions”.

1) The price offered per share in Broström will be decreased if Broström distributes a dividend or in any other way distributes or transfers value (*Sw. värdeöverföringar*) before settlement of the Offer. Further, the price may be increased as described on page 2.

# The Offer

On 27 August 2008, A.P. Møller – Maersk A/S, through their wholly owned Swedish subsidiary Maersk Product Tankers AB (“Maersk Product Tankers”)<sup>1)</sup> decided to submit a public offer to the shareholders in Broström, which is listed on OMX Nordic Exchange Stockholm, Mid Cap, to acquire all shares in Broström (the “Offer”).

The Broström shareholders are offered SEK 57 in cash for each Broström share. No commission will be charged. The Offer is conditional upon the satisfaction of certain conditions set out in the section “Terms, Conditions and Instructions”. The Offer values the share capital of Broström at SEK 3.62 billion (based on 4,251,456 class A shares and 59,291,728 class B shares outstanding, i.e. excluding 2,254,000 treasury shares). The acquisition of Broström shares pursuant to the Offer is financed by cash funds from A.P. Møller – Maersk. For further information, please see the section “Description of A.P. Møller – Maersk and of Maersk Product Tankers and its Financing”.

The offer price for each share represents a premium of 23.6% relative to the volume-weighted average closing price of Broström’s class B share on the OMX Nordic Exchange Stockholm for the three month period prior to 27 August 2008 and a premium of 10.1% relative to the Broström closing price on the OMX Nordic Exchange Stockholm of SEK 51.75 on 26 August 2008, the last trading day before the announcement of the Offer.

The holders of all shares of class A in Broström, together holding shares of class A and B representing 29.3% of the capital and 55.9% of the votes<sup>3)</sup>, have irrevocably undertaken to accept the Offer.<sup>4)</sup> The shareholders having made such undertaking include, *inter alia*, Arvid Svensson Invest AB, the Dreijer families, the Björnram families, Lennart Simonsson and Kenneth Nilsson.

The board of directors of Broström has unanimously decided to recommend Broström shareholders to accept the Offer.<sup>5)</sup> The board of directors’ recommendation is supported by a fairness opinion from SEB Enskilda.

The price per share in the Offer will be increased in the following situations:

- The price per share in the Offer will be increased by an interest rate of 6% per annum, calculated from the date occurring two months after the announcement of the Offer, until the Offer is declared unconditional.<sup>6)</sup>
- If a third party announces a competing public offer prior to the completion of the Offer (a “Third Party Offeror”), and Maersk

Product Tankers accepts such third party offer regarding the shares acquired by Maersk Product Tankers in the Offer for a consideration per share exceeding the price in the Offer, then Maersk Product Tankers will compensate persons having accepted the Offer with an amount equal to 50 percent of the difference between the price per share received by Maersk Product Tankers and the price paid in the Offer. The same shall apply if Maersk Product Tankers sells or agrees to sell such shares before the third party offer is completed or, on or prior to 31 December 2009, otherwise sells or agrees to sell the shares to the Third Party Offeror or any party acting in concert with the Third Party Offeror.

Neither Maersk Product Tankers nor A.P. Møller – Maersk have acquired any shares in Broström during the last six months preceding the day the Offer was announced. Following announcement of the Offer, Maersk Product Tankers has purchased shares in Broström and owns, as per 15 September 2008, 2,905,200 shares, which correspond to 4.6% of the capital and 2.9% of the votes in Broström.<sup>7)</sup>

Pursuant to an exemption granted by the Swedish Securities Council (*Sw. Aktiemarknadsnämnden*) (Ruling 2008:28), the Offer does not apply to warrants issued under Broström’s existing warrant programmes. Maersk Product Tankers intends to commence a discussion with Broström’s management in order to find a solution that ensures all warrant holders a fair treatment.

The Offer shall be governed by and construed in accordance with Swedish law. Furthermore, OMX Nordic Exchange Stockholm’s rules regarding public offers on the stock market (the “Takeover Rules”) and the Swedish Securities Council’s rulings regarding the interpretation and application of the Takeover Rules<sup>8)</sup> apply to the Offer. Maersk Product Tankers has given an undertaking to OMX Nordic Exchange Stockholm that it will comply with the foregoing, and that it will submit to any sanctions imposed by OMX Nordic Exchange Stockholm in the event of any breach of the Takeover Rules. Maersk Product Tankers has on 27 August 2008 informed the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the “SFSA”) about the Offer and about the above undertaking with the OMX Nordic Exchange Stockholm. Disputes concerning the Offer shall be exclusively settled by Swedish courts, and the Stockholm District Court shall be the court of first instance.

1) Registration of this name with the Swedish Companies Registration Office is pending. The currently registered name is Lagrummet December nr 1474 AB. The company has its registered office in Stockholm, its corporate registration number is 556758-8636, and its address is c/o Advokatfirman Vinge KB, PO Box 1703, 111 87 Stockholm, Sweden. The company has not carried out any business activities prior to the Offer.

2) The price offered for the shares in Broström will be decreased if Broström distributes a dividend or in any other way distributes or transfers value (*Sw. värdeöverföringar*) before settlement of the Offer. Such adjustment shall correspond to the value transfer per share.

3) Based on 63,543,184 class A and B shares outstanding, i.e. excluding 2,254,000 treasury shares.

4) The undertakings are irrevocable except in a situation where condition number 2 to the Offer below (regulatory approvals) has not been fulfilled or waived within nine months after the date of this announcement of the Offer.

5) Arvid Svensson Invest AB has undertaken to accept the Offer in respect of all its Broström shares. Fredrik Svensson, who is chairman of Arvid Svensson Invest AB, has therefore not participated in the Board of Directors’ evaluation or resolution concerning the Offer.

6) The increase in the price per share will, in accordance with customary interest calculation models, be calculated based on the number of days occurring after the 27 October 2008, until the day the Offer is declared unconditional (n), by the following formula:  $SEK 57 \times (1.06)^{(n/360)} - 1$ .

7) Based on 63,543,184 class A and B shares outstanding, i.e. excluding 2,254,000 treasury shares.

8) This includes the Swedish Securities Council’s former rulings with respect to the earlier rules regarding public takeovers issued by the Swedish Industry and Commerce Stock Exchange Committee, where applicable.

# Terms, Conditions and Instructions

## The Offer

The shareholders of Broström are invited to transfer their shares in Broström to Maersk Product Tankers.

SEK 57 in cash is offered by Maersk Product Tankers for each share in Broström. No commission will be charged.

The price per share in the Offer will be increased in the following situations:

- The price per share in the Offer will be increased by an interest rate of 6% per annum, calculated from the date occurring two months after the announcement of the Offer, until the Offer is declared unconditional.<sup>1)</sup>
- If a third party announces a competing public offer prior to the completion of the Offer (a "Third Party Offeror"), and Maersk Product Tankers accepts such third party offer regarding the shares acquired by Maersk Product Tankers in the Offer for a consideration per share exceeding the price in the Offer, then Maersk Product Tankers will compensate persons having accepted the Offer with an amount equal to 50 percent of the difference between the price per share received by Maersk Product Tankers and the price paid in the Offer. The same shall apply if Maersk Product Tankers sells or agrees to sell such shares before the third party offer is completed or, on or prior to 31 December 2009, otherwise sells or agrees to sell the shares to the Third Party Offeror or any party acting in concert with the Third Party Offeror.

Pursuant to an exemption granted by the Swedish Securities Council (*Sw. Aktiemarknadsnämnden*) (Ruling 2008:28), the Offer does not apply to warrants issued under Broström's existing warrant programmes. Maersk Product Tankers intends to commence a discussion with Broström's management in order to find a solution that ensure all warrant holders a fair treatment.

## Conditions to the Offer

The Offer is conditional upon:

1. Maersk Product Tankers, through the Offer and any completed purchases outside of the Offer, acquires shares, to such an extent that Maersk Product Tankers becomes the owner of shares representing more than 50% of the votes in Broström; and
2. the receipt of all necessary regulatory, governmental or similar clearances, approvals and decisions, including from competition authorities, in each case on terms which, in Maersk Product Tankers' opinion, are acceptable.

Maersk Product Tankers reserves the right to withdraw the Offer in the event that it is clear that one or both of the above conditions are not fulfilled or cannot be fulfilled. However, with regard to condition number 2 above, withdrawal will only be made if the non-fulfilment of that condition is of material importance to Maersk Product Tankers' acquisition of shares in Broström.<sup>2)</sup>

Maersk Product Tankers reserves the right to waive, in whole or in part, one or both of the conditions above.

## Acceptance

The acceptance period is 19 September – 28 November 2008 (at 16.00 CET).

The acceptance form in respect of shares is pre-printed with details concerning the shareholder's name, address, personal identification number or organisation number, as well as the securities account to which the shares in Broström are registered. The number of shares held at 15 September 2008 is specified in the transferred shares box. Shareholders who wish to accept the Offer should check that the details on the acceptance form are correct. They should also enter a daytime telephone number and sign the acceptance form. Shareholders who are included on the list of pledge holders and trustees related to the share register will not receive an acceptance form, but will be notified separately. Please note that incorrect or incomplete acceptance forms may be disregarded.

## Shareholders domiciled in Sweden

Those shareholders who wish to accept the Offer must post the signed acceptance form in the enclosed postage paid envelope or deliver by hand the completed acceptance form at Nordea Bank AB ("Nordea") or at any Swedish bank. Please note that where the acceptance form is posted or delivered at a bank other than Nordea, it must be done so that the acceptance form reaches Nordea **no later than 16.00 CET on 28 November 2008**. The recipient bank should forward the acceptance to Nordea.

## Shareholders not domiciled in Sweden

Shareholders who are not domiciled in Sweden should send the signed acceptance form to:

Nordea Bank AB  
Svarspost 204 826 84  
110 56 Stockholm

Please note that the acceptance form must reach Nordea no later than 16.00 CET on 28 November 2008.

1) The increase in the price per share will, in accordance with customary interest calculation models, be calculated based on the number of days occurring after the 27 October 2008, until the day the Offer is declared unconditional (n), by the following formula:  $SEK 57 \times (1.06)^{(n/360)} - 1$ .

2) Notice of completion of the Offer or of any such withdrawal will be announced by Maersk Product Tankers by means of a press release in accordance with applicable rules and regulations.

### Confirmation of acceptance

After the acceptance form has been received and registered, the shares are transferred to a newly opened blocked securities account (account in kind) in the name of the shareholder. As confirmation of this, an account statement will be mailed showing the deposit in the blocked securities account. No separate notice will be mailed showing the withdrawal of shares from the shareholder's ordinary securities account.

### Nominee registered holdings

Shareholders in Broström whose holdings are registered in the name of a nominee will not receive this offer document or an acceptance form. Acceptance is instead to be made in accordance with instructions from the nominee.

### Pledged holdings

If shares are pledged, the pledgee must also complete and sign the submitted acceptance form.

### Settlement

Settlement will take the form of a contract note being mailed to those who accept the Offer. Settlement will not commence until Maersk Product Tankers has announced that the conditions for the Offer have been satisfied or Maersk Product Tankers otherwise has decided to complete the Offer. Provided that such an announcement is made no later than 2 December 2008, payment is expected to begin on or about 5 December 2008. Cash payment will take the form of a deposit in the yield account linked to the securities account in which the shares in Broström are registered. If there is no yield account payment will take the form of a payment note. Please also see the section entitled "Right to extend the Offer". In connection with settlement, the shares will be booked from the blocked securities account, which will subsequently be closed. No notification will be provided of the withdrawal and closure of the blocked securities account.

### Right to extend the Offer

Maersk Product Tankers reserves the right to extend the acceptance period of the Offer, as well as the right to postpone the date for settlement.<sup>1)</sup>

### Right to revoke submitted acceptances

Shareholders of Broström are entitled to revoke acceptances. To be valid, the revocation must be made in writing and have been received by Nordea before the public announcement by Maersk Product Tankers that the conditions specified above for the completion of the Offer have been satisfied, or, if such announcement has not been made during the acceptance period, by 16.00 CET on the final day of the acceptance period. Shareholders whose shares are nominee registered and who wish to revoke their acceptance of the Offer must do so in accordance with instructions from the nominee.

If any conditions to the Offer, which Maersk Product Tankers has reserved the right to waive, remain during any extension of the Offer, the right to revoke submitted acceptances will apply in the same manner throughout any such extension of the Offer.

### Compulsory acquisition and delisting

If Maersk Product Tankers acquires more than 90 percent of the shares in Broström, Maersk Product Tankers intends to call for compulsory acquisition of the then outstanding minority shares.

In connection herewith Maersk Product Tankers intends to act in favour of a de-listing of Broström's shares from OMX Nordic Exchange Stockholm.

### Questions regarding the Offer

For questions regarding the Offer, please contact Nordea, telephone +46 (0)8-20 69 42. Information is also available on Nordea's website ([www.nordea.se/placera](http://www.nordea.se/placera)).

<sup>1)</sup> Notice of any such extension and/or postponement of settlement will be announced by Maersk Product Tankers by means of a press release in accordance with applicable rules and regulations.

# Background, Strategic Rationale and Consequences

## Background

Broström has a strong heritage, with the Company's business dating as far back as 1865, when Axel Broström became a ship-owner. Broström in its current form was founded in 1982, under the name of Shipinvest who in 1992 acquired Broströms Rederi AB. The Company's shares were introduced on the OMX Nordic Exchange Stockholm on 17 June 1998.

A.P. Moller – Maersk dates back to 1904 and is a global group engaged in a wide range of activities within the shipping, energy, retail and manufacturing industries. A.P. Moller – Maersk, through the Maersk Tankers division, has been active in the tanker business since the first dedicated tanker was acquired in 1924 and has been listed on the OMX Nordic Exchange Copenhagen in its current form since 13 June 2003 following the merger between D/S Svendborg and D/S 1912.

Maersk Tankers own and operate a fleet of crude oil carriers, product tankers, gas carriers and LNG carriers, all built and operated to A.P. Moller – Maersk's high standards of quality and reliability.

A.P. Moller – Maersk has previously stated its intention to invest in Maersk Tankers as one of the growth areas within the Group. As part of the ongoing interest in participating in industry consolidation A.P. Moller – Maersk has been following the progress of Broström closely for several years.

A.P. Moller – Maersk commenced discussions with the Board of Directors of Broström in June this year. The two companies have since then worked towards a joint deal.

## Strategic Rationale and Consequences

The combination of the two companies will form the world's leading product tanker company with a combined owned and long term chartered fleet of more than 130 vessels.

The demand for energy transportation is expected to continue to grow which together with the International Maritime Organisation's (IMO) phase out regulation of single hull tanker vessels by 2010, underlines the positive business environment for the tanker market. It is in this light that A.P. Moller – Maersk has previously stated its intention to invest in Maersk Tankers.

Following the completion of the Offer, it is planned that the combined fleet of tankers below 25,000 dwt – small and intermediate vessels – will trade under the Broström name, managed from Gothenburg, Sweden. According to current plans, the fleet will increase from 87 to more than 100 tankers, including vessels that are owned, managed, on long-term charter and on order. At the same time, all product tankers above 25,000 dwt – handy and mid-range – are planned to be integrated into Maersk Tankers' commercial and operational vehicle in this segment, the Handytankers Pool. In line with current plans, this fleet will expand from 127 to more than 160 vessels over the next couple of years. The planned commercial and operational structure of the two companies may eventually result in some changes to the organisations in part to benefit from Broström's highly regarded setup in Gothenburg. A.P. Moller – Maersk will use the first few weeks after completion of the transaction to review its joint global organisation. A.P. Moller – Maersk will meet shore-based employees and consult with staff representatives immediately after the closing of the transaction. The decision on the new organisational structure will be made based on the review. Should redundancies be necessary A.P. Moller – Maersk will of course comply with local legislation, do its utmost to redeploy employees and liaise with employee unions, employee representatives and works councils. For the seafarers there are no current plans for any changes.

There are no plans to change any of the current Broström and Maersk Tankers partnerships, pools or commercial management agreements. Following the completion of the Offer, it will be evaluated how all partnerships can be integrated into the future structure of the combined business, taking into account European Commission guidelines for the shipping industry published on 1 July this year.

A.P. Moller – Maersk places great value on Broström's management team and employees and intends to continue the excellent employee relations that A.P. Moller – Maersk believes exist at Broström.

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The Board of Directors of Broström has reviewed the information on Broström on pages 13–23 in this offer document. With the exception of the information referred to in the foregoing sentence, assurance is given that, to the best knowledge of the Board of Directors of Maersk Product Tankers, the information presented in the offer document conforms to actual conditions.

Stockholm, 15 September 2008

**Maersk Product Tankers AB**  
*The Board of Directors*

# Description of A.P. Moller – Maersk and of Maersk Product Tankers and its Financing

A.P. Moller – Maersk is a global group engaged in a wide range of activities within the shipping, energy, retail and manufacturing industries. The company is listed on OMX Nordic Exchange Copenhagen, Large Cap, with a market capitalisation of DKK 235 billion as of 26 August 2008. Headquartered in Copenhagen, Denmark, A.P. Moller – Maersk has approximately 117,000 employees and offices in approximately 130 countries. The main activities are grouped in five main business areas:

**Container shipping and related activities** – A significant market participant in worldwide container services, agency and logistics under the brand names Maersk Line, Maersk Logistics, Damco and Safmarine. Maersk Line and Safmarine operate more than 515 container vessels, hereof more than 230 owned as of year end 2007.

**Container terminals and related activities** – APM Terminals develops and operates container terminals and related activities, and is actively engaged in more than 50 terminals worldwide.

**Tankers, offshore and other shipping activities** – Offering solutions for the transport of crude oil, refined products and gas; various supply vessel activities (including anchor-handling, platform supply and cable laying); activities with mobile production units and drilling rigs, including advanced jack-up rigs, salvage and towage activities as well as door-to-door transport and inter-European freight and passenger transport under the brand names Maersk Tankers, Maersk Supply Service, Maersk FPSOs, Maersk Drilling, Svitzer and Norfolkline. Excluding Svitzer's 525 vessels, the segment operates more than 160 vessels and rigs, hereof more than 130 are owned as of year end 2007.

**Oil and gas activities** – Maersk Oil participates in production activities in Denmark, Qatar, United Kingdom, Algeria and Kazakhstan. In addition, Maersk Oil participates in exploration activities in the North Sea (Denmark, United Kingdom, Norway and Germany), North Africa (Algeria and Morocco), West Africa (Angola), the Middle East (Qatar and Oman), Central Asia (Kazakhstan and Turkmenistan), South America (Brazil) and the US Gulf of Mexico.

**Retail activity** – Comprising supermarkets and hypermarkets in Denmark, Germany, United Kingdom, Poland and Sweden. Dansk Supermarked incorporates, among others, the Føtex stores, the Netto stores and the Bilka hypermarkets.

Maersk Product Tankers is currently a fully owned subsidiary of A.P. Møller – Mærsk A/S. Maersk Product Tankers is a private limited liability company organised under the laws of Sweden, its corporate registration number is 556758-8636 and its registered office is in the municipality of Stockholm. The company was registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on 25 May 2008. Maersk Product Tankers has never conducted and at present does not conduct any business besides making the Offer and take all actions to complete the offer.

The acquisition of Broström shares pursuant to the Offer is financed by cash funds from A.P. Moller – Maersk.

For further information about A.P. Moller – Maersk, please refer to [www.maersk.com](http://www.maersk.com).

# Statement by the Board of Directors of Broström<sup>1)</sup>



Broström is one of the leading logistics companies for the oil and chemical industry, focusing on industrial product and chemical tanker shipping and marine services. Broström is based worldwide, with the head offices in Göteborg, Sweden.

## Press Release

**Announcement 27 August 2008**

### **Statement by the Board of Directors of Broström in relation to the public cash offer by A.P. Møller – Mærsk A/S**

*Broström discloses the information set out in this announcement pursuant to the Swedish Securities Market Act. The information was submitted for publication at 08.35 am on 27 August 2008.*

Gothenburg, 27 August 2008 – Statement by the Board of Directors of Broström Aktiebolag (publ) in relation to the public offer by A.P. Møller – Mærsk A/S.

#### **Summary**

- A.P. Møller – Mærsk A/S (“A.P. Møller Maersk”) has today announced a public offer to the shareholders in Broström Aktiebolag (publ) (“Broström”) to sell their shares for a cash consideration of SEK 57 per share (the “Offer”). The Offer is formally made through Maersk Product Tankers AB<sup>1</sup> (“Maersk Product Tankers”), a wholly owned subsidiary of A.P. Møller Maersk. The Offer values the share capital of Broström at approximately SEK 3.62 billion.
- The holders of all Broström A-shares have irrevocably undertaken to accept the Offer in respect of all of their A-shares and B-shares, representing in aggregate 29.3 per cent of the issued share capital and 55.9 per cent of the votes in Broström.<sup>2</sup>
- The Broström Board of Directors unanimously recommends the shareholders to accept the Offer.
- A conference call will be held at 10.00 am CET on 27 August 2008 on Broström’s website. Participants will be given the opportunity to ask questions via telephone or by e-mail. Please see call-in details below.

<sup>1</sup> Registration of this name with the Swedish Companies Registration Office is pending. The currently registered name is Lagrummet December nr 1474 AB.

<sup>2</sup> Based on 63,543,184 A-shares and B-shares outstanding, i.e. excluding 2,254,000 treasury shares.

#### **Broström AB (publ)**

SE-403 30 Göteborg, Sweden  
Visiting address: Östra Hamngatan 7  
Phone: +46 31 61 61 00 Fax: +46 31 711 80 30  
E-mail: [info@brostrom.se](mailto:info@brostrom.se)  
[www.brostrom.com](http://www.brostrom.com)

1) Following the announcement of the statement by the Board of Directors of Broström on 27 August 2008, A.P. Møller – Mærsk A/S has added the following text to the section “Strategic Rationale and Consequences”: “A.P. Møller – Maersk will use the first few weeks after completion of the transaction to review its joint global organisation. A.P. Møller – Maersk will meet shore-based employees and consult with staff representatives immediately after the closing of the transaction. Decision on the new organisational structure will be made based on the review. Should redundancies be necessary A.P. Møller – Maersk will of course comply with local legislation, do its utmost to redeploy employees and liaise with employee unions, employee representatives and works councils. For the seafarers there are no current plans for changes.” The Board of Directors of Broström has reviewed this text and has determined that it does not cause the Board of Directors to change its opinion as set out in the Board of Directors’ statement of 27 August 2008.

## Background

This statement is made by the Board of Directors of Broström pursuant to Section II.14 of the OMX Nordic Exchange Stockholm AB's Rules concerning Public Offers on the Stock Market.

A.P. Moller Maersk has today announced a public offer to the shareholders in Broström to sell their shares to A.P. Moller Maersk for a cash consideration of SEK 57 per share. The Offer is formally made through Maersk Product Tankers, a wholly owned subsidiary of A.P. Moller Maersk. The holders of all Broström A-shares, including Arvid Svensson Invest AB, the Dreijer families, the Björnram families, Lennart Simonsson and Kenneth Nilsson, have irrevocably undertaken to accept the Offer in respect of all of their A-shares and B-shares, representing in aggregate 29.3 per cent of the issued share capital and 55.9 per cent of the voting rights in Broström.

The Offer price for each share represents a premium of 23.6 per cent relative to the volume-weighted average closing price of the Broström B-share on the OMX Nordic Exchange Stockholm for the three month period prior to 27 of August 2008 and a premium of 10.1 per cent relative to the Broström closing price on the OMX Nordic Exchange Stockholm of SEK 51.75 on 26 August 2008, the last trading day before the announcement of the Offer. The A-shares are not listed.

The Offer values the share capital of Broström at approximately SEK 3.62 billion (based on 4,251,456 A-shares and 59,291,728 B-shares outstanding, i.e. excluding 2,254,000 treasury shares).

The price per share in the Offer will be increased by an interest rate of 6 per cent per annum calculated from the date occurring two months after the announcement of the Offer until the Offer is declared unconditional.

The Offer is conditional only on the receipt of necessary clearances, approvals and decisions, in each case on terms that in Maersk Product Tankers' opinion are acceptable, and Maersk Product Tankers becoming the owner of shares representing more than 50 per cent of the votes in Broström. The acceptance period for the Offer is expected to run from mid September to end of November 2008. Settlement of the Offer is expected to occur within one week after the expiry of the acceptance period.

## Due diligence

At A.P. Moller Maersk's request, the Broström Board of Directors has permitted A.P. Moller Maersk to carry out limited confirmatory due diligence prior to the announcement of the Offer. No unpublished price-sensitive information has been provided to A.P. Moller Maersk during the course of the due diligence exercise.

## The recommendation by the Board of Directors

The Broström Board of Directors has based its recommendation on a number of factors and considerations that it has deemed relevant for the purpose of considering the Offer. These include, but are not limited to, the undertaking made by the holders of A-shares to Maersk

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Product Tankers and the terms offered to the holders of B-shares, Broström's financial position and future prospects and related opportunities and risks, the commercial benefits to the combined Broström and A.P. Moller Maersk group following completion of the Offer, other strategic alternatives available to Broström and Broström's ability to generate shareholder value on a stand-alone basis.

SEB Enskilda has issued a fairness opinion to the Broström Board of Directors according to which the Offer Price is fair from a financial point of view (subject to the qualifications and assumptions set out in the opinion).<sup>3</sup> The opinion will be disclosed in its entirety in the offer document that will be drawn up and published by Maersk Product Tankers for the purposes of the Offer and should be read in full to understand the assumptions and limitations set out in the opinion.

The Broström Board of Directors has been informed by A.P. Moller Maersk that the offer document that will be drawn up and published for the purposes of the Offer will include the following information:

*"The combination of the two companies will form the world's leading product tanker company with a combined owned and long term chartered fleet of more than 130 vessels. The demand for energy transportation is expected to continue to grow which together with the International Maritime Organisation's (IMO) phase out regulation of single hull tanker vessels by 2010, underlines the positive business environment for the tanker market. It is in this light that A.P. Moller - Maersk has previously stated its intention to invest in Maersk Tankers as one of the growth areas within the Group. Following the completion of the Offer, it is planned that the combined fleet of tankers below 25,000 dwt – small and intermediate vessels – will trade under the Broström name, managed from Gothenburg, Sweden. According to current plans, the fleet will increase from 87 to more than 100 tankers, including vessels that are owned, managed, on long-term charter and on order. At the same time, all product tankers above 25,000 dwt (handy and mid-range) are planned to be integrated into Maersk Tanker's commercial and operational vehicle in this segment, the Handytankers Pool. In line with current plans, this fleet will expand from 127 to more than 160 vessels over the next couple of years.*

*The planned commercial and operational structure of the two companies may eventually result in some changes to the organisations in part to benefit from Broström's highly regarded set up in Gothenburg. There are no plans to change any of the current Broström and Maersk Tankers partnerships, pools or commercial management agreements. Following the completion of the Offer, it will be evaluated how all partnerships can be integrated into the future structure of the combined business, taking into account European Commission guidelines for the shipping industry published on 1 July this year. A.P. Moller - Maersk places great value on Broström's*

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<sup>3</sup> SEB Enskilda has been engaged by the Broström Board of Directors solely for the purpose of evaluating whether or not the Offer Price is fair from a financial point of view. SEB Enskilda's fee for issuing its opinion is not dependent on the completion of the Offer and SEB Enskilda will therefore not be entitled to any success fee if the Offer is completed.

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*management team and employees and intends to continue the excellent employee relations that A.P. Moller Maersk believes exist at Broström.”*

The Board of Directors assumes that this description is accurate and has in relevant respects no reason to hold a different opinion, provided that the Board of Directors wishes to point out that it has made no investigation of its own regarding the facts, assumptions or estimates referred to therein.

Against this background, the Broström Board of Directors unanimously recommends the shareholders of Broström to accept the Offer.<sup>4</sup>

This statement and any rights or obligations arising therefrom shall in all respects be governed by and construed in accordance with Swedish law. Any dispute arising out of or in connection with this statement shall be settled exclusively by the Swedish courts with the district court of Gothenburg as the court of first instance.

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Gothenburg, 27 August 2008  
The Board of Directors  
Broström Aktiebolag (publ)

**Conference call**

Dial in numbers for the webcast conference call on the 27 August starting at 10.00 am CET at [www.brostrom.com](http://www.brostrom.com):

UK local number: + 44 (0)20 3043 2436

SE local number: + 46 (0)8 505 598 53

**For further information, please contact:**

Lars-Olof Gustavsson, Chairman of the Board of Directors of Broström AB,

Tel + 46 (0)31 61 61 00

Lennart Simonsson, CEO Broström AB,

Tel + 46 (0)31 61 61 00

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<sup>4</sup> Arvid Svensson Invest AB has undertaken to accept the Offer in respect of all of its Broström shares. Fredrik Svensson, who is the chairman of Arvid Svensson Invest AB, has therefore not participated in the Board of Directors' evaluation or resolution concerning the Offer.

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# Fairness Opinion from SEB Enskilda



## To the Board of Directors of Broström AB (publ)

The Board of Directors of Broström AB (publ) ("Broström") has requested the opinion of SEB Enskilda, Skandinaviska Enskilda Banken AB (publ) ("SEB Enskilda") as to the fairness from a financial point of view of the public offer (the "Offer") from A.P. Møller-Maersk A/S (the "Acquirer") which is expected to be announced on August 27, 2008. The holders of all series A shares in Broström (the "A-shareholders"), together holding shares of series A and B representing 29.3% of the capital and 55.9% of the votes, have undertaken to accept the Offer. The shareholders having made such undertakings include, inter alia, Arvid Svensson Invest AB, the Dreijer families, the Björnram families, Lennart Simonsson and Kenneth Nilsson.

Under the Offer, the shareholders of Broström are offered 57 SEK in cash per share held. The offer is conditional upon that the Acquirer, through the Offer and completed purchases outside of the Offer, acquires shares to such an extent that the Acquirer becomes the owner of shares representing more than 50% of the votes in Broström, and the receipt of all necessary regulatory, governmental or similar clearances, approvals and decisions, including from competition authorities, in each case on terms which, in the Acquirer's opinion, are acceptable.

Before providing this fairness opinion, SEB Enskilda has reviewed and taken into consideration e.g. the following:

- i) the terms of the Offer;
- ii) public information provided by Broström, such as annual reports and quarterly reports, including the quarterly report for the second quarter 2008,
- iii) certain other information regarding Broström and the market in which the company operates;
- iv) information provided in discussions with management and Board members regarding the market development, the operations, the financial position and the future prospects for Broström; and
- v) the undertaking between the Acquirer and the A-shareholders.

To supply this *fairness opinion*, SEB Enskilda has:

- i) performed discounted cash flow analyses;
- ii) considered certain financial and stock exchange related information concerning Broström in comparison to certain other companies and transactions in the same industry;
- iii) studied the share development and trading activity of the Broström share on the OMX Nordic Exchange Stockholm; and
- iv) performed other such analyses that SEB Enskilda has considered appropriate.

SEB Enskilda has relied, without independent verification, upon the accuracy in all material respects of all of the financial and other information reviewed for the purposes of this opinion and upon the assumption that no information of material importance to the evaluation of Broström's future earnings capacity or for SEB Enskilda's assessment has been omitted. SEB Enskilda has not conducted any so-called "due diligence" in order to verify the accuracy of received information, and has not made any independent evaluation or assessment of the assets and liabilities of Broström or visited any of its subsidiaries.

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Skandinaviska Enskilda Banken AB (publ). Organization number: 5020329081. Registered office: Stockholm.

## SEB ENSKILDA

SEB Enskilda's opinion is necessarily based upon current market, economic, financial and other conditions as in effect on, and upon the information made available to SEB Enskilda as of, the date hereof. Any change in such conditions or information may lead to a reevaluation of this opinion. SEB Enskilda's opinion does not include any assessment as to the price at which the Broström share may trade in the future. SEB Enskilda's opinion does not address the value of the Offer in respect to other opportunities that may be available.

**Based upon the foregoing and such other matters as SEB Enskilda considers relevant, it is SEB Enskilda's opinion that the Offer, as of the date hereof, is fair from a financial point of view for the shareholders of Broström.**

SEB Enskilda is an investment bank with operations within securities trading and brokerage, equity research and corporate finance. Within the framework of its normal operations within securities trading and brokerage, SEB Enskilda or any of its affiliates may, at any point in time, hold long or short positions in, and may for its own or its clients' accounts trade in, the shares and other securities issued by Broström.

SEB Enskilda will receive a fixed fee for this opinion and other financial advisory services in connection to the Offer, irrespective of the outcome of the Offer. SEB Enskilda is not assigned to provide financial advice to the A-shareholders regarding the divestment of shares to the Acquirer.

SEB Enskilda's advisory services and the opinion expressed herein are provided for the information and assistance to the Board of Directors of Broström in connection with its consideration of the Offer and does not constitute a recommendation as to whether the shareholders in Broström should accept the Offer or not. This fairness opinion may only be used in its entirety by the Board of Directors in its communication with the company's shareholders. This opinion may not be summarised, quoted or in any other way referred to in any public circumstances without SEB Enskilda's prior written consent.

Stockholm, August 26, 2008

SEB Enskilda, Skandinaviska Enskilda Banken AB (publ)

# Information on Broström

The information on Broström on pages 13–23 in this offer document has been derived from Broström's Annual Report 2007 and Interim Report January–June 2008, and Broström's web site, unless otherwise stated. Maersk Product Tankers has not verified the accuracy or completeness of the information published by Broström and which is included in this offer document.

## Overview

### Business concept

Broström offers competitive logistics solutions to customers in the oil and chemical industry, focusing on industrial tanker shipping and marine services.

### Vision

Broström will be recognised as the most attractive provider of logistics services based on performance, reliability and respect.

### Financial targets

#### Growth

- Average annual growth in net sales of 10% over a three-year period
- Average annual growth in commercial activity (measured as net sales including partners) of 20% over a three-year period

#### Return

- A return on capital employed that is higher than the average yield of a 10-year US government bond during the last three years plus a risk premium of 5%. For 2007 this corresponded to a return target of 9.4%. The target for 2008 is 9.6%

#### Equity/assets ratio

- Equity/assets ratio II in excess of 30%

### Strategy

- Broström will lead the development of logistics solutions primarily for the oil and chemical industry by meeting its customers' service needs
- Broström will grow through larger contract volumes, new market penetration and company acquisitions
- Broström will be a leader in quality, safety and the environment
- Broström's production will be cost-effective and continuously improved
- Broström will develop improved logistics solutions for its customers through its strategic alliance with Vopak

### Offering

Broström offers effective and flexible marine logistics solutions to the global oil and chemical industry. Services include transports of refined oil products such as gasoline, diesel and heating oil, and chemicals such as methanol and ethanol. The Company's customers consist primarily of large, international oil and chemical companies. Other significant customer groups include brokers of oil cargoes and industrial users of oil and chemical products.

Transports are often integrated with customers' own distribution chains and are made from refineries to storage depots or industries as well as between depots, which puts great demands on reliability and delivery ability. The size and scope of assignments vary depending on the cargo, transport distance and the type of contract agreed upon for the assignment.

### Broström's place in the value chain

#### Crude oil tanker

Crude oil is shipped in large vessels from oil wells to refineries.

#### Broström

Broström transports oil and chemical products from refineries to storage depots and between depots to even out regional supply imbalances.

#### Land transport

Large volumes of oil and chemical products are transported by tanker trucks for use in industry or consumption.

#### Oil well

Oil is pumped from underground wells either on land or at sea.

#### Refinery

Refineries produce oil products – such as gasoline, diesel and heating oil – from crude oil.

#### Oil depot

Oil and chemical products are stored in depots that are run by oil and chemical companies or by independent oil storage companies.

#### Industry and consumption

Oil and chemical products are used either for industrial production or consumption.

In 2007, 42% of Broström's transports were carried out under contracts of affreightment. Total cargo volume was 52.5 million tonnes, which is nearly four times as much as total annual oil consumption in Sweden. In all, the Company's vessels made 7,119 port calls during the year.

Broström's service offering is characterised by

- reliability and predictability,
- far-reaching quality and safety initiatives,
- a high degree of service through opportunities for custom-tailored logistics solutions,
- a large, modern fleet that provides effectiveness and flexibility, and
- extensive market knowledge gained through local and global presence and enduring customer relationships.

The focus of Broström's business offer is contracts of affreightment. These entail that Broström undertakes to transport agreed volumes between a number of ports decided by its customers over a set period of time. In contrast to time charters, contracts of affreightment play an integral role in its customers' logistics planning. Since the contracts span a long period of time and represent an end-to-end solution, customers gain efficiency and can concentrate on their core business.

## Operations

Commercial operation of 94 product and chemical tankers is the core of Broström's business. Activities also include ownership, technical operation and crewing for most of the vessels, which are in the size segments Small (5,000–10,000 dwt), Intermediate (10,000–22,000 dwt), Handy (22,000–40,000 dwt) and MR (40,000–60,000 dwt).

In recent years Broström has both strengthened its positions in existing segments and established a presence in new markets. The Company is a clear market leader in European product and chemical tanker shipping and is represented in size segments ranging from 5,000 to 40,000 dwt. This business is operated commercially from offices in Gothenburg, Paris and Holbæk, Denmark.

In Broström's Atlantic traffic, which is operated from Larvik, Norway, large vessels between 20,000 and 60,000 dwt dominate, where Broström has strong positions in the transport of refined oil products and chemicals, mainly between Europe and North America and in the Caribbean.

With the acquisition of Petroships Group in Singapore (name now changed to Broström Tankers Singapore), nine vessels were added to the fleet, and Broström thereby also has coverage in the small and intermediate vessel segments in Asia. All of the Group's activities in Asia are operated from Broström's offices in Singapore.

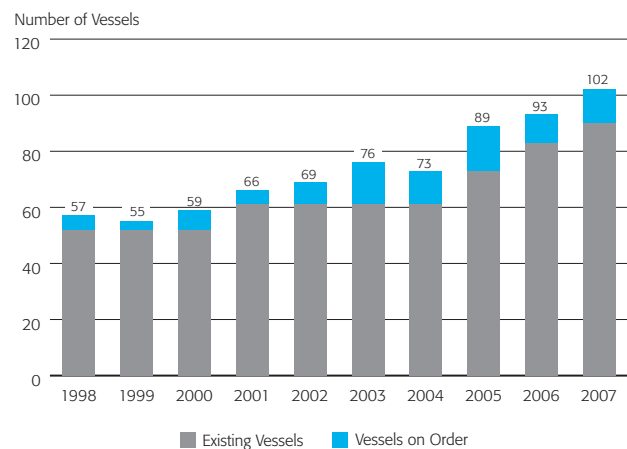
Through its global presence, Broström is further developing its interface with customers in the oil and chemical industry. A strong global brand entails that customers can rest assured that they will receive the same high standard of service and quality no matter where in the world they work with Broström.

Ownership of Broström's 62 wholly and partly owned as well as long term chartered vessels is managed from the Company's offices in Gothenburg, Paris and Singapore. The other 32 vessels are owned by Broström's partners, many of which also provide technical support and crewing for the vessels. The mutual benefits of these partnerships have enabled Broström to build further upon existing partnerships as well as enter into new agreements.

Technical operation and crewing of vessels is handled by Broström's offices in Gothenburg, Paris and Singapore. With respect to crewing, Broström also works in alliance with the Philippine crewing company Net Ship Management. Vessels not technically operated by Broström are run by the Company's business partners.

Broström operates the Broström Ship Agency Network consisting of five shipbrokerage companies active with vessel clearance, chartering, liner agency and forwarding. The companies are represented in 15 ports along the Swedish coast and together account for roughly half of total goods volume at Swedish ports. Together the companies assist their customers with more than 2,000 port calls every year.

### Development of the Tanker Fleet



## Summary of Financial Information

Please find below condensed overview of Broström's financial development since 2005. For information on 2008, please refer to Broström's Interim Report January–June 2008 on pages 24–37 in this offer document.

<b>Condensed Income Statements (SEKm)</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Net sales	3,504	3,386	3,818
Operating profit (EBIT)	664	772	812
Net financial items	(213)	(192)	(92)
Profit after net financial items	451	580	720
Tax on profit for the year	(24)	(77)	(97)
Consolidated profit for the year	427	503	623
Of which, minority interest	7	8	12
<b>Condensed Balance Sheets (SEKm)</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Non-current assets	6,691	6,112	5,787
Current assets excluding liquid assets and short-term investments	630	556	647
Liquid assets and short-term investments	1,174	1,283	1,481
<b>Total assets</b>	<b>8,495</b>	<b>7,951</b>	<b>7,915</b>
Shareholders' equity including minority interests	2,499	2,606	2,710
Non-current liabilities, non interest bearing	623	660	705
Non-current liabilities, interest-bearing	4,167	3,970	3,805
Current liabilities	1,206	715	695
<b>Total shareholders' equity and liabilities</b>	<b>8,495</b>	<b>7,951</b>	<b>7,915</b>
<b>Condensed Cash Flow Statements (SEKm)</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Cash flow from operating activities	746	854	619
Cash flow from investing activities	(1,121)	(1,595)	(491)
Cash flow from financing activities	571	962	457
Dividends to shareholders and minority holders	(262)	(269)	(173)
Cash flow for the year	(66)	(48)	412
Liquid assets at start of year	1,283	1,480	955
Exchange rate difference in liquid assets	(43)	(149)	113
<b>Liquid assets at year-end</b>	<b>1,174</b>	<b>1,283</b>	<b>1,480</b>
<b>Key Ratios</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
EBITDA margin, %	30	33	28
EBIT margin, %	19	23	21
Profit margin, %	13	17	19
Return on capital employed, %	10	11	16
Return on shareholders' equity, %	16	19	27
Debt/equity ratio, multiple	1,5	1,2	1,0
Average number of employees	1,206	1,034	1,009
Earnings per share, SEK	6.50	7.57	9.45

Source: Broström's Annual Report 2007.

**Definitions**

*EBITDA margin*

Operating profit before depreciation and amortisation as a percentage of net sales for the year.

*EBIT margin*

EBIT (operating profit) as a percentage of net sales for the year.

*Profit margin*

Profit after financial items as a percentage of net sales for the year.

*Return on capital employed*

Operating profit plus financial income including exchange rate differences of assets, in relation to average capital employed.

*Return on shareholders' equity*

Profit for the year in relation to average shareholders' equity excluding minority interests.

*Debt/equity ratio*

Net debt in relation to shareholders' equity.

*Average Number of Employees*

Average of the employees at the beginning and at the end of the year (excluding temporary employees).

*Earnings per share*

Net profit for the year less minority interests divided by the average number of shares.

## Share Capital and Ownership Structure

### The share

Since 17 June 1998 the Broström class B share has been quoted on OMX Nordic Exchange Stockholm, where it trades in the Nordic Mid Cap segment. The share is traded under the BRO B ticker and the ISIN code is SE0000254880. A round trading lot consists of 200 shares.

### Share capital and share capital development

On 26 August 2008, Broström's share capital amounted to SEK 65.8 million. The number of shares was 65,797,184, broken down into 4,251,456 shares of class A and 61,545,728 shares of class B. Following the 2:1 split carried out in 2007, the share quota value is SEK 1. Each share of class A carries entitlement to ten votes, while each share of class B carries entitlement to one vote. All shares carry equal entitlement to a share of the Company's profit and assets. Broström had 2,254,000 shares in treasury as of 26 August 2008.

Year	Transaction	Change in Number of Shares	Quota Value	Total Number of Shares	Total Share Capital (SEK)
1981	Incorporation	–	100	800	80,000
1982	New issue	600	100	1,400	140,000
1983	New/Bond issue	58,600	100	60,000	6,000,000
1987	New issue	28,572	100	88,572	8,857,200
1994	Bond issue/split	2,568,588	8	2,657,160	21,257,280
1995	New issue	1,200,000	8	3,857,160	30,857,280
1997	New issue	576,922	8	4,434,082	35,472,656
1998	Split	13,302,246	2	17,736,328	35,472,656
1998	Non-cash issue	4,936,803	2	22,673,131	45,346,262
1998	New issue	6,142,857	2	28,815,988	57,631,976
2002	New issue	212,000	2	29,027,988	58,055,976
2003	New issue	212,000	2	29,239,988	58,479,976
2004	Non-cash issue	2,154,818	2	31,394,806	62,789,612
2005	Non-cash/new issue	1,228,036	2	32,622,842	65,245,684
2006	New issue	275,750	2	32,898,592	65,797,184
2007	Split	32,898,592	1	65,797,184	65,797,184

Share Classes	Number of Shares	%	Number of Votes	%
Class A	4,251,456	6.46	42,514,560	40.86
Class B	61,545,728	93.54	61,545,728	59.14
<b>Total</b>	<b>65,797,184</b>	<b>100.00</b>	<b>104,060,288</b>	<b>100.00</b>

## Ownership structure

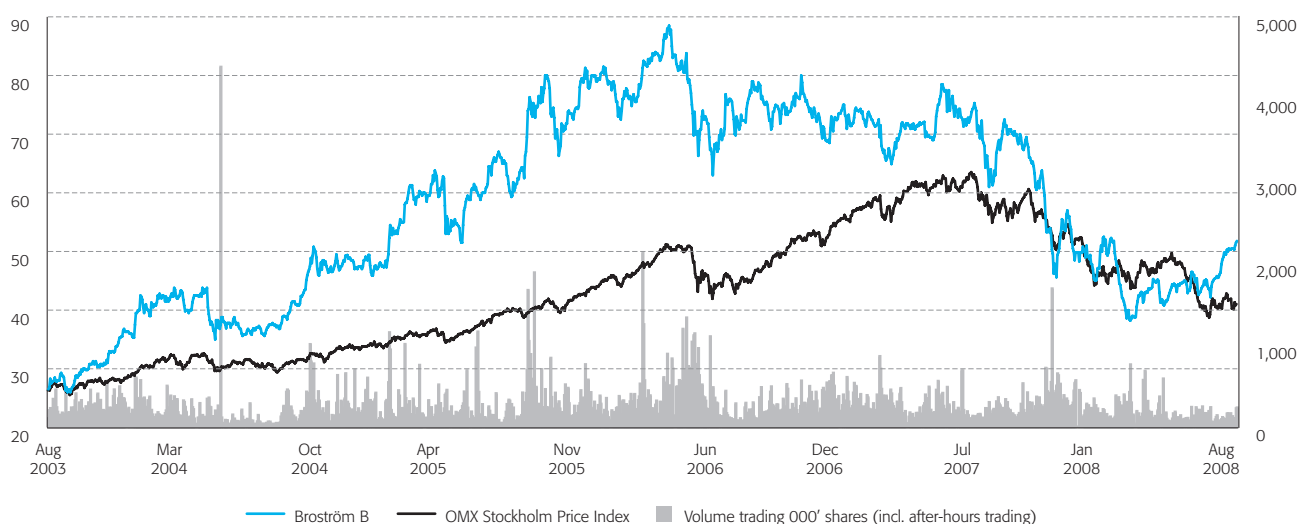
As of 29 August 2008 the Company's three largest shareholders in respect of voting rights were Arvid Svensson Invest AB, the Dreijer families and Odin Funds, controlling 34.3 percent of the capital and 52.8 percent of the votes, adjusted for 2,254,000 treasury shares. As of 31 August 2008, the total number of shareholders amounted to 16,251.

10 largest shareholders at 29 August 2008 <sup>1)</sup>	A-shares	B-shares	Total	% of Capital	% of Votes
Arvid Svensson Invest AB	2,075,968	10,027,692	12,103,660	19.0	30.2
The Dreijer families	1,469,908	3,124,110	4,594,018	7.2	17.5
Odin Funds	–	5,127,026	5,127,026	8.1	5.0
The Björnram families	343,680	428,159	771,839	1.2	3.8
Lennart Simonsson	192,084	412,540	604,624	1.0	2.3
Kenneth Nilsson	169,816	534,144	703,960	1.1	2.2
LGT Bank in Liechtenstein	–	1,909,300	1,909,300	3.0	1.9
Case	–	1,699,600	1,699,600	2.7	1.7
Michael Hjortböl	–	970,560	970,560	1.5	1.0
JP Morgan	–	794,093	794,093	1.2	0.8
<b>Total 10 largest shareholders</b>	<b>4,251,456</b>	<b>25,027,224</b>	<b>29,278,680</b>	<b>46.1</b>	<b>66.3</b>
Other shareholders	–	34,264,504	34,264,504	53.9	33.7
<b>Total</b>	<b>4,251,456</b>	<b>59,291,728</b>	<b>63,543,184</b>	<b>100.0</b>	<b>100.0</b>

1) Source: VPC as per 29 August 2008. Excluding 2,254,000 treasury shares.

## Share performance and volume trading

The graph below shows the share performance and the volume trading for the Broström class B share on OMX Nordic Exchange Stockholm, Nordic Mid Cap Segment, over the last 5 years, up to and including 26 August 2008, and the performance for the OMX Stockholm Price Index during the same period.



Source: FactSet.

### Dividend policy

The Broström Board's aim is that the dividend should reflect the Company's current level of profit, financial position and capital requirement. In consideration of these factors, the aim is for the dividend to be around 40%–50% of profit after tax. It is also the Board's aim to maintain steady dividend development. The dividend per share for 2007 was SEK 3.00, corresponding to 46% of profit after tax.

### Incentive programme

As per 30 June 2008 Broström had two share warrant programmes in effect that were introduced in 2005 and 2007. The programmes were offered to all permanent employees of the Company as well as to employees of partly owned companies in which Broström's ownership is 50% or more.

The warrant programme from 2005 consists of two warrant series with exercise dates in September 2007 and September 2008, respectively. Each employee was entitled to 2,500 warrants. If the programme was not fully subscribed, an additional maximum of 197,500 warrants could be subscribed. The price of each warrant was SEK 3.13 in series 2005:1 and SEK 4.25 in series 2005:2. Each warrant entitles its bearer to subscribe for one share at the exercise price of SEK 78.60. The warrants that were not granted in 2005 were offered to future new employees. One such offer was made in autumn 2006. The price was SEK 5.35 for each warrant in

series 2005:1 and SEK 8.40 exercise for each warrant in series 2005:2. At the date in September 2007 Broström's share price was below the exercise price of SEK 78.60, and thus the warrants in series 2005:1 expired without value. As per 30 June 2008, 397,800 warrants had been subscribed, 400,000 have expired and 1,200,000 had been cancelled. A total of 2,200 warrants were unsubscribed.

The warrant programme from 2007 consists of two warrant series with exercise dates in September 2009 and September 2010, respectively. Each employee was entitled to 2,500 warrants. If the programme was not fully subscribed, an additional maximum of 197,500 warrants could be subscribed. The price of each warrant was SEK 3.80 in series 2007:1 and SEK 5.10 in series 2007:2. Each warrant entitles its bearer to subscribe for one share at the exercise price of SEK 98.10. As per 30 June 2008, 419,400 warrants had been subscribed and 1,300,000 had been cancelled. A total of 280,600 warrants were unsubscribed.

### Authorisation to issue new shares

The Board of Directors of Broström is authorised to decide on a new share issue of not more than 6,579,718 shares of class B, on one or more occasions and with or without pre-emption rights for the shareholders, for a period until the next annual general meeting.

## Board of Directors, Supervisory Committee and Auditors

### Board of Directors<sup>1)</sup>

#### Lars-Olof Gustavsson

Born 1943, MBA.

Elected 1995. Chairman of the Board, member of the Compensation Committee and the Audit Committee.

**Primary occupation:** Venture capitalist.

**Other directorships:** Chairman of Four Seasons Venture Capital Management AB and the Finja Group. Director of Data Respons ASA, Mikroponent AB, Siem Capital AB and SJ AB.

**Shareholding in Broström:** 106,000 B-shares of which 70,000 are owned through a part-owned company.

#### Stig-Arne Blom

Born 1948, M.Sc. Engineering.

Elected 2002. Director, member of Audit Committee.

**Primary occupation:** Board assignments

**Other directorships:** Chairman of Borås Wäfveri AB, AP&T, Pulsen AB, Liljedalsbolagen and Lidhs Förvaltnings AB. Director of Handelsbanken Västra Sverige, Beijer Electronics, Elos AB, Ulricehamns Energi AB and Atlet.

**Shareholding in Broström:** None.

#### Peter Cowling

Born 1939, Fellow of the Institute of Chartered Shipbrokers.

Elected 1999. Director.

**Primary occupation:** Shipbroker.

**Other directorships:** Vice Chairman of the International Maritime Industries Forum (IMIF). Director of Pole Star Space Applications Ltd., Wallem Ltd, The London Steamship Owners' and Mutual Insurance Association Ltd.

**Shareholding in Broström:** None.

#### Claes Lundblad

Born 1946, LL.B.

Elected 1998. Director.

**Primary occupation:** Member of the Swedish Bar and partner of Roschier Advokatbyrå AB.

**Other directorships:** Swedish Arbitration Association, Swedish member of ICC International Court of Arbitration. Visiting Professor of Law School of Economics at Gothenburg University.

**Shareholding in Broström:** None.

#### Leif Rogersson

Born 1940, MBA, B.Sc. Engineering.

Director, member of the compensation committee and the audit committee.

**Primary occupation:** Board assignments.

**Other directorships:** Chairman of De Laval AB.

**Shareholding in Broström:** 14,000 B-shares.

#### Wilhelm Wilhelmsen

Born 1937, Company economist and internal education assignments for the Wilh. Wilhelmsen Group.

Elected 2004. Director.

**Primary occupation:** Shipowner.

**Other directorships:** Chairman of Wilh. Wilhelmsen ASA and director of numerous companies in the Wilh. Wilhelmsen Group. Chairman of Skips AS Tudor. Council member of Norges Investor AB. Chairman of the ForArts Council. Australian Honorary Consul in Norway. Ex. Chairman of Saga Petroleum and Det Norske Veritas.

**Shareholding in Broström:** 100,000 B-shares of which 80,000 B-shares are owned through companies.

#### Carel van den Driest

Born 1947, MBA.

Elected 2004. Director.

**Primary occupation:** Board assignments.

**Other directorships:** Director of Anthony Veder Group N.V., Dura Vermeer Groep N.V., Darlin N.V., H.E.S. Beheer N.V., Kon Vopak N.V., Van Oord N.V. and Stork N.V.

**Shareholding in Broström:** None.

#### Fredrik Svensson

Born 1961, M.Sc. Econ.

Elected 2005. Director.

**Primary occupation:** Managing Director of AB Arvid Svensson and its subsidiaries.

**Other directorships:** Chairman of Case Investment AB. Director of Klöver, Sardus, Balder, SHB Western Sweden Regional Bank, Ramnäs Bruk AB and United Logistics.

**Shareholding in Broström:** Through AB Arvid Svensson Invest AB and other companies, 2,075,968 A-shares and 10,027,692 B-shares.

1) The source of the board members' number of shares and warrants held is the Swedish Financial Supervisory Authority ("Finansinspektionen") on 27 August 2008.

### **Johan Juhlin**

Born 1961, Master Mariner.

Elected 2008. Director, employee representative elected by the Swedish Ship Officers' Association.

**Primary occupation:** Ship Master, Broström Ship Management AB.

**Other directorships:** Member of the board in Le Jon Solar AB.

**Shareholding in Broström:** None.

None of the directors elected by the shareholders' meeting may have or have an operative role within the Broström group. Nor have any of these directors been employed by the Broström group during the past five years. With the exception of Fredrik Svensson, who is managing director of Arvid Svensson AB, at year-end, no director elected by the shareholders' meeting had any directorships or other relations with any of Broström's ten largest shareholders. The other seven directors elected by the shareholders' meeting meet all the requirements of the Swedish Corporate Governance Code regarding directors' independence in relation to the Company or major shareholders.

### **Supervisory Committee**<sup>1)</sup>

#### **Lennart Simonsson, Managing Director/CEO**

Born 1950, Business Economist.

Employed since 1982.

**Shareholding in Broström:** 192,084 A-shares, 412,540 B-shares and 101,250 warrants.

#### **Anders Dreijer, Deputy Managing Director**

Born 1953, M.Sc. Engineering.

Employed since 1984.

**Shareholding in Broström:** 197,442 A-shares, 639,276 B-shares and 101,250 warrants.

#### **Tore Angervall, Director Asset Management**

Born 1944, B.A.

Employed since 1970.

**Shareholding in Broström:** 7,000 B-shares and 6,000 warrants.

#### **Patrick Decavèle, Director Asset Management France**

Born 1950, Ph.D. Econ.

Employed since 1980.

**Shareholding in Broström:** None.

### **Margareta Alestig Johnson, Director Administration/HR**

Born 1961, B.Sc. Econ.

Employed since 2003.

**Shareholding in Broström:** 5,000 B-shares and 9,000 warrants.

### **René Y Rostant, Director Strategic Development**

Born 1948, Master Mariner, Dip. Management studies, IMD Executive programmes, Associate of the Institute of Chartered Ship-brokers.

Employed since 1982.

**Shareholding in Broström:** 30,000 warrants.

### **Auditors**

#### **Bror Frid**

Öhrlings PricewaterhouseCoopers AB.

Born 1957. Authorised Public Accountant.

Elected auditor in Broström since 2007.

#### **Birgitta Granquist**

Öhrlings PricewaterhouseCoopers AB.

Born 1964. Authorised Public Accountant

Elected auditor in Broström since 2007.

## **Miscellaneous**

### **Shareholders' agreements**

Broström's A-shareholders have had an agreement since 1998 concerning consensus on the election of board members and that the A-shares shall carry a right of first refusal. As a result, Broström does not have a nominating committee. The A-shareholders also make recommendations for a chairman to preside over the Annual General Meeting, the Chairman of the Board, directors' fees, election of auditors and auditors' fees.

### **Due diligence**

Maersk Product Tankers has based its evaluation of Broström solely on publicly available information. In addition, at Maersk Product Tankers' request, the Board of Directors of Broström has allowed Maersk Product Tankers to conduct a very limited confirmatory due diligence on the Company prior to the announcement of the Offer. No unpublished price-sensitive information has been provided to Maersk Product Tankers during the course of the due diligence exercise.

1) The source of the Supervisory Committee members' number of shares and warrants held is the Swedish Financial Supervisory Authority ("Finansinspektionen") on 27 August 2008.

## Articles of Association

### § 1 Registered name

The registered name of the Company is Broström Aktiebolag. The Company is a public limited company (publ.).

### § 2 Registered office

The Company's registered office is in Gothenburg.

### § 3 Objects of business

The Company shall, directly or indirectly, engage in the business of shipping, forwarding, distribution, storage, travel and other transport and financial businesses, including the letting of equipment within the transport and shipping industry and the trading of industrial necessities, and acquire and manage financial instruments and real property and, further, conduct any other business consistent therewith. However, the Company shall not engage in such business referred to by the Banking Business Act and the Act on Credit Market Companies.

### § 4 Share capital

The share capital shall amount to a minimum of SEK 30 million and a maximum of SEK 120 million.

### § 5 Number of shares and preferential rights for share issues

The number of shares shall be a minimum of 30 million and a maximum of 120 million.

Shares may be issued in two classes, A and B. If shares of both classes are issued, shares of each class may only be issued to a maximum amount of ninety-nine hundredths of the total amount of shares. Each class A share shall carry ten votes and each class B share shall carry one vote.

If the Company decides to issue new class A and B shares for cash consideration or through a set-off issue, holders of class A and B shares shall have preferential right to subscribe for new shares of the same class in proportion to the amount of shares the holder already owns (primary preferential right). Shares that have not been subscribed for via primary preferential rights shall be offered for subscription to all of the shareholders (subsidiary preferential right). If the shares thus offered are not sufficient for the subscription taking place according to subsidiary preferential rights, the shares shall be divided between the subscribers in proportion to the amount of shares they already own and, to the extent this is not possible, by the drawing of lots.

If the Company decides to issue warrants or convertibles for cash consideration or through a set-off issue, shareholders have preferential right to subscribe for warrants as if the issue pertained to the shares that may be newly subscribed through the warrants and to subscribe for convertibles as if the issue pertained to the shares that the convertibles may be exchanged for.

The above-mentioned shall not entail any limitation to the possibility to decide on an issuance of shares for cash consideration or through a set-off issue, deviating from the preferential rights of the shareholders.

When increasing the share capital by means of a bonus issue, new shares shall be issued in each class in proportion to the number of existing shares of the same class. In this connection, old shares of a certain class shall carry rights to new shares of the same class. The aforesaid shall not imply any limitation to the possibility to issue shares of a new class by means of a bonus issue, after due amendment of the Articles of Association.

Upon request from a holder of A-shares, A-shares can be converted to B-shares. Such request shall be made in writing to the Company. The number of shares to be converted shall be stated, and if the total holding is not to be converted, the shareholder must indicate which of the shares are to be converted. The conversion shall without delay be notified for registration by the Company in the Register of Companies and be considered valid when it has been registered and noted in the settlement register.

### § 6 Board of Directors

The board of directors shall consist of a minimum of four and a maximum of nine members with no more than an equal amount of deputy members. The board members and deputy members shall be elected by a general meeting of shareholders for a term extending until the end of the next annual general meeting following the year in which they were elected.

### § 7 Auditors

The Company shall have two auditors and two deputy auditors.

### § 8 Notices of general meetings of shareholders

Notices of a general meeting of shareholders and other notices to the shareholders shall be issued by way of announcement in the Official Swedish Gazette (Post- och Inrikes Tidningar), Göteborgs-Posten and Svenska Dagbladet.

### **§ 9 The right to attend a general meeting of shareholders**

Shareholders wanting to attend a general meeting shall give notice to the Company no later than 16.00 CET on the day indicated in the notice of the meeting. That day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth working day before the meeting.

Shareholders may be accompanied one or two assistants to general meetings, but only if the shareholder has notified the Company of the number of assistants accompanying him or her in the same manner as in the preceding paragraph.

### **§ 10 Annual general meeting**

The Annual General Meeting shall be held annually in Gothenburg before the end of the month of June.

The following items of business shall be dealt with at the Annual General Meeting:

1. Election of chairman to preside over the meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of one or two people to attest the correctness of the minutes.
5. Decision as to whether the meeting has been duly convened.
6. Presentation of the annual report and the auditors' report and, where applicable, the consolidated accounts and the auditors' report for the group.
7. Resolution in respect of
  - a. adoption of the income statement and the balance sheet and, where applicable, the consolidated income statement and the consolidated balance sheet,
  - b. appropriation of the Company's profit or loss according to the adopted balance sheet, and
  - c. the directors' and managing director's discharge from liability.
8. Resolution in respect of the number of board members and deputy board members.
9. Resolution in respect of directors' fees and, where applicable, the auditors' fees.
10. Election of the board or directors and, where applicable, the auditors.
11. Other matters which according to the Swedish Companies Act (2005:551) or the Articles of Association shall be dealt with at the meeting.

### **§ 11 Voting rights**

At a general meeting of shareholders, anyone entitled to vote may vote for the full number of shares represented by him or her.

### **§ 12 Financial year**

The financial year of the Company shall be the calendar year.

### **§ 13 Record date provision**

The Company's shares shall be registered in a settlement register in accordance with the Act (1998:1479) on Recordkeeping of Financial Instruments.

### **§ 14 Gathering of powers of attorney**

The board of directors may gather powers of attorney at the Company's expense in accordance with the procedure stipulated in Ch. 7 § 4 second paragraph of the Swedish Companies Act (2005:551).

### **Miscellaneous**

Broström's corporate registration number is 556005-1467. The articles of association were adopted at the annual general meeting on 3 May 2007.

# Interim Report January–June 2008



Broström is one of the leading logistics companies for the oil and chemical industry, focusing on industrial product and chemical tanker shipping and marine services. Broström is based worldwide, with head offices in Göteborg, Sweden.

## Press Release

Broström discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 07:00 on 27 August 2008.

### INTERIM REPORT 1 JANUARY - 30 JUNE 2008

Broström AB (publ) – Reg. no. 556005-1467

- **Volatile and weak freight market during most of the second quarter 2008**
  - European business experienced a weak start to the second quarter, but ended with an improvement although primarily for large tonnage.
  - Atlantic business basically followed the same market pattern as the European business.
  - For large tonnage in the Asian business, the freight market was relatively weak for almost the entire second quarter.
  - Small tonnage in the Asian business had continued stable development.
- **Profit after net financial items for the second quarter SEK 73 m (247). This includes SEK 66 m (107) of capital gains related to sales of vessels and dissolution of negative goodwill (only in 2007).**
  - Net sales were SEK 912 m (915).
  - Profit after tax was SEK 71 m (236).
  - Earnings per share totalled SEK 1.12 (3.60).
- **Profit after net financial items for the first six months SEK 75 m (419). This includes SEK 66 m (109) of capital gains related to sales of vessels and dissolution of negative goodwill (only in 2007).**
  - Net sales were SEK 1,784 m (1,841).
  - Profit after tax was SEK 77 m (386).
  - Earnings per share were SEK 1.21 (5.86).
  - Return on capital employed was 4.9% (15.5).
- **Cash flow and disposable liquidity**
  - Cash flow per share was SEK 3.24 (8.75).
  - Disposable liquidity amounted to SEK 703 m (993 on 31 December 2007).
  - The dividend payout was SEK 191 m.
- **Change in transport capacity during the second quarter**
  - The BRO ERIK (37,000 dwt) was delivered to Broström's partner Furetank in May 2008.
  - The CPO FRANCE and the CPO SWEDEN (both 37,000 dwt) were delivered to Broström's partner Claus-Peter Offen. The vessels are now trading in Broström's European sector.
  - The EXCELLO (19,500 dwt) was delivered to Broström's partner Donsötank and is now operating in Broström's European sector.
- **Outlook for 2008**

The market improvement – primarily for large tonnage – that took place at the end of the second quarter continued into the third quarter of 2008. Broström's strategic position for 2008 and onward has been strengthened through acquisitions and investments made in recent years. The trend in transport for the years immediately ahead in Broström's market segment is currently difficult to judge. However, in the coming years, a large volume of new tonnage will be added to the market. The high price of oil has brought about a greater urgency to reduce dependency on oil and growth forecasts for oil consumption have been adjusted downward. Broström believes that major fluctuations will take place from period to period in both transport volume and freight rates.

SEK m	6 months		Second quarter		Full year
	2008	2007	2008	2007	2007
Net sales	1,783.5	1,841.2	911.9	915.1	3,504.0
Operating profit (EBIT)	176.2	520.0	117.4	301.9	663.6
Profit after net financial items	74.6	419.2	72.5	246.8	450.4
Profit for the period	76.8	386.3	70.7	235.7	426.5
Investments	581.0	656.2	102.5	518.7	1,082.1
Cash flow from operating activities	206.2	567.9	173.3	325.3	745.9
Disposable liquidity	703.3	1,298.9			993.4
Return on capital employed, %	4.9	15.5			9.8
Equity/assets ratio II, %	28.9	32.0			30.9
Profit before tax per share, SEK	1.17	6.46	1.14	3.82	6.97
Net profit per share, SEK	1.21	5.86	1.12	3.60	6.50
Net profit per share after dilution, SEK	1.21	5.86	1.12	3.60	6.50
Cash flow from operating activities per share, SEK	3.24	8.75	2.73	5.03	11.55
Average number of shares excluding treasury shares	63,552,584	64,940,662	63,543,184	64,581,184	64,585,026
Average number of treasury shares	2,244,600	856,522	2,254,000	1,216,000	1,212,158

## ACTIVITIES

### Market overview

#### First quarter

An unusually mild winter in the major consumer areas in Europe and North America resulted in lower demand for shipments of fuel oil in the European and trans-Atlantic trades.

Apart from the general market downturn, outbound volumes from the Baltic were adversely affected by lower volumes of oil products from Russia.

Low refinery margins have generally resulted in lower utilisation of refinery capacity, which in turn has resulted in lower transport flows. The low refinery margins have also prompted decisions to bring forward certain planned maintenance.

Uncertainty about the movement of oil prices, combined with uncertainties in the financial markets, has prompted players involved in oil trading to adopt a wait-and-see attitude. The trend in Southeast Asia was also characterised by a volatile and steadily weakening freight market.

#### Second quarter

The second quarter commenced with a continued weak freight market, but ended with an improvement especially for large tonnage operating in the European and trans-Atlantic sectors. An increase in imports to the USA ahead of the approaching summer season and a continued rising need of transport caused by increasingly widening regional imbalances in supply and demand for various oil products had a favourable impact on the freight market.

The freight market in Asia largely followed the same development as other markets, and also strengthened towards the end of the period. China's greater need of imports had a positive effect on the market. An increase in imports by Australia as a result of an explosion in an energy facility also contributed to the improved market development.

Supply and demand in the oil energy sector have largely been in balance for some time. Consequently, even relatively small disruptions in the production and distribution chain have a rapid impact on the freight market. As a result, spot market prices for shipments have been fluctuating and will continue to fluctuate sharply in the coming years. Shipments are increasingly made over longer distances to even out regional imbalances and disruptions in the

production and consumption areas. Over time, this is having a favourable impact on the shipping sector, with a greater need for shipments and growth that is outpacing consumption.

The high price of oil has created a greater urgency to reduce dependency on oil and growth forecasts for oil consumption have been adjusted downward.

The shipyards' orderbooks remain very well-filled, and newbuilding prices continue to be high from a historical perspective. No significant flattening of price levels has been noted which could signal a break in this trend. In Broström's market segments, single-hulled tankers still account for approximately 30% of the world fleet

#### **Development for Broström**

##### *First quarter*

The first quarter was generally characterised by a continued weak freight market in Broström's segments.

With a large share of Broström's European fleet that is designed to operate under difficult ice conditions, the market conditions were unfavourable due to mild weather. Severely reduced flows of Russian fuel oil as a result of new EU rules on sulphur content, among other things, led to a sharp decline in volumes in the Intermediate segment and thus downward pressure on freight rates.

Broström's Asian business, which underwent strong expansion in 2007 – entailing a more than doubling of the fleet – had relatively stable development during the first quarter, despite a weak underlying market primarily for large tonnage. As part of the ongoing expansion of the Asian operations, the BRO JOINVILLE (13,000 dwt) was moved at the end of 2007 from Broström's European traffic to Broström's Asian traffic, and the vessel now sails under the Singaporean flag.

The two new vessels that were built at Turkish shipyards and which joined the European fleet were delivered in a period with a weak freight market. As a result, the positioning voyages from the Turkish yards had a negative earnings impact.

Development of Broström's Atlantic traffic was relatively stable and, owing to the character of contracts of affreightment, was less affected by the generally weak market.

##### *Second quarter*

The second quarter started out with a very weak freight market in essentially all areas in which Broström is active, which had a severe impact on earnings. The freight market improved toward the latter part of the period, which mainly affected large tonnage in Broström's European and trans-Atlantic fleet.

A slight upturn was noted towards the end of the period also for large tonnage in Broström's Asian traffic, which was further strengthened during the start of the third quarter.

For small tonnage in Broström's Asian traffic, the trend during the period remained stable. Another vessel that has traded in Broström's European sector is on its way to being redeployed in Broström's Asian traffic. The transfer of this vessel to Asia is being made possible by recent and future newbuildings for the European fleet.

The steady weakening of the US dollar and continued high bunker prices had a negative impact on earnings for the first and second quarters. The effect of the weaker dollar is greatest for European tonnage, where a large share of the operational expenses is paid in European currencies.

The expansion that has taken place in the commercial fleet in recent years and which continues to take place in 2008 is enabling steady improvements in scheduling and capacity utilisation of the aggregate fleet at Broström's disposal. As part of this, in 2008 Broström's trans-Atlantic fleet was expanded with three of the MR vessels that previously sailed in Broström's Asian traffic.

This expansion is also enabling Broström to gradually increase its service offer to customers and thereby create opportunities for a broader contract portfolio.

On the whole, the outcome of the renewals of contracts of affreightment made during the first and second quarters has been favourable. An increasingly greater focus on reliability and degree of service has been noted – something that is coming into higher demand in a turbulent market. In this context, the size of Broström's commercial fleet, combined with the company's global presence, provides security for customers and a competitive edge for Broström. During the second quarter of 2008, a large share of the contracts that Broström has for small vessels in Asian traffic was renewed.

Activity has been high at most ports at which the Broström Agency Network is represented. Earnings continue to be favourable.

### Changes in the fleet

#### First quarter

In January the newly built GAN-SABRE (51,000 dwt) was delivered to her owner, Dünya Shipping. The vessel is commercially operated in Broström's Asian MR fleet.

The BRO ANNA and the BRO AGNES (17,000 dwt) were delivered during the first quarter from the shipyard in Turkey and are now operating in Broström's European traffic.

#### Second quarter

In March, Broström reached an agreement with its partner Furetank Rederi AB to extend the co-operation into the Handy size segment through the sale of the BRO ERIK (37,000 dwt, built in 2005) product tanker to Furetank. The sale, which was completed at the end of May 2008, gave rise to a pre-tax gain of SEK 66 m and a cash contribution of SEK 136 m. The vessel, which has been renamed as the FUREVIK, is operated commercially by Broström in its European traffic.

During the second quarter, the vessels CPO FRANCE and CPO SWEDEN (both 37,000 dwt) and the first two vessels in a series of eight, were delivered to Broström's partner Claus-Peter Offen. The vessels are operated commercially by Broström in its European sector.

During the same quarter the vessel EXCELLO (19,500 dwt) was delivered to Broström's partner Donsötank. The vessel will be operated commercially by Broström in its European sector.

### Surplus value of fleet

To help the market assess Broström's financial position, external appraisals of the fleet owned by Broström have been ordered. These valuations have also been used to estimate the value of existing newbuilding contracts and existing call options on vessels that Broström has at its disposal. Due to the limited number of second hand vessels being sold lately there is an unusual uncertainty related to the current valuations. Appraisals have been received from two external appraisers, and the average of these appraisals has been used as the value. Their combined average value, and taking into account the estimated value of existing newbuilding contracts, exceeds the book value of these units in the Group as per 30 June

2008 by approximately SEK 2.25 bn (USD 376 m). The surplus value at 31 December 2007 was SEK 2.7 bn (USD 417 m).

### Tonnage tax

Broström's European fleet sails primarily under Swedish, French and Dutch flags. For a number of years the French and Dutch fleets have been affiliated with the tonnage tax system in their respective countries, in accordance with EU maritime policies.

In Sweden a study of the introduction of a tonnage tax was published in early 2006. The proposal set forth by the study calls for Sweden to also adopt the EU's maritime policies and thereby achieve competitive neutrality with respect to other maritime nations within the EU. Since presentation of the study's proposal, nothing has happened in principle and no decisions have been made. Nor has any clear indication been provided by the authorities concerned that would give reason to believe that Sweden will be adopting a tonnage tax.

Over the long term, the lack of a tonnage tax system for Swedish shipping, which if adopted would result in competitive neutrality with respect to other EU countries, renders impossible any increased investments in vessels sailing under the Swedish flag in the market segments in which Broström is active. Against this background, Broström does not intend to operate its newbuildings on order or acquired vessels under the Swedish flag. Instead, for reasons of strict competitive neutrality, these vessels will operate mainly under another EU flag.

Of the total deferred tax liability on the balance sheet as per 30 June 2008, amounting to SEK 444.3 m, SEK 414.5 m is attributable to the Swedish shipping operations.

## SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

The risks that affect Broström in its operating environment are economic cycle dependency, freight rates, political factors, oil prices, and risks associated with war and terrorism. Operational risks include vessel operations, risks associated with expansion and investment, and risks related to employees.

In the course of its operations the Group is exposed to various financial risks: market risk, credit risk, liquidity risk, currency risk and interest rate risk. The Group's overall risk man-

agement policy focuses on predictability in the financial markets and strives to minimise potentially unfavourable effects on the Group's financial results.

In Broström's opinion, nothing of material significance has happened which affects the assessment of risks and uncertainties reported in the 2007 Annual Report. For further information, please refer to the "Risk factors and sensitivity analysis" section on page 42 of the 2007 Annual Report and the "Financial risk management" discussion on page 62.

## GROUP FINANCIAL RESULTS

### Second quarter 2008

Consolidated net sales during the second quarter amounted to SEK 911.9 m (915.1).

Operating profit for the Group was SEK 117.4 m (301.9).

The figures for the quarter include capital gains of SEK 65.6 m (0) on sales of vessels. In addition, earnings in the second quarter 2007 included dissolution of negative goodwill, totalling SEK 106.7 m, which arose in connection with the acquisition of Petroships Group.

### January - June 2008

Net sales of the Group for the period amounted to SEK 1,783.5 m (1,841.2).

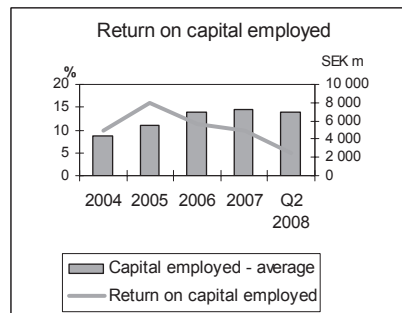
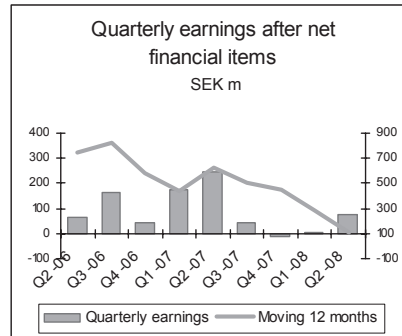
The share in associated companies' profit was SEK 3.3 m (2.5).

Operating profit was SEK 176.2 m (520.0).

The figures for the period include capital gains of SEK 65.6 m (2.0) on sales of vessels. In addition, earnings in 2007 included dissolution of negative goodwill, totalling SEK 106.7 m, which arose in connection with the acquisition of Petroships Group in the same year.

Net interest expense amounted to SEK -97.9 m (-101.2). Net financial items amounted to SEK -101.6 m (-100.8), which resulted in a profit of SEK 74.6 m (419.2) after net financial items. The return on capital employed was 4.9% (15.5).

Tax expenses during the period amounted to SEK 2.2 m (-32.9). Current tax amounted to SEK -0.7 m (-2.0).



## MAJOR DEVELOPMENTS AFTER THE PERIOD

At the end of July, the BRO ALMA (17,000 dwt) was delivered from the shipyard in Turkey. She is now operating in Broström's European traffic.

During July and August, the vessels CPO GERMANY and CPO FINLAND (both 37,000 dwt) and part of a series of eight vessels, were delivered to Broström's partner Claus-Peter Offen. The vessels are operated commercially by Broström in its European sector.

## OUTLOOK

The start of the third quarter has been characterised by the market improvement primarily for large tonnage that took place at the end of the second quarter.

Broström's strategic market position has been further strengthened as a result of investments and acquisitions entered into in recent years.

The trend in transport for the years immediately ahead in Broström's market segment is currently difficult to judge. However, in the coming years, a large volume of new tonnage will be added to the market. The high price of oil has created a greater urgency to reduce dependency on oil and growth forecasts for oil consumption have been adjusted downward. Broström believes that major fluctuations will take place from period to period in both transport volume and freight rates.

The underlying long-term trend for transport developments in Broström's market segments is judged to be positive, even though major fluctuations may take place in both transport volumes and freight levels between various periods.

The anticipated expansion of refinery capacity will mainly be in Asia. However, as a result of this, it is expected that shipments will be made over ever-greater distances and that regional imbalances will widen further. The rapidly growing Asian economies and investment in more environmentally friendly alternatives in the developed economies are contributing to high demand for shipments of oil and chemical products.

The increasingly stringent standards being set by authorities and customers with respect to quality, safety and the environment are putting higher demands on the overall organisation that is involved in the logistics chain.

The shipyards' orderbooks are at historically high levels in Broström's vessel segments, and a large number of vessels will be delivered in the years immediately ahead. However, Broström hold to the view that this addition of tonnage will be partly offset by the major need for replacement tonnage caused by the scrapping of single-hulled vessels and the rising demand for shipments caused by structural changes in the market. However, in the years immediately ahead, developments in the global economy and in oil consumption will be of decisive significance for movements in freight rates.

The value of the US dollar relative to the Swedish krona is an uncertainty to note. All else equal, a weakening of the US dollar would have a negative impact on Broström's sales, earnings and shareholders' equity, while a strengthening would have a positive effect.

## INVESTMENTS AND DIVESTMENTS

Total investments within the Group during the period amounted to SEK 581.0 m (656.2). Divestments totalled SEK 292.0 m (88.8).

Of total investments, SEK 576.5 m (204.1) pertained to vessels and newbuilding contracts.

### Acquired and newly delivered vessels in 2008

Name	Built	Dwt	Owner-Ship *	Partner
BRO ANNA	2008	17,000	100%	
BRO AGNES	2008	17,000	100%	
CPO FRANCE	2008	37,000	C/M	Offen
CPO SWEDEN	2008	37,000	C/M	Offen
GAN-SABRE	2008	51,000	C/M	Dünya
EXCELLO	2008	19,500	C/M	Donsötank

*C/M = Commercial Management*

For further information on investments and sales of vessels in 2008, see the section "Changes in the fleet" on page 4.

### Newbuildings on order on 30 June 2008

Name	Delivery	Dwt	Ownership	Partner
BRO ALMA	2008	17,000	100%	
GAN-SKY	2009	17,000	C/M	Dünya
CPO GERMANY	2008	37,000	C/M	Offen
CPO NORWAY	2008	37,000	C/M	Offen
CPO RUSSIA	2008	37,000	C/M	Offen
CPO ITALY	2008	37,000	C/M	Offen
CPO FINLAND	2008	37,000	C/M	Offen
CPO ENGLAND	2008	37,000	C/M	Offen
NB 386	2009	7,500	50%	Thun
NB 387	2009	7,500	50%	Thun

Broström's updated fleet list can be found at [www.brostrom.com](http://www.brostrom.com).

## CASH FLOW

Cash flow from operating activities amounted to SEK 206.2 m (567.9), or SEK 3.24 (8.75) per share.

## FINANCIAL POSITION AND LIQUIDITY

The Group's disposable liquidity on the balance sheet date amounted to SEK 703.3 m (993.4 on 31 December 2007). This amount includes SEK 52.6 m (52.6) in unutilised overdraft facilities.

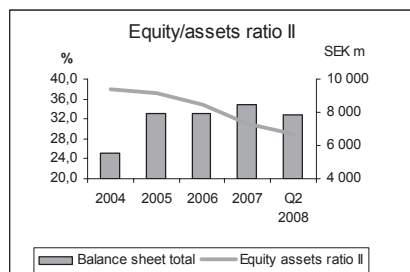
A dividend of SEK 190.6 m was paid to the shareholders in May.

Net debt increased during the period from SEK 3,640.0 m to SEK 3,663.8 m.

Shareholders' equity on the balance sheet date amounted to SEK 2,176.0 m (2,499.1 on 31 December 2007), and the equity/assets ratio I was 27.7% (29.4). The equity/assets ratio II was 28.9% (30.9).

As per 30 June 2008, Broström has repurchased 2,254,000 Class B treasury shares at an average price of SEK 65.23.

It should be noted that in connection with the adoption of IFRS, the company has decided not to restate the book value of its vessels to market values.



## PLEGGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets decreased since the start of the year by SEK 204.3 m and amount to SEK 5,611.8 m (5,816.1 on 31 December 2007). Contingent liabilities increased by SEK 9.3 m since the start of the year and amount to SEK 75.4 m (66.1 on 31 December 2007).

## WARRANT PROGRAMMES

As per 30 June 2008 Broström has two share warrant programmes in effect that were introduced in 2005 and 2007. The programmes

were offered to all permanent employees of the Group as well as to employees of partly owned companies in which Broström's ownership is 50% or more.

The number of warrants in the warrant programmes has been recalculated in accordance with the rules that apply for a stock split. On 4 June 2007 Broström carried out a 2:1 split, which is why the number of warrants has doubled compared with the previously reported number of shares, and the price per share has been halved.

The warrant programme from 2005 consists of two warrant series with exercise dates in September 2007 and September 2008, respectively. Each employee was entitled to 2,500 warrants. If the programme was not fully subscribed, an additional maximum of 197,500 warrants could be subscribed. The price of each warrant was SEK 3.13 in series 2005:1 and SEK 4.25 in series 2005:2. Each warrant entitles its bearer to subscribe for one share at the exercise price of SEK 78.60. The warrants that were not granted in 2005 were offered to future new employees. One such offer was made in autumn 2006. The price was SEK 5.35 for each warrant in series 2005:1 and SEK 8.40 exercise for each warrant in series 2005:2. At the date in September 2007 Broström's share price was below the exercise price of SEK 78.60, and thus the warrants in series 2005:1 expired without value. As per 30 June 2008, 397,800 warrants had been subscribed, 400,000 have expired and 1,200,000 had been cancelled. A total of 2,200 warrants were unsubscribed.

Subscribed warrants in the warrant programme entail an increase in the total number of shares and votes by 0.6% and 0.4%, respectively.

There was no dilutive effect in terms of value on the balance sheet date.

The warrant programme from 2007 consists of two warrant series with exercise dates in September 2009 and September 2010, respectively. Each employee was entitled to 2,500 warrants. If the programme was not fully subscribed, an additional maximum of 197,500 warrants could be subscribed. The price of each warrant was SEK 3.80 in series 2007:1 and SEK 5.10 in series 2007:2. Each warrant entitles its bearer to subscribe for one share at the exercise price of SEK 98.10. As per 30 June 2008, 419,400 warrants had been subscribed and 1,300,000 had been cancelled. A total of 280,600 warrants were unsubscribed.

Subscribed warrants in the warrant programme entail a 1.0% increase in the number of shares and 0.7% increase in the number of votes.

There was no dilutive effect in terms of value on the balance sheet date.

#### STAFF

The number of employees has not changed significantly compared with the number reported as per 31 December 2007.

#### RELATED PARTY TRANSACTIONS

There are no transactions with related parties which have essentially affected the company's balance and result during 2008. Transactions with related parties during 2007 are reported in Note 32 in the Annual Report 2007.

#### PARENT COMPANY

The activities of the parent company, Broström AB, consist mainly of Group management and

administration of joint activities for the Group. As from 2008 the land-based employees in the shipping companies in Sweden are employed in the parent company, and due to this the net sales have increased. The assets consist mainly of shares in subsidiaries and short-term liquid investments.

#### ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Since 1 January 2005 the Broström Group has applied International Financial Reporting Standards (IFRS) as adopted by the EU, along with the additional rules stipulated by recommendation RFR 1.1 of The Swedish Financial Reporting Board. The Group has applied the same accounting principles and calculation methods in the preliminary report as in its most recent annual report.

## FUTURE REPORTS

Broström will release financial reports on the following dates in 2008 and 2009:

6 November 2008	Interim report nine months 2008
24 February 2009	Preliminary Report 2008
29 April 2009	Interim Report first quarter 2009 and Annual General Meeting
28 August 2009	Interim Report second quarter 2009
6 November 2009	Interim Report third quarter 2009

The Board of Directors and the Managing Director certify that the interim report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Göteborg, 27 August 2008

BROSTRÖM AB (publ)

Lars-Olof Gustavsson  
Chairman of the Board

Stig-Arne Blom  
Director

Peter Cowling  
Director

Carel van den Driest  
Director

Claes Lundblad  
Director

Leif Rogersson  
Director

Fredrik Svensson  
Director

Wilhelm Wilhelmsen  
Director

Johan Juhlin  
Employee Representative

Lennart Simonsson,  
Managing Director

*Broström AB*  
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Sweden  
Tel +46 31 61 61 00  
Reg. no. 556005-1467

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

*More information about Broström and press releases can be found at [www.brostrom.com](http://www.brostrom.com).*

## INCOME STATEMENTS, GROUP

SEK m	6 months		Second quarter		Full year
	2008	2007	2008	2007	2007
Net sales	1,783.5	1,841.2	911.9	915.1	3,504.0
Capitalised work for own account	-	0.5	-	-	0.5
Other income *	66.7	119.4	66.0	112.2	142.5
Share in associated companies' profit after tax	3.3	2.5	1.3	2.3	11.9
External expenses	- 1,191.9	- 993.1	- 616.3	- 492.0	- 2,075.2
Personnel costs	- 292.3	- 269.6	- 148.7	- 137.9	- 546.7
Depreciation	- 193.1	- 180.9	- 96.8	- 97.8	- 373.4
<b>Operating profit (EBIT)</b>	<b>176.2</b>	<b>520.0</b>	<b>117.4</b>	<b>301.9</b>	<b>663.6</b>
Financial income	- 4.7	35.6	7.9	14.6	44.6
Financial expenses	- 96.9	- 136.4	- 52.8	- 69.7	- 257.8
<i>Net financial items</i>	<i>- 101.6</i>	<i>- 100.8</i>	<i>- 44.9</i>	<i>- 55.1</i>	<i>- 213.2</i>
<b>Profit after net financial items</b>	<b>74.6</b>	<b>419.2</b>	<b>72.5</b>	<b>246.8</b>	<b>450.4</b>
Tax on profit for the period	2.2	- 32.9	- 1.8	- 11.1	- 23.9
<b>Profit for the period</b>	<b>76.8</b>	<b>386.3</b>	<b>70.7</b>	<b>235.7</b>	<b>426.5</b>
Profit for the period attributable to					
Equity holders of the parent	76.7	380.3	71.0	232.8	419.8
Minority interest	0.1	6.0	-0.3	2.9	6.7
Earnings per share, SEK	1.21	5.86	1.12	3.60	6.50
Earnings per share after dilution, SEK	1.21	5.86	1.12	3.60	6.50
Average exchange rate SEK/USD	6.13	6.94	5.99	6.87	6.76
Average exchange rate SEK/EUR	9.38	9.22	9.35	9.26	9.25
* Of which dissolution of negative goodwill. The remaining part is mainly related to sales of vessels and operations.	-	106.7	-	106.7	117.2

## BALANCE SHEETS, GROUP

SEK m	30 June 2008	31 December 2007
<b>ASSETS</b>		
<i>Non-current assets</i>		
Goodwill	114.5	119.8
Other intangible assets	1.9	2.2
Tangible assets	6,151.9	6,463.7
Participations in associated companies	83.2	81.4
Other financial assets	7.2	23.6
<b>Total non-current assets</b>	<b>6,358.7</b>	<b>6,690.7</b>
<i>Current assets</i>		
Inventories	96.8	113.6
Current receivables	526.0	516.7
Derivative instruments	2.8	-
Short-term investments	226.1	233.6
Cash and cash equivalents	650.7	940.8
<b>Total current assets</b>	<b>1,502.4</b>	<b>1,804.7</b>
<b>Total assets</b>	<b>7,861.1</b>	<b>8,495.4</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity <sup>1)</sup>	2 176.0	2,499.1
<i>Non-current liabilities</i>		
Deferred tax	444.3	478.4
Other non-current liabilities, noninterest-bearing	118.7	144.5
Non-current liabilities, interest-bearing <sup>2)</sup>	3 975.4	4,167.3
<b>Total non-current liabilities</b>	<b>4 538.4</b>	<b>4,790.2</b>
<i>Current liabilities</i>		
Current liabilities, interest-bearing <sup>2)</sup>	565.1	647.2
Current liabilities, noninterest-bearing	581.6	558.9
<b>Total current liabilities</b>	<b>1,146.7</b>	<b>1 206.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,861.1</b>	<b>8 495.4</b>
Pledged assets	5,611.8	5 816.1
Contingent liabilities	75.4	66.1
Closing date exchange rate SEK/USD	5.98	6.47
Closing date exchange rate SEK/EUR	9.45	9.47
<sup>1)</sup> Of which, minority interest	18.1	31.7
<sup>2)</sup> Of which, financial leasing	383.0	425.1

## CHANGES IN SHAREHOLDERS' EQUITY, GROUP

SEK m	6 months		Full year
	2008	2007	2007
According to balance sheet, most recent year-end closing	2,499.1	2,606.4	2,606.4
Exchange rate differences	- 200.4	8.3	- 132.9
Derivative instruments, cash flow hedges	2.8	-	-
<b>Total transactions reported directly against equity</b>	<b>2,301.5</b>	<b>2,614.7</b>	<b>2,473.5</b>
Profit for the period	76.8	386.3	426.5
<b>Total reported income and expense</b>	<b>2,378.3</b>	<b>3,001.0</b>	<b>2,900.0</b>
Share repurchases	- 11.7	- 84.9	- 135.4
Dividend to shareholders and minority holders	- 190.6	- 258.3	- 261.7
Change in minority share	-	-	- 5.7
New share issue, warrant premiums	-	1.9	1.9
<b>Amount at the end of the period</b>	<b>2,176.0</b>	<b>2,659.7</b>	<b>2,499.1</b>

The exchange rate difference for the period is mainly due to changes in the USD relative to the Swedish krona. USD is the functional currency for the main subsidiaries in the Group.

## CASH FLOW STATEMENTS, GROUP

SEK m	6 months		Full year
	2008	2007	2007
<b>OPERATING ACTIVITIES</b>			
Operating profit	176.2	520.0	663.6
Adjustments for non cash items, etc.	86.8	16.7	131.7
Financial items	- 90.4	- 80.8	- 169.6
Paid tax	- 0.7	- 2.0	- 3.0
Change in working capital	34.3	114.0	123.2
<b>Cash flow from operating activities</b>	<b>206.2</b>	<b>567.9</b>	<b>745.9</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of non-current assets	- 587.0	- 210.1	- 882.8
Sales of non-current assets	292.0	88.8	104.5
Acquisitions of subsidiaries/associated companies	-	- 311.0	- 347.3
Sales of subsidiaries/associated companies	-	-	3.0
Change in other financial non-current assets	16.4	0.1	1.5
<b>Cash flow from investing activities</b>	<b>- 278.6</b>	<b>- 432.2</b>	<b>- 1,121.1</b>
<b>FINANCING ACTIVITIES</b>			
Dividend to shareholders	- 190.6	- 258.3	- 258.3
Dividend to minority holders	-	-	- 3.4
Share repurchases	- 11.7	- 84.9	- 135.3
New share issue, warrant premiums	-	1.9	1.9
New loans	423.1	576.2	1,031.6
Repayment of loans	- 391.2	- 173.5	- 327.6
<b>Cash flow from financing activities</b>	<b>- 170.4</b>	<b>61.4</b>	<b>308.9</b>
<b>Cash flow for the period</b>	<b>- 242.8</b>	<b>197.1</b>	<b>- 66.3</b>
<b>Cash and cash equivalents and short-term investments</b>			
Opening balance	1,174.4	1,283.4	1,283.4
Cash flow for the period	- 242.8	197.1	- 66.3
Exchange rate difference	- 54.8	3.1	- 42.7
<b>Cash and cash equivalents and short-term investments, closing balance</b>	<b>876.8</b>	<b>1,483.6</b>	<b>1,174.4</b>

## SHARE DATA

Per-share data	6 months		Full year	Full year
	2008	2007	2007	2006
Earnings, SEK	1.21	5.86	6.50	7.57
Earnings after dilution, SEK	1.21	5.86	6.50	7.57
Shareholders' equity, SEK	33.96	40.35	38.20	39.36
Shareholders' equity after dilution, SEK	33.96	40.35	38.20	39.36
Cash flow from operating activities, SEK	3.24	8.75	11.55	13.05
Cash flow for the period, SEK	- 3.82	3.03	- 1.03	- 0.74
Share price on balance sheet date, SEK	43.00	72.75	49.80	75.00

## Number of shares

Number of shares excluding treasury shares, closing date	63,543,184	64,581,184	63,776,184	65,797,184
Number of treasury shares	2,254,000	1,216,000	2,021,000	-
Average number of shares outstanding excluding treasury shares	63,552,584	64,940,662	64,585,026	65,395,814
Average number of treasury shares	2,244,600	856,522	1,212,158	-
Number of outstanding warrants	1,100,000	2,800,000	1,100,000	800,000
Number of dilution shares	-	-	-	2,264
Total number of shares after dilution including treasury shares at end of period	65,797,184	65,797,184	65,797,184	65,799,448
Average shares after dilution including average treasury shares at end of period	65,797,184	65,797,184	65,797,184	65,398,078

## KEY RATIOS

	6 months		Full year	Full year
	2008	2007	2007	2006
Return on capital employed, %	4.9	15.5	9.8	11.3
Return on shareholders' equity, %	6.7	28.9	16.3	18.6
Debt/equity ratio, multiple	1.7	1.3	1.5	1.2
Interest cover ratio, multiple	1.8	4.1	2.7	3.8
Equity/assets ratio I, %	27.7	30.1	29.4	32.8
Equity/assets ratio II, %	28.9	32.0	30.9	35.0
Share of risk-bearing capital, %	34.5	37.8	36.6	41.1

## LARGEST SHAREHOLDERS

Owner 30 June 2008	Number of		Percentage of	
	A shares	B shares	capital	votes
Arvid Svensson Invest AB	2,075,968	10,027,692	18.4	29.6
The Dreijer families	1,469,908	3,124,110	7.0	17.1
Odin Fonder, Oslo		5,733,326	8.7	5.5
The Björnram families	343,680	443,159	1.2	3.7
Lennart Simonsson	192,084	412,540	0.9	2.2
Broström AB		2,254,000	3.4	2.2
Kenneth Nilsson	169,816	534,144	1.1	2.1
JP Morgan		1,478,896	2.3	1.4
LGT Bank in Liechtenstein		1,035,415	1.6	1.0
Michael Hjortböl		970,560	1.5	0.9
Other**		35,531,886	53.9	34.3
<b>Total</b>	<b>4,251,456</b>	<b>61,545,728</b>	<b>100.0</b>	<b>100.0</b>

\*\*Including non-Swedish nominee shareholders where individual holdings are not officially registered.  
For definitions, please see Annual Report 2007.

## PARENT COMPANY INCOME STATEMENTS

SEK m	6 months		Second quarter		Full year
	2008	2007	2008	2007	2007
Net sales	49.9	17.7	26.6	8.4	35.4
Other income	0.2	0.2	0.1	0.1	0.5
Operating costs	- 72.1	- 37.9	- 38.7	- 19.6	- 75.6
<b>Operating profit/loss (EBIT)</b>	<b>- 22.0</b>	<b>- 20.0</b>	<b>- 12.0</b>	<b>- 11.1</b>	<b>- 39.7</b>
Net financial items	- 6.0	8.9	2.3	7.7	133.6
<b>Profit/loss after net financial items</b>	<b>- 28.0</b>	<b>- 11.1</b>	<b>- 9.7</b>	<b>- 3.4</b>	<b>93.9</b>
Tax	11.2	7.9	6.0	5.7	17.8
<b>Profit/loss for the period</b>	<b>- 16.8</b>	<b>- 3.2</b>	<b>- 3.7</b>	<b>2.3</b>	<b>111.7</b>
<i>*Of which, dividends from subsidiaries and associated companies</i>	11.9	17.1	11.9	17.1	160.2

## PARENT COMPANY BALANCE SHEETS

SEK m	30 June 2008	30 June 2007	31 December 2007
Non-current assets	1,946.5	2,312.5	1,934.1
Current assets	1,238.0	1,873.4	1,843.3
<b>Total assets</b>	<b>3,184.5</b>	<b>4,185.9</b>	<b>3,777.4</b>
Shareholders' equity	1,346.7	1,431.9	1,565.9
Non-current liabilities	503.1	1,443.3	503.1
Current liabilities	1,334.7	1,310.7	1,708.4
<b>Total liabilities and shareholders' equity</b>	<b>3,184.5</b>	<b>4,185.9</b>	<b>3,777.4</b>
Investments	3.1	326.6	327.6
Divestments	-	0.1	0.1
Disposable liquidity *	415.7	1,054.2	771.9
<i>*Of which, unutilised overdraft facilities</i>	52.6	52.4	52.6

# Report of the Board of Directors of Broström

The Board of Directors of Broström has reviewed the description of Broström on pages 13–23 in this offer document. In the opinion of the Board of Directors of Broström, the information on Broström presents a correct and true – although not complete – picture of Broström.

Gothenburg, 15 September 2008

**Broström AB (publ)**

*The Board of Directors*

# Auditors' Report

To the Board of Directors of Broström AB (publ)  
Organisation number 556005-1467

## Auditors report on condensed historical financial information

We have audited the condensed historical financial information for the Broström AB Group as included on page 15 in the offer document covering the 3 years period ending 31 December 2007.

The Board of Directors and the Managing Director are responsible for the preparation and the true and fair presentation of the condensed historical financial information for the financial years 2005–2007 in accordance to IAS/IFRS as endorsed by EU, the Swedish Annual Accounts Act, and to the prospectus directive for implementation of the prospectus regulation 809/2004/EG.

Our responsibility is to express our opinion on the condensed historical financial information based on our audit. We conducted our audit in accordance with the recommendation issued by FAR SRS, RevR 5 Granskning av prospekt.

In our opinion the information in the condensed historical financial information for the 3 years period ending 31 December 2007 has been correctly stated.

*The interim financial information for 2008 on pages 33–37 has not been subject to our audit.*

The Annual accounts and consolidated accounts for the financial years 2005 and 2006 have been audited by Pär Sundaeus, Öhrlings PricewaterhouseCoopers and Lars Nordberg, Acrevi Revision. The Annual accounts and consolidated accounts for the fiscal year 2007 have been audited by Bror Frid and Birgitta Granquist, both Öhrlings PricewaterhouseCoopers AB.

For the fiscal years 2005–2007 unqualified auditors' reports have been issued.

Gothenburg, 15 September 2008

### **Öhrlings PricewaterhouseCoopers AB**

Bror Frid  
*Authorised public accountant*

Birgitta Granquist  
*Authorised public accountant*

# Tax Issues in Sweden

Below is a summary of certain Swedish tax consequences related to the Offer for shareholders in Broström that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide general information only.

The summary does not cover:

- shares of class A in Broström;
- situations where shares are held as current assets in business operations;
- situations where shares are held by a partnership;
- the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in Broström that are deemed to be held for business purposes (for tax purposes);
- the special rules which in certain cases may be applicable to shares in companies which are or have been so-called closely-held companies or to shares that have been acquired by means of such shares;
- taxation of additional consideration for the shares in Broström in the event that the price per share in the Offer is increased by an interest rate of 6 percent per annum, calculated in a certain way;
- foreign companies conducting business from a permanent establishment in Sweden; or
- foreign companies that have been Swedish companies.

Further, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend to some extent on the shareholder's particular circumstances. Each shareholder is advised to consult a tax advisor as to the tax consequences relating to his/her particular circumstances that could arise from the Offer, including the applicability and effect of foreign income tax legislation (including regulations) and provisions in tax treaties for the avoidance of double taxation.

## Taxation in Sweden upon disposal of shares in Broström

For shareholders in Broström that accept the Offer and thereby dispose of their shares in Broström, a liability for capital gains taxation will occur. The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (*Sw. genomsnittsmetoden*). In this context, it should be noted that shares of different classes in the same company are not regarded as being of the same class and type. As an alternative, the so-called standard method (*Sw. schablonmetoden*) may be used at the disposal of listed shares, such as shares of class B in Broström. This method means that the acquisition value may be determined as 20 percent of the consideration less selling expenses.

## Private individuals

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains is taxed in the capital income category. The tax rate in the capital income category is 30 percent. Capital losses on listed shares, such as shares of class B in Broström, may be fully offset against taxable capital gains the same year on shares, as well as on listed securities taxed as shares (however not investment funds containing Swedish receivables only, *Sw. räntefonder*). Capital losses not absorbed by these set-off rules are deductible at 70 percent in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as property tax. This tax reduction is granted at 30 percent of the net loss that does not exceed SEK 100,000 and at 21 percent of any remaining net loss. An excess net loss cannot be carried forward to future tax years.

## Limited liability companies

For limited liability companies (*Sw. aktieföretag*) all income, including dividends and capital gains, is taxed as income from business operations at a rate of 28 percent. Capital losses on shares may only be offset against taxable capital gains on shares and other securities taxed as shares. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted the same year from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through group contributions) and that both companies request this at the same year of assessment. A net capital loss on shares that cannot be utilized during the year of the loss, may be carried forward and offset in future years against taxable capital gains on shares and other securities taxed as shares, without any limitation in time. Special tax rules may apply to certain categories of companies or certain legal persons, e.g. mutual funds and investment companies.

## Shareholders not resident in Sweden for tax purposes

Shareholders not resident in Sweden for tax purposes and not conducting business from a permanent establishment in Sweden, are normally not liable to capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes may, however, be subject to Swedish capital gains taxation upon disposals of shares in Broström, if they have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

# Addresses and Advisors

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