

To  
The Board of Directors in Hemtex AB (publ)

## **Fairness opinion**

### **Background and assignment**

A recently formed company intends to acquire assets and liabilities and operations from former Karlstads Hemtextil AB. In view of Hemtex AB (publ) intending to acquire the recently formed company, the Board of Directors in Hemtex AB has decided to obtain a so called *fairness opinion* regarding the valuation of the same.

The Board has therefore commissioned Ernst & Young AB ("Ernst & Young") to assess whether the discussed purchase sum amounts to a market price level for the company. The assignment has not included assessing Hemtex's price model for acquisition of other companies, rather this assignment emanates from the specific conditions applied for the company in question.

### **Method of analyse**

Ernst & Young has analysed the Company from a "going concern"- perspective. Adjustment has been made of items affecting comparability such as owner salaries and other expenses, which the owner charged the company and which henceforth will not charge the company. The Company has been analyzed from its historic earning power and assumptions of long-term growth, margins, cash flow and financial position among other things. Required return has been derived from companies within the industrial sectors of consumer products.

### **Supporting information**

As supporting information for this fairness opinion Ernst & Young among other things reviewed and took account of:

- Publicly available information such as annual reports etc.
- Certain internal financial analyses, forecasts, reports and other information received from Hemtex.

This fairness opinion is based on information available for Ernst & Young as per August 18, 2006 and cannot be referred to as per any other date.

## **Fairness**

Based on the methods and supporting information as stated above it is Ernst & Young's assessment as per August 18, 2006 that the pricing of the company is within a reasonable value interval.

Gothenburg on August 18, 2006

Magnus Norin  
ERNST & YOUNG AB