

Half-year Interim Report, June 30, 2016

Second-quarter Interim Report 2016

Half-year Interim Report and Second-quarter Interim Report 2016

IPO of Alelion Batteries

Significant events during the first half-year and second quarter

- In June, the Swedish government decided to restructure government venture capital, which means that Fouriertransform will become part of a government-owned venture capital group
- Portfolio company Alelion Batteries was listed on Nasdaq First North in June and implemented a new share issue that was heavily oversubscribed, raising approximately SEK 101 million from institutional investors and the public
- Fouriertransform invested a total of SEK 78.9 million in ten existing portfolio companies in the first half-year
- Since inception, Fouriertransform has invested a total of SEK 1,666 million in 28 companies in Sweden's automotive and manufacturing industries
- The estimated fair value of the existing portfolio of 23 companies including accumulated realized value from sales and repaid capital from portfolio companies since start-up, equates to a value decrease of approximately 12% of total invested capital since Fouriertransform's inception
- Profit/loss for the first half-year amounted to SEK -275.4 million (-139.7), including the revaluation of portfolio companies of SEK -257.8 million (-140.7), of which listed companies were SEK -186.0 million (8.7).
- Cash flow for January – June amounted to SEK -16.4 million (45.2), of which investments in existing portfolio companies amounted to SEK -77.1 million (-115.5)
- Cash and cash equivalents and investments in securities amounted to SEK 1,691 million (1,853) at the midpoint of the year



CEO's comments –

Brexit means an uncertain future, but underlying growth in our portfolio companies

The global economy remained weak in the first six months of the year. Brexit has accentuated these concerns, despite the fact that the UK remains a member of the EU until the structure of its exit has been agreed. The initial reactions to Brexit were major currency fluctuations, with sterling and the Swedish krona depreciating heavily, in tandem with major price losses across a number of stock exchanges. For Sweden, which is in an economic upturn, the outlook remains bright, largely thanks to low interest rates, but it is too early to predict how much Brexit will affect Swe-

den's economy. The UK is Sweden's fourth largest export market, providing some 13% of foreign direct investment into Sweden.

In the first half-year, Swedish manufacturers reported good order growth from the domestic market, while export order intake progressed somewhat more slowly.

The European and US recovery is still sluggish, and even if China appears to be making somewhat more positive progress than previously forecast, it still has a lot of work to do to realign its economy. China's lower infrastructure investments are still affecting progress in the rest of the world, and Swedish exporters have encountered difficulty on the Chinese market for several years.

Uncertain conditions on several of Sweden's export markets are placing substantial demands on the renewal of Sweden's manufacturing industry, where innovation and a better balance between the supply of products and associated services will be critical success factors. We have to be able to compete with rapid technological progress and create more stability in companies by being able to sell products *and* associated services.

There is great interest in Fouriertransform's competence and equity capital, and we are continuing to screen projects and companies continuously, not just in early phases but also during their important growth phase, where a lot of promising ideas enterprises would otherwise remain, without their international expansion succeeding.

The results of our long-term efforts are now clearly apparent. Several Fouriertransform portfolio companies have reached commercializable phases, manufacturing and selling their products on international markets. Arccore, Smart Eye, Max Truck and Pelagicore are a few examples of companies when we entered in early development phases, and that are now capturing international attention for their technology-leading products. We are maintaining our original plan, and focusing increasingly on accelerating our companies' value growth now that they start to reach mature phases. In the second quarter, we made follow-on investments in 10 portfolio companies to support their continued expansion in Sweden and internationally.

Alelion Batteries' new share issue for its June 21 IPO on Nasdaq First North was heavily oversubscribed. This company develops, manufactures and markets complete energy storage systems. This is our third IPO, and demonstrates that several of our portfolio companies have matured. Powercell was floated in December 2014 and SciBase in June 2015, both on Nasdaq First North.

On 15 June, the Swedish parliament approved a restructuring of government venture capital. In practice this means Fouriertransform and Inlandsinnovation will become part of a government owned venture capital group with a nationwide development enterprise as its parent company. Fouriertransform and Inlandsinnovation have been proposed to keep managing their existing investments for the present. The restructuring process is expected to be complete at around year-end 2017.



Per Nordberg

Half-year Interim Report for the period 1 January to June 30

The amounts in the tables below are for the investment company, implying that financial investments, investments in portfolio companies and investments in securities are measured at estimated fair value.

Fouriertransform highlights, SEK m	Q2	Q2	%	Q 1-2	Q 1-2	%
	2016	2015		2016	2015	
Net profit/loss for the period	-96,4	-92,7	4%	-275,4	-139,7	-97%
Investments in portfolio companies	55,6	64,7	14%	77,1	115,5	-33%
Cash flow for the period				-16,4	45,2	
Cash and cash equivalents and investments in securities	1 690,6	1 852,6	-9%	1 690,6	1 852,6	-9%
Equity 1)	2 768,1	2 952,3	-6%	2 768,1	2 952,3	-6%
Equity/assets ratio	98%	99%		98%	99%	

1) i May 2015 100 SEK m was paid as dividend to the owner

Value increase/decrease, total invested capital since inception, SEK m	2016-06-30	2015-06-30	2015-12-31	2014-12-31
Total number of investments in portfolio companies	28	26	28	25
Number of portfolio companies in current portfolio	23	22	24	22
Total invested capital, all portfolio companies	1 666	1 482	1 587	1 366
Realized value from exits	276	227	274	4
Repaid capital from portfolio companies	65	63	65	31
Estimated fair value, current portfolio	1 119	1 105	1 300	1 361
Subtotal	1 460	1 395	1 639	1 396
Value increase/decrease, total invested capital	-12%	-6%	3%	2%

Business environment and market—Swedish economy peaking and international growth remains slow

The OECD's latest forecast on 1 June reported that the global economy had not improved on the previous year-end. It forecasts GDP growth in the OECD to remain at a low 2% in 2016 and 2017, which is a somewhat downgraded forecast. Nor does it expect the US to get its growth engine running during the year, with only faintly positive growth expected in 2017. In its Global Economic Outlook from April, the IMF also reports that the indications of a stronger global economy have become more uncertain. Overall, this means that the international economic situation remains highly uncertain, and has been accentuated by financial and political turbulence ensuing from the Brexit decision.

In Sweden, a growing number of commentators anticipate the economic upturn reaching its peak in 2016, two then enter a calmer but still positive growth phase. After several quarters of growth levels of up to 4%, 4.2% in the first quarter of 2016, KI's (Sweden's National Institute for Economic Research) Business Tendency Survey was down for four consecutive months, to climb by one percentage point in June. SCB's (Statistics Sweden) first-quarter statistics indicate that exports had decreased by 1.3% from the fourth quarter 2015, which reduced GDP growth by 0.6 percentage points. Goods exports increased by 0.6 %, while services exports were down by 5.3 % after eight quarters of steady increases.

Employment figures are some of the best for many years, which commentators are interpreting as another indicator that the Swedish economic upturn will soon peak.

The concerns for Swedish industrial manufacturing relate to progress on important export markets where the continued slow recovery means that Sweden's exports cannot really gather momentum. China's problems are reflected in poor growth in the Eurozone and the US market. Latin American GDP is down for the second consecutive year, by -0.1%, partly due to China's problems but also due to low oil prices, which are inhibiting growth. Brazil and Venezuela are the Latin American countries most affected, but other countries like Russia and other raw materials-dependent Middle Eastern economies are facing major difficulties.

While KI is reporting that Swedish businesses' employment plans are more optimistic than normal, they also report that manufacturing is the only sector reporting a decrease in employee bases. This is in a sector that SCB has reported that it has already lost over 100,000 jobs post-financial crisis, mainly as a result of more widespread automation and rationalization. On the positive side, the automotive industry is still going strong. Sweden's automotive industry reported high growth for the 15th consecutive month, with one example being Volvo Cars implementing a third shift, and hiring nearly 1,500 new staff at its Torslanda site.

Sector organization Bil Sweden reports that new car registrations were up by 17% in May. This is the 29th straight month of increased registrations and is the best figure since statistics started back in 1946. European sector organization ACEA's statistics indicate that registrations of commercial vehicles in the EU had increased for 16 straight months, and by 14.6% in May, and new car registrations increased for the 33rd straight month, by 16% on May 2015. In the first half-year, European car registrations were up by 9.9%, with the full-year forecast being 5%.

Tech sector organization Teknikföretagen's forecast from May estimates that production growth for the Swedish tech industry will be up by 6.5% in 2016, but also reported sharp contrasts between sub-sectors. Excluding the automotive industry, production growth is up 2% in 2016. It is likely that production growth in Sweden's technology sector will be restrained in the second half-year 2016 and the full year 2017 because the automotive industry is not expected to achieve the same exceptional growth as in the second half of the previous year and the first half-year this year.

Swedish parliament approves government venture capital restructuring

On 15 June, the Swedish parliament approved the government bill on alterations to the organizational structure of government venture capital. The bill involves the government creating a nationwide development enterprise to invest indirectly in companies in development phases through privately managed funds. The intention is for this venture to be wholly owned by the government.

Fouriertransform and InlandsInnovation, which are wholly owned by the government, will be absorbed into a group collectively with this development enterprise. Fouriertransform and InlandsInnovation are also proposed to manage their current investments. The nationwide development enterprises scheduled to start operations in 2017.

Fouriertransform's investment activities

Investment applications

In the first half-year, Fouriertransform

- received 32 investment applications
- rejected 15

As of June 30, the application portfolio contained

- some 30 applications
- of which 5 are under review pending an investment decision by Fouriertransform's Board of Directors

Applications in the first half-year are diversified across different segments, and in different investment phases within manufacturing segments.

IPO of Alelion Batteries on Nasdaq First North

The stock of Alelion Batteries of Mölndal was listed on Nasdaq First North on 21 June, and the company also implemented a new share issue that was heavily oversubscribed, raising SEK 101 million from institutional investors and the public. Fouriertransform contributed SEK 17.4 million. The issue price was SEK 5.90 including options, and the share price was SEK 5.85 as of June 30.

This is Fouriertransform's third portfolio company to have an IPO since inception; Powercell's IPO was in December 2014 and SciBase in June 2015, both on Nasdaq First North.

Divestments

In the first half-year, Fouriertransform divested all the shares in EI-Forest AB in Örnsköldsvik to the founder families. The new owners will continue to manage and develop the company's operations.

Fouriertransform made its initial investment in the company in June 2010 and invested a total of SEK 32.6 million.

Fouriertransform's ownership has allowed the company to invest in areas such as product development and marketing over the last few years.

Fouriertransform measured fair value before divestment was zero, meaning that profit is not affected by the divestment.

Follow-on investments

During the first half-year, Fouriertransform made follow-on investments totaling SEK **78.9 million** in the following existing portfolio companies:

- SEK 15.0 million was invested in Norstel in Norrköping
- SEK 10.4 million was invested in AAC Microtec in Uppsala
- SEK 6.0 million was invested in Inxide in Trollhättan
- SEK 3.3 million was invested in CedeGroup in Malmö
- SEK 17.5 million was invested in Alelion Batteries in Mölndal
- SEK 0.8 million was invested in MaxTruck in Östersund
- SEK 1.4 million was invested in SmartEye in Gothenburg
- SEK 15.0 million was invested in TitanX in Stockholm
- SEK 4.5 million was invested in APR Automation in Arvika
- SEK 5.0 million was invested in TechRoi Fuel Systems in Bengtsfors

Fouriertransform's work on creating value growth in existing portfolio companies

Fouriertransform continued its ongoing and extensive efforts to create value in its 23 portfolio companies, involving work on each company's strategic focus, the composition of Boards of Directors, and financing issues.

Several follow-on investments were executed in order for companies to secure the capital necessary to ensure continued progress.

Fouriertransform's other activities

The 33 List



In April, Fouriertransform served as a partner to *33-listan* ('the 33 List'), an annual list of the most innovative young companies in Sweden produced in collaboration between Affärsvärlden, Ny Teknik and other partners. Fouriertransform presented one of the nominated companies, CELLINK, with the 'Diamond of the Year' award and SEK 100,000 worth of advice from Fouriertransform.

CELLINK has developed functional 3D technology able to print stable structures using living cells, and provides an example of Swedish cutting-edge expertise in two areas, cell biology and 3D printing technology.

Seminars

In June, Fouriertransform was co-arranger of a seminar in Smögen, on Sweden's west coast, with the Municipality of Sotenäs, the Swedish Federation of Private Enterprises and other parties that attracted 180 participants, including enterprises in the Västra Götaland region. This seminar continues those previously held in 2010, 2011, 2012, 2014 and 2015. The seminar dealt with the marine environment, including recycling marine waste, the food chain, fishing and marine raw materials.

Internal strategy conference

In June, Fouriertransform held an internal strategy conference with topics including reviewing the current conditions and potential of existing portfolio companies, deal flow and the ongoing restructuring of government venture capital.

Fouriertransform's investments as of June 30

All investments in portfolio companies since inception

- since inception in autumn 2009, Fouriertransform has invested a total of **SEK 1,666 million** in a total of **28 companies as a new partner**
- at present, the portfolio comprises **23 portfolio companies**

As of June 30, 2016, Fouriertransform has invested in a total of 28 companies as new partner: PowerCell Sweden AB, Norstel AB, NovaCast Technologies AB, FlexProp AB, EffPower AB, Alelion Batteries AB, El-Forest AB, MaxTruck AB, Applied Nano Surfaces AB, Vicura AB, Jobro Plåtkomponenter AB, Pelagicore AB, InXide AB, LeanNova Engineering AB, ArcCore AB, CeDe Group AB, Smart Eye AB, TitanX, Rototest International AB, SciBase AB, ÅAC Microtec AB, Ostell AB, Pelly AB, APR Automation AB, SMP Parts AB, Lamera AB, OssDsign AB and TechRoi FuelSystems AB .

The investments in NovaCast Technologies and Effpower have been written down to zero, and the entire holdings in FlexProp, LeanNova Engineering and El-Forest AB were divested, so that as of June 30, 2016, the portfolio consists of 23 companies.

Total invested capital since inception

Since inception in autumn 2009, Fouriertransform has invested a total of **SEK 1,666 million** in portfolio companies in Sweden's automotive industry and other areas of manufacturing and associated service sectors.

Fouriertransform's portfolio as of June 30, 2016

As of June 30, 2016, Fouriertransform's portfolio consists of **23 portfolio companies**. These companies have total sales of approximately SEK 2.7 billion, employ a total of around 1,500 people, and are geographically diversified nationwide in Sweden, with the center of gravity in the Västra Götaland region.

Fouriertransform works actively to create value in these companies from the point of its initial investment onwards.

Investment company—the portfolio as of June 30, 2016

	Location	Initial investment	% of votes ¹⁾
Later stage venture			
PowerCell Sweden AB	Gothenburg	Oct. 2009	21%
Norstel AB	Norrköping	Feb. 2010	100%
Alelion Batteries AB	Mölnadal	Jun. 2010	53%
Max Truck AB	Östersund	Jul. 2010	35%
Applied Nano Surfaces Sweden AB	Uppsala	Dec. 2010	40%
Pelagicore AB	Göteborg	Sep. 2011	73%
Inxide AB	Trollhättan	Dec. 2011	98%
SciBase AB	Stockholm	Dec. 2013	13%
Lamera AB	Gothenburg	Jun. 2015	27%
OssDsign AB	Uppsala	Nov. 2015	16%
Estimated fair value SEK 530.9 m			
Growth			
Vicura AB	Trollhättan	Jan. 2011	44%
Jobro Plåtkomponenter AB	Ulricehamn	May. 2011	71%
ArcCore AB	Gothenburg	Apr. 2012	45%
CeDe Group AB	Malmö	May. 2012	47%
Smart Eye AB	Gothenburg	Feb. 2013	17%
TitanX	Gothenburg	Mar. 2013	40%
RotoTest International AB	Rönninge	Jul. 2013	50%
ÅAC Microtec AB	Uppsala	Mar. 2014	60%
Pelly AB	Hillerstorp	Mar. 2014	37%
Osstell AB	Göteborg	Mar. 2014	36%
APR Automation AB	Arvika	Maj. 2014	90%
SMP Parts AB	Ilso	Jun. 2014	27%
TechRoi Fuel Systems AB	Bengtstors	Nov. 2015	31%
Estimated fair value SEK 587.7 m			
Total estimated fair value SEK 1,118.6 m			

1) in portfolio companies that Fouriertransform holds more than 50% of the voting rights, the intention is to reduce it to below 50% over time.

Financial progress in the first half-year

Investment company

Results of operations

The profit/loss for the period after tax was SEK -275.4 million (-139.7).

The profit/loss from portfolio companies was SEK -258.0 million (-124.8). Revaluation of portfolio companies at estimated fair value as of June 30 was conducted in accordance with IFRS, implying value being reduced by -18.7% (-11.3), corresponding to SEK -257.8 million (-140.7), of which SEK -186.0 million is attributable to changes in the share price of Fouriertransform's three listed portfolio companies. Other revaluation of unlisted companies relates to the companies' operational and financial progress.

Operating expenses totaling SEK 26.6 million (31.8) are mainly attributable to employee benefit expenses, as well as project and consulting expenses.

Profit/loss from financial items amounted to SEK 9.1 million (15.4), including an effect of SEK -12.9 million (-51.9) for the revaluation of investments in securities, in addition, mainly affected by the capital loss of the divestments of mutual and fixed income funds of SEK -9.4 million and dividends from fixed income and mutual funds of SEK 31.4 million.

Since its inception in autumn 2009, Fouriertransform has invested a total of SEK 1,666 million, which compares to the estimated fair value of the existing portfolio of SEK 1,119 million, accumulated capital gains/losses on divestments and accumulated repaid capital from portfolio companies, corresponding to a value decrease on invested capital of some 12%.

Balance Sheet

In the period, Fouriertransform invested SEK 78.9 million (115.5) in ten existing portfolio companies.

The portfolio companies were measured at fair value as of June 30 totaling SEK 1,119 million (1,105).

Cash and cash equivalents and investments in securities

The company's cash and cash equivalents and estimated fair value of short-term investments in fixed income and mutual funds amounted to SEK 1,691 million (1,853) at the end of the quarter.

Equity

As of June 30, equity was SEK 2,768.1 million (2,952.3), of which profit/loss after tax for the period was SEK -275.4 million (-139.7).

Parent company Fouriertransform AB

The parent company's profit/loss after tax for the period was SEK -152.1 million. Write-downs of shares in portfolio companies were SEK -134.7 million, and related to the companies' operational and financial progress. For more information, please refer to the comments on the investment company's results of operations.

In the period, Fouriertransform invested SEK 78.9 million in ten existing portfolio companies. The parent company's cash and cash equivalents and the value of investments in securities amounted to SEK 1,691 million as of June 30.

Q2, 2016

Fouriertransform's investment activities

Investment applications

In the second quarter, Fouriertransform

- received 13 investment applications
- rejected 7

As of June 30, the application portfolio contained

- some 30 applications
- of which 5 are under review pending an investment decision by Fouriertransform's Board of Directors

Applications in the second quarter are in different segments and different investment phases within manufacturing.

IPO of Alelion Batteries on Nasdaq First North

The stock of Alelion Batteries of Mölndal was listed on Nasdaq First North on 21 June, and the company also implemented a new share issue that was heavily oversubscribed, raising SEK 101 million from institutional investors and the public. Fouriertransform contributed SEK 17.4 million. The issue price was SEK 5.90 including options, and the share price was SEK 5.85 as of June 30.

Follow-on investments

During the second quarter, Fouriertransform made follow-on investments totaling SEK **57.0 million** in the following portfolio companies:

- SEK 10.0 million was invested in Norstel in Norrköping
- SEK 5.0 million was invested in AAC Microtec in Uppsala
- SEK 3.0 million was invested in Inxide in Trollhättan
- SEK 1.8 million was invested in CedeGroup in Malmö
- SEK 10.5 million was invested in Alelion Batteries in Mölndal
- SEK 0.8 million was invested in MaxTruck in Östersund
- SEK 1.4 million was invested in SmartEye in Gothenburg
- SEK 15.0 million was invested in TitanX in Stockholm
- SEK 4.5 million was invested in APR Automation in Arvika
- SEK 5.0 million was invested in TechRoi Fuel Systems in Bengtsfors

Activities in portfolio companies in the second quarter

- **Powercell Sweden** of Gothenburg entered a fuel systems partnership with Swiss Hydrogen.
- **Norstel** of Norrköping continued its qualification process with leading power electronics customers, and is continuing its development process of producing six-inch power wafers.
- **Alelion Batteries** of Mölndal had its IPO on Nasdaq First North on June 21, 2016. The new share issue was heavily oversubscribed.
- **Maxtruck** of Östersund signed two new reseller agreements with UK resellers.
- **Applied Nano Surfaces** of Uppsala signed licensing and collaborative agreements with Linamar, one of the automotive industry's largest subcontractors.

- **Vicura** of Trollhättan continued its expansion, hiring new staff at Trollhättan and Gothenburg. Its market is continuing to progress robustly, and Vicura is continuing its focus on electrification.
- **Jobro Plåtkomponenter** of Ulricehamn experienced good demand for its prototypes and short production batches.
- **Pelagicore** of Gothenburg secured a major new development project for a premium Original Equipment Manufacturer.
- **Inside** of Trollhättan hired a new President with a background in the automotive industry, who has held a series of senior positions within the Swedish and multinational subcontracting industry.
- **ArcCore** of Gothenburg put a sharp focus on its international expansion, especially in Germany.
- **CeDeGroup** of Malmö appointed its former Chairman as the company's new President and implemented a cost savings package as a result of the continued slowdown in the mining and steel industry.
- **Smart Eye** of Gothenburg executed a major investment roadshow in order to support the company's continued journey of expansion.
- **TitanX** of Gothenburg hired VP operations to expand its aftermarket range with Freightliner's Cascadia chiller.
- **Rototest International** of Rönninge successfully sold new test equipment to subcontractors and universities, and expanded its sales and support organization.
- **SciBase** of Stockholm continued to increase sales in Germany and acquired electrode production from Ginolis of Finland.
- **ÅAC Microtec** of Uppsala secured an SEK 20 million order from the European Space Agency.
- **Pelly** of Hillerstorp put a sharp focus on ramping up deliveries from a new major production line in its plant in Kaunas, Lithuania.
- **Ostell** of Gothenburg made brisk progress early in the year, with high growth compared to the previous quarter and year. The company signed several new contracts that will make a positive contribution in late-2016 and following years.
- **APR Automation** of Arvika continued to operate in a hesitant market with many deals being delayed.
- **SMP Parts** of Ilsbo exhibited at a number of expos including Bauma in Munich and Maskinmässan in Stockholm, and signed agreements with PON Equipment of Norway on its tilt rotators.
- **Lamera AB** of Gothenburg developed its organization by hiring a CTO.
- **OssDsign** of Uppsala prepared applications to the FDA for several of its products.
- **TechRoi FuelSystems** of Bengtsfors has continued discussions regarding development projects and batch deliveries with a number of premium OEMs.

Financial progress in Q2

Investment company

Results of operations

The profit/loss for the period after tax was SEK -96.5 million (-92.7).

The profit/loss from portfolio companies was SEK -94.8 million (-54.2). Revaluation of portfolio companies at estimated fair value as of June 30 was conducted in accordance with IFRS, implying value being reduced by -7.7% (-5.8), corresponding to SEK -94.4 million (-69.0), of which SEK -75.1 million is attributable to changes in the share price of Fouriertransform's three listed portfolio companies. Other revaluation of unlisted companies relates to the companies' operational and financial progress.

Operating expenses totaling SEK 13.4 million (17.7) are mainly attributable to employee benefit expenses, as well as project and consulting expenses.

Profit/loss from financial items amounted to SEK 11.7 million (-28.9), including an effect of SEK 11.5 million (-67.9) for the revaluation of investments in securities in the quarter, in addition, mainly affected by the capital loss of the divestments of mutual and fixed income funds of SEK -1.2 MSEK and dividends from fixed income and mutual funds of SEK 1.4 million.

Since its inception in autumn 2009, Fouriertransform has invested a total of SEK 1,666 million, which compared to the estimated fair value of the existing portfolio of SEK 1,119 million, accumulated capital gains/losses on divestments and accumulated repaid capital from portfolio companies, corresponds to a value decrease on invested capital of some 12%.

Balance Sheet

In the second quarter, Fouriertransform invested SEK 57.0 million (64.7) in ten existing portfolio companies.

The portfolio companies were measured at fair value as of June 30 totaling SEK 1,119 million (1,105).

Cash and cash equivalents and investments in securities

The company's cash and cash equivalents and estimated fair value of short-term investments in fixed income and mutual funds amounted to SEK 1,691 million (1,853) at the end of the quarter.

Equity

As of June 30, equity was SEK 2,768.1 million (2,952.3), of which profit/loss in the quarter was SEK -96.5 million (-92.7).

Parent company Fouriertransform AB

The parent company's profit/loss after tax for the period was SEK -58.6 million. Write-downs of shares in portfolio companies were SEK -56.5 million, and related to the companies' operational and financial progress. For more information, please refer to the comments on the investment company's results of operations.

In the quarter, Fouriertransform invested SEK 57.0 million in ten existing portfolio companies. The parent company's cash and cash equivalents and the value of investments in securities amounted to SEK 1,691 million as of June 30.

Fouriertransform's 23 portfolio companies as of June 30, 2016



PowerCell Sweden AB—a fuel cell that makes electricity from hydrogen (listed on Nasdaq First North)

Phase	Later-stage venture	The company develops and distributes advanced fuel cell systems for the transport industry and certain other high-tech markets. This company, which has its origins in the Volvo Group's fuel cell development project, aims to accelerate the launch of fuel cell systems on the market through development, production and sales. <i>www.powercell.se</i>
Location	Gothenburg	
Initial investment	Oct. 2009	
% of votes	21%	



Norstel AB—new technology for hybrid vehicles (listed on Nasdaq First North)

Phase	Later-stage venture	The company develops SiC wafers which are an important component for the successful development and production of energy-efficient electric and hybrid vehicles. The results, combined with a modern development and production facility, provide a good basis for launching the products onto the market. <i>www.norstel.com</i>
Location	Norrköping	
Initial investment	Feb. 2010	
% of votes	100%	



Alelion Batteries AB—energy storage systems for the automotive industry (listed on Nasdaq First North)

Phase	Later-stage venture	The company develops, manufactures and markets complete energy storage systems, primarily for the materials management industry, based on lithium ion batteries. <i>www.alelion.com</i>
Location	Mölndal	
Initial investment	Jun. 2010	
% of votes	53%	

MAX TRUCK AB **Max Truck AB—electric forklift offering unique maneuverability**

Phase	Later-stage venture	The company is developing an electric forklift that can maneuver in all four directions from a stationary position and rotate around its own axle. The forklift therefore requires significantly less space than a conventional one. The distances it travels are much shorter and warehouse space can be utilized more efficiently. <i>www.maxtruck.se</i>
Location	Östersund	
Initial investment	Jul. 2010	
% of votes	35%	



Applied Nano Surfaces

Applied Nano Surfaces Sweden AB—unique technology for reduced friction losses

Phase	Later-stage venture	The company has developed unique technology for creating surface coatings with properties that reduce friction and wear on steel and cast iron surfaces in mechanical systems. Applied Nano Surfaces' technology makes large-scale industrial production of coated components possible at a lower cost than for equivalent coatings. <i>www.appliednanosurfaces.com</i>
Location	Uppsala	
Initial investment	Dec. 2010	
% of votes	40%	

**Vicura AB—SAAB's transmission developers**

Phase	Growth	The company provides consulting services in the area of drivelines for the international automotive industry. Vicura develops complete systems or components from the concept stage to industrialization for the international automotive industry. The offering includes mechanical and electrical drive systems as well as control systems. <i>www.vicura.se</i>
Location	Trollhättan	
Initial investment	Jan. 2011	
% of votes	44%	

**Jobro Plåtkomponenter AB—full-service supplier of complex sheet metal parts**

Phase	Growth	The company manufactures and sells prototypes and short production runs of complex sheet metal parts for the engineering industry, with an emphasis on the automotive industry. The company is a full service supplier with expertise in press tempering, materials science, tool making and production engineering. www.jobro.se
Location	Ulricehamn	
Initial investment	May 2011	
% of votes	71%	

**Pelagicore AB—technology and product development for infotainment systems**

Phase	Later-stage venture	Pelagicore is a technology and product development company specializing in open source software for infotainment systems in the automotive industry. The company develops and licenses software that reduces the time and cost involved in developing infotainment systems for vehicles. Its customers are primarily car manufacturers and their subcontractors. www.pelagicore.com
Location	Gothenburg	
Initial investment	Sep. 2011	
% of votes	73%	

**Inxide AB (formerly EELCEE AB)—composite components for the automotive industry**

Phase	Later-stage venture	Inxide is a spin-off from the Swiss university of technology, École Polytechnique Fédérale de Lausanne (EPFL), and develops composite components primarily for the automotive industry. Production capacity is currently being built up to produce and market the components in large volumes. www.inxide.se
Location	Trollhättan	
Initial investment	Dec. 2011	
% of votes	98%	

ARC CORE

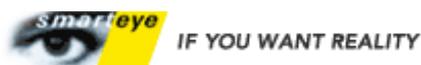
ArcCore AB—product development of AUTOSAR-compatible software

Phase	Growth	ArcCore is a product development company specializing in AUTOSAR-compatible software for control units within the automotive industry. ArcCore AB was founded in 2009 by five entrepreneurs with many years of software development experience. www.arccore.com
Location	Gothenburg	
Initial investment	April, 2012	
% of votes	45%	

CEDE GROUP AB

CeDe Group AB—full-service supplier of customized heavy machinery

Phase	Growth	CeDe Group is a leading supplier of customized heavy machinery. The company is a full service supplier with extensive expertise in production, applications, mechanics, hydraulics and electronics. www.cede-group.se
Location	Malmö	
Initial investment	May 2012	
% of votes	47%	



Smart Eye AB—develops and sells eye sensor systems

Phase	Growth	Smart Eye develops and sells software and systems for eye sensors. The company has developed a safety and comfort product specifically for the automotive industry. www.smarteye.se
Location	Gothenburg	
Initial investment	Feb. 2013	
% of votes	17%	

**TitanX—supplier of cooling systems for the heavy vehicle industry**

Phase	Growth	TitanX is a leading supplier of cooling systems for the heavy vehicle industry and has the majority of major heavy vehicle manufacturers as customers, for example Daimler, Scania and Volvo. <i>www.titanx.com</i>
Location	Gothenburg	
Initial investment	Mar 2013	
% of votes	40%	

**Rototest International AB—test equipment for the automotive industry**

Phase	Growth	Rototest develops, manufactures and markets test equipment, so-called hub-mounted dynamometers, for the automotive industry. The company's patented solutions for hubmounted automotive dynamometers offer many times greater measurement accuracy than traditional technology. <i>www.rototest.com</i>
Location	Rönninge	
Initial investment	Jul. 2013	
% of votes	50%	

**SciBase AB—unique method for the detection of malignant melanomas**

Phase	Later-stage venture	SciBase has developed a unique method for detecting malignant melanoma. The method, which is based on research at the Karolinska Institute, sends electrical impulses at different frequencies through the area of skin under examination. <i>www.scibase.com</i>
Location	Stockholm	
Initial investment	Dec. 2013	
% of votes	13%	

**ÅAC Microtec AB—develops and manufactures multi-functional electronic systems (MEMS)**

Phase	Growth	ÅAC develops and manufactures robust, microelectromechanical systems (MEMS). Through its network of partners, ÅAC delivers highly refined solutions and systems to private and public sector organizations in the aerospace industry. <i>www.aacmicrotec.com</i>
Location	Uppsala	
Initial investment	Mar. 2014	
% of votes	60%	

**Pelly AB—storage solutions for the furniture industry**

Phase	Growth	Pelly's operations focus on storage solutions. Through close cooperation with key customers, high-quality products and a highly automated production apparatus, Pelly has established itself as a leading supplier in the furniture industry in the Nordic region and elsewhere in Europe. www.pelly.se
Location	Hillerstorp	
Initial investment	Mar. 2014	
% of votes	37%	

**Osstell AB—instruments for measuring dental implant stability**

Phase	Growth	Osstell develops and sells instruments to measure the stability and osseointegration of dental implants. The method indicates when an implant is ready to be loaded. www.osstell.com
Location	Gothenburg	
Initial investment	Mar. 2014	
% of votes	36%	

**APR Automation AB—supplier of complete automation solutions**

Phase	Growth	APR Automation is an integrator that delivers complete automation solutions to customers in a number of industries in Sweden and internationally. The company has expertise in electrical design, PLC programming, robot programming, mechanical design, project management and installation. www.apr-automation.se
Location	Arvika	
Initial investment	May 2014	
% of votes	90%	

**SMP Parts AB—supplier of excavator accessories**

Phase	Growth	SMP Parts is a high-quality supplier of excavator accessories such as couplers, tiltrotators, buckets and other specialist equipment for construction machinery. SMP Parts is one of the few suppliers to offer a complete range of excavator-related equipment. <i>www.smpparts.com</i>
Location	Ilso	
Initial investment	Mar. 2014	
% of votes	27%	

**Lamera AB—the latest technology in light-weight materials**

Phase	Later-stage venture	Lamera's product is based on the latest lamination technology and the result is a unique, patented and moldable composite (a sandwich material), which weighs around 50% less than conventional sheet metal but is just as strong. <i>www.lamera.se</i>
Location	Jun. 2015	
Initial investment	27%	
% of votes		

**OssDsign AB—regenerative implants**

Phase	Later-stage venture	OssDsign is a Swedish medtech enterprise focused on developing regenerative implants that improve healing of skeletal injuries, cranial conditions, facial reconstruction and similar types of surgical procedure. <i>www.ossdsign.com</i>
Location	Uppsala	
Initial investment	Nov. 2015	
% of votes	16%	

**TechROi FuelSystems AB—light-weight steel fuel tanks**

Phase	Growth	TechROi Fuel Systems is an independent vendor with complete system competence of lightweight stainless steel fuel tanks. TechROi Fuel Systems' products are especially competitive in pressurized tanks used in hybrid vehicles. <i>www.techroifuel.com</i>
Location	Bengtstors	
Initial investment	Nov. 2015	
% of votes	31%	

Definitions of key figures**Total invested (capital) in portfolio companies**

Fouriertransform's invested capital in all financial instruments; shares, options, convertible loans, shareholders' loans, shareholders' contributions, and where applicable, any other instruments.

Estimated fair value of current portfolio

In accordance with the definition in IFRS 13 *Fair Value Measurement*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in prevailing market conditions at the measurement date. The measurement date means the reporting date.

Realized value from divestments

Sales revenue from divestments of shares in portfolio companies, and where applicable, options in portfolio companies.

Repaid capital from portfolio companies

Repaid capital from portfolio companies; such as dividends, shareholders' contributions, shareholders' loans, convertible loans, interest on shareholders' loans and convertible loans, and where applicable, any other repayments.

Value increase/decrease, total invested capital

Accumulated realized value from divestments since inception + accumulated repaid capital from portfolio companies since inception + estimated fair value of existing portfolio on the reporting

date

divided by

Total invested capital in portfolio companies since inception

Invested in portfolio companies

Fouriertransform's invested capital in all financial instruments; shares, options, convertible loans, shareholders' loans, conditional and unconditional shareholders' contributions, and where applicable, any other instruments.

Equity/assets ratio

Equity divided by total assets on the reporting date.

Accounting principles

Fouriertransform applies the International Financial Reporting Standards (IFRS) as endorsed by the EU when preparing the financial statements for the Group. Fouriertransform meets the IFRS definition of an investment company, so it does not prepare consolidated financial statements. Fouriertransform as an investment company (the Group) instead prepares separate financial statements according to IFRS, where measurement of financial investments, (investments in portfolio companies and investments in securities) is based on fair value with changes in value recognized through profit or loss.

The financial statements of the parent company, Fouriertransform AB, are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Accordingly, measurement of the parent company's financial investments, investments in portfolio companies and in securities is based on the cost method according to the Swedish Annual Accounts Act.

This Interim Report for Fouriertransform as an investment company was prepared in accordance with IAS 34 *Interim Financial Reporting* and the Swedish Annual Accounts Act. Disclosures pursuant to IAS 34 *Interim Financial Reporting* are provided in the notes and elsewhere in the Interim Report.

The Interim Report for the parent company, Fouriertransform AB, was prepared in accordance with the Swedish Annual Accounts Act.

The accounting principles applied for the investment company and the parent company correspond to the accounting principles described in the most recent Annual Report. The European Securities and Markets Authority (ESMA) guidelines on alternative performance measures (APM) are being applied effective July 3, 2016, and imply disclosure requirements regarding financial measures that are not defined pursuant to IFRS.

Risks and uncertainties

Significant risks and uncertainties pertaining to the company are described in the Directors' Report in the 2015 Annual Report.

Credit facilities and related party transactions

Fouriertransform AB has no utilized credit facilities. No transactions with a significant effect on the company's financial position or earnings have taken place between Fouriertransform AB and related parties.

Fouriertransform in brief

Fouriertransform AB was founded in December 2008 following a parliamentary decision and was capitalized with equity of around SEK 3 billion. The company commenced operations in 2009.

Fouriertransform is a state-owned venture capital company tasked with increasing the international competitiveness of the Swedish automotive cluster and manufacturing industry in general on a commercial basis. Fouriertransform invests capital and is an active owner in enterprises with innovative and commercially viable products within the automotive and manufacturing industries.

For more information, please visit Fouriertransform's website, www.fouriertransform.se

Contacts for more information

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CFO, Ulf Järvenäs, +46 (0) 8 410 40 603

Financial calendar for the financial year 2016

Q3 Interim Report 2016	October 26, 2016
Year-end Report, Q4 2016	February 15, 2017

Condensed Statement of Comprehensive Income, investment company

Investment company, SEK 000s	Q2 2016	Q2 2015	%	Q 1-2 2016	Q 1-2 2015	%
Portfolio companies						
Realized profit/loss, portfolio companies	-655	14 215	-105%	-565	15 400	-104%
Unrealized profit/loss, portfolio companies	-94 442	-69 000	-37%	-257 836	-140 740	-83%
Interest income on receivables, portfolio companies	315	562	-44%	360	562	-36%
Dividend from portfolio companies	-	-	-	-	-	-
Profit/loss from portfolio companies	-94 782	-54 224	-75%	-258 041	-124 778	-107%
Income, advisory service	-	-	-	-	-	-
Operating expenses						
Other external expenses	-3 444	-6 656	48%	-6 524	-11 311	42%
Employee benefit expenses	-9 883	-10 831	9%	-19 904	-20 087	1%
Depreciation of property, plant and equipment	-90	-179	50%	-224	-437	49%
Total operating expenses	-13 417	-17 665	24%	-26 652	-31 834	16%
Operating profit/loss	-108 199	-71 889	-50%	-284 693	-156 612	-82%
Profit/loss from financial items						
Financial income	11 796	23 173	-49%	9 199	67 577	-86%
Financial expense	-105	-52 132	99%	-105	-52 132	99%
Total profit/loss from financial items	11 691	-28 959	-	9 094	15 445	-41%
Profit/loss after financial items	-96 508	-100 847	4%	-275 599	-141 167	-95%
Tax on profit/loss for the period	46	8 099	-	241	1 465	-
Net profit/loss for the period	-96 462	-92 748	-4%	-275 358	-139 702	-97%
Other comprehensive income	-	-	-	-	-	-
Comprehensive income for the period	-96 462	-92 748	-4%	-275 358	-139 702	-97%
Earnings per share, SEK						
Before dilution	-0,035	-0,034	-	-0,101	-0,051	-
After dilution	-0,035	-0,034	-	-0,101	-0,051	-

Condensed Cash Flow Statement, investment company

Investment company, SEK 000s	Q1-2 2016	Q1-2 2015
Operating activities		
Operating profit/loss	-284 692	-156 612
<i>Adjustments for items not affecting cash flow</i>		
Depreciation and amortization	224	408
Interest income, portfolio companies	-360	-472
Realized profit/loss, portfolio companies	565	-15 400
Unrealized profit/loss, portfolio companies	257 836	140 740
Interest received, bank balances	1	35
Interest paid	-105	-173
Income tax paid	-2 635	-19 911
Cash flow from operating activities before changes in working capital	-29 166	-51 385
<i>Changes in working capital</i>		
Increase/decrease in trade receivables	-461	-513
Increase/decrease in other current receivables	324	4 131
Increase/decrease in accounts payable	-1 113	-1 979
Increase/decrease in other current liabilities	671	5 266
Cash flow from operating activities	-29 745	-44 480
Investing activities		
Investments in property, plant and equipment	-201	43
Investments in shares in portfolio companies	-25 434	-85 349
Divestment of shares in portfolio companies	1 723	215 412
Loans to portfolio companies	-51 649	-30 178
Repayment of loans from portfolio companies	-	30 000
Increase/decrease in other non-current receivables	-	140
Interest income, portfolio companies	-	1 086
Change in investments in securities	88 870	58 552
Cash flow from investing activities	13 309	189 706
Financing activities		
Dividend paid	-	-100 000
Cash flow from financing activities	-	-100 000
Cash flow for the period	-16 436	45 226
Cash and cash equivalents at beginning of period	58 764	42 989
Cash and cash equivalents at end of period	42 328	88 215

Condensed Balance Sheet, investment company

Investment company, SEK 000s	2016-06-30	2015-06-30	2015-12-31
Assets			
Non-current assets			
Property, plant and equipment			
Equipment	765	757	788
Financial non-current assets			
<i>Investments in portfolio companies</i>			
Shares in portfolio companies	914 286	869 563	1 065 484
Receivables in portfolio companies	61 014	67 876	68 280
Convertible assets in portfolio companies	143 282	168 220	165 963
<i>Total investments in portfolio companies</i>	<i>1 118 583</i>	<i>1 105 659</i>	<i>1 299 727</i>
Other non-current receivables	-	-	-
Total financial non-current assets	1 118 583	1 105 659	1 299 727
Total non-current assets	1 119 348	1 106 416	1 300 515
Current assets			
Current receivables			
Trade receivables	462	926	-
Other current receivables	3 253	4 509	4 636
Prepaid expenses and accrued income	1 479	614	1 985
Total current receivables	5 194	6 048	6 621
Investments in securities	1 648 257	1 764 401	1 727 818
Cash and cash equivalents	42 328	88 215	58 764
Total current assets	1 695 779	1 858 664	1 793 203
Total assets	2 815 127	2 965 080	3 093 718
Equity and liabilities			
Share capital	2 725 100	2 725 100	2 725 100
Retained earnings including net profit/loss for the period	42 998	227 213	318 357
Total equity	2 768 098	2 952 313	3 043 457
Non-current liabilities			
Other non-current liabilities	798	106	798
Deferred tax liabilities	-	1 151	168
Total non-current liabilities	798	1 257	966
Current liabilities			
Accounts payable	1 817	2 012	2 930
Current tax liabilities	2 545	2 587	5 252
Other current liabilities	38 320	3 280	37 423
Accrued expenses	3 548	3 630	3 690
Total current liabilities	46 231	11 510	49 295
Total liabilities	47 029	12 767	50 261
Total equity and liabilities	2 815 127	2 965 080	3 093 718

Condensed Statement of Changes in Equity, investment company

Investment company, SEK 000s	Share capital	Retained earnings including profit/loss for the period	Total equity
Opening equity, January 1, 2015	2 725 100	466 915	3 192 015
Dividend		-100 000	-100 000
Comprehensive income for the period	-	-139 702	-139 702
Closing equity, June 30, 2015	2 725 100	227 213	2 952 313
Opening equity, January 1, 2016	2 725 100	318 357	3 043 457
Comprehensive income for the period	-	-275 358	-275 358
Closing equity, June 30, 2016	2 725 100	42 998	2 768 098

Condensed Income Statement Parent Company, Fouriertransform AB

Parent company, SEK 000s	Q2 2016	Q2 2015	%	Q 1-2 2016	Q 1-2 2015	%
Net sales, consulting	-	-	-	-	-	-
Operating expenses						
Other external expenses	-3 511	-5 671	38%	-6 882	-9 854	30%
Employee benefit expenses	-9 883	-10 831	9%	-19 904	-20 087	1%
Depreciation of property, plant and equipment	-90	-179	50%	-224	-437	49%
Total operating expenses	-13 484	-16 680	19%	-27 010	-30 377	11%
Operating profit/loss	-13 484	-16 680	19%	-27 010	-30 377	11%
Profit/loss from financial items						
Portfolio companies						
Realized profit/loss, portfolio companies	-655	14 215	-	-565	204 600	-
Interest income, receivables, portfolio companies	315	562	-44%	360	562	35%
Write-downs, portfolio companies	-56 491	-55 700	-1%	-134 737	-127 400	-6%
Profit/loss from portfolio companies	-56 831	-40 924	-39%	-134 942	77 762	-
Interest income and similar profit/loss items	11 796	39 089	-70%	9 969	67 577	-85%
Interest expense and similar profit/loss items	-105	-171	39%	-105	-173	39%
Total profit/loss from financial items	11 691	38 918	-70%	9 864	67 404	-85%
Profit/loss after financial items	-58 624	-18 686	-	-152 088	114 789	-
Tax on profit/loss for the period	46	-6 834	-	72	-9 966	-
Net profit/loss for the period ¹⁾	-58 578	-25 519	-	-152 016	104 823	-

1) net profit/loss for the period is also comprehensive income for the period of the parent company.

Condensed Balance Sheet Parent Company Fouriertransform AB

Parent company, SEK 000s	2016-06-30	2015-06-30	2015-12-31
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment	765	757	788
Financial non-current assets			
<i>Investments in portfolio companies</i>			
Shares in portfolio companies	715 424	811 094	777 850
Receivables in portfolio companies	81 892	67 876	68 280
Convertible assets in portfolio companies	138 339	145 980	147 930
<i>Total investments in portfolio companies</i>	<i>935 656</i>	<i>1 024 950</i>	<i>994 060</i>
Other non-current receivables	-	-	-
Total financial non-current assets	935 656	1 024 950	994 060
Total non-current assets	936 420	1 025 707	994 848
Current assets			
Current receivables			
Trade receivables	462	926	-
Other current receivables	3 253	4 509	4 636
Prepaid expenses and accrued income	1 479	614	1 985
Total current receivables	5 194	6 049	6 621
Investments in securities	1 648 257	1 759 165	1 727 047
Cash and cash equivalents	42 328	88 215	58 764
Total current assets	1 695 780	1 853 428	1 792 432
Total assets	2 632 200	2 879 135	2 787 280
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	2 725 100	2 725 100	2 725 100
<i>Non-restricted equity</i>			
Retained earnings	12 088	37 596	37 596
Net profit/loss for the period	-152 016	104 823	-25 508
Total non-restricted equity	-139 928	142 419	12 088
Total equity	2 585 172	2 867 519	2 737 188
Non-current liabilities			
Other non-current liabilities	798	106	798
Total non-current liabilities	798	106	798
Current liabilities			
Accounts payable	1 817	2 012	2 930
Current tax liabilities	2 545	2 587	5 252
Other current liabilities	38 320	3 280	37 423
Accrued expenses	3 548	3 630	3 690
Total current liabilities	46 230	11 510	49 295
Total liabilities	47 028	11 616	50 093
Total equity and liabilities	2 632 200	2 879 135	2 787 281
Pledged assets for portfolio company bank loan	35 000	35 000	35 000
Contingent liabilities	24 865	47 177	33 427

Note 1 Fair value measurement

Fair value according to the definition in IFRS 13 Fair Value Measurement is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date under prevailing market conditions, regardless of whether this price is directly observable or arrived at using another measurement technique. When assessing fair value, the characteristics of the asset or liability that the market participants would use when pricing the asset or liability are taken into account. Fouriertransform's measurement policy follows the International Private Equity and Venture (IPEV) Capital Guidelines.

Assets and liabilities that are measured at fair value are classified in Level 1, 2 or 3 in a fair value hierarchy based on the inputs used to establish fair value.

Level 1 - Fair value is established based on observable (unadjusted) quoted prices on an active market for identical assets and liabilities. A market is considered active if quoted prices from an exchange, broker, industry group, pricing service or supervisory authority are readily and regularly available and these prices represent real and regularly occurring market transactions at arm's length.

Level 2 - Fair value is established using valuation models based on observable data for the asset or liability other than quoted prices included in Level 1, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices).

Examples of observable data in Level 2 are:

- Quoted prices for similar assets or liabilities.
- Inputs that can be used to estimate price, e.g. interest rates and yield curves.

Level 3 - Fair value is established using measurement models where significant inputs are based on unobservable data.

Investment company

In the investment company, investments in portfolio companies and investments in securities are measured at fair value on each reporting date and changes in value are recognized through profit or loss in the period in which they arise. The table below shows the investment company's classifications of assets measured at fair value. The investment company has no liabilities that are measured at fair value.

Financial instruments - fair value	2016-06-30			2015-12-31		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment company, SEK 000s						
Financial assets measured at fair value						
<i>Shares in portfolio companies</i>						
Later-stage venture	340 400		170 142	396 568		331 021
Growth			403 744			337 894
<i>Total shares in portfolio companies</i>	340 400		573 886	396 568		668 915
Convertible assets, portfolio companies			143 282			165 963
Claims in portfolio companies			61 014			68 280
Investments in securities	1 648 257			1 727 818		
Total financial assets measured at fair value	1 988 657	-	778 183	2 124 386	-	903 159

Fouriertransform's financial instruments at Level 1 are investments in securities, which consist of equity funds and fixed-income funds with listed market prices, and holdings in portfolio companies, which are traded on a marketplace. The quoted market price used is the relevant bid price. Fouriertransform's financial instruments at Level 3 are shares in portfolio companies, convertible assets in portfolio companies and receivables in portfolio companies, which are unlisted investments.

The Group's policy is to report reclassifications to or from levels on the date the event or change in circumstances that necessitated the transfer takes place.

Fouriertransform divides its shares in portfolio companies into two groups based on different investment stages. Fouriertransform's portfolio companies are classified in the following two investment stages:

Later-stage venture – financing is provided to an operating company, which may, but does not need to, break even or show a positive operating profit.

Growth – a type of private equity investment—usually but not necessarily a minority investment—in relatively mature companies seeking capital to expand or restructure operations or to enter new markets.

The tables below show changes during the period for financial instruments at Level 3.

Changes in the period for financial instruments at Level 3 Investment company 2016, SEK 000s	Shares in portfolio companies			Convertible assets in portfolio companies	Claims in portfolio companies	Total
	Later stage venture	Growth	Total			
Opening balance, January 1, 2016	331 021	337 894	668 915	165 963	68 280	903 158
Acquisition of shares in portfolio companies	15 000	42 301	57 301	-32 000	-4 500	20 801
Divestment of shares in portfolio companies	-410	0	-410			-410
Gains and losses recognized through profit or loss	-61 169	6 140	-55 029	4 319	-20 878	-71 588
Transfer from Level 3	-114 300		-114 300			-114 300
Reclassification		17 409	17 409	-5 409	-12 000	0
New lending			0	10 409	30 112	40 521
Payment of claim			0			0
Closing balance, June 30, 2016	170 142	403 744	573 886	143 282	61 014	778 182

Changes in the period for financial instruments at Level 3 Investment company 2015, SEK 000s	Shares in portfolio companies			Convertible assets in portfolio companies	Claims in portfolio companies	Total
	Later stage venture	Growth	Total			
Opening balance, January 1, 2015	499 498	546 566	1 046 064	172 024	89 386	1 307 474
Acquisition of shares in portfolio companies	83 799	26 300	110 099	-2 500	-24 250	83 349
Divestment of shares in portfolio companies		-199 200	-199 200			-199 200
Gains and losses recognized through profit or loss	-121 217	-18 383	-139 600	-1 304		-140 904
Transfer from Level 3	-52 900		-52 900			-52 900
New lending			0		32 740	32 740
Payment of claim			0		-30 000	-30 000
Closing balance, June 30, 2015	409 180	355 283	764 463	168 220	67 876	1 000 559

Valuation process for portfolio companies

Fouriertransform's management judges which valuation method should be applied for the different portfolio companies based on the availability of observable input data at each reporting date. The valuation is then conducted according to the chosen valuation method described in the section below, and analyzed and compared with the previous valuation so that the new valuation reflects the company's progress and status, allowing changes to be monitored over time. Several parties are involved in the valuation process, and Fouriertransform's management, Investment Directors and the portfolio companies are all involved in verifying input data.

The valuation process is documented so that external stakeholders, e.g. auditors, will be able to easily follow how the value was arrived at.

Valuation method—shares in portfolio companies, convertible assets in portfolio companies and receivables in portfolio companies

Fouriertransform's valuation policy complies with IPEV Guidelines, whereby holdings are assigned a value depending on the maturity and development phase of the portfolio company:

For portfolio companies in the later-stage venture investment phase, where no income is generated and no income is expected to be generated in a short-term perspective, the following methods are used, in this order of priority:

- 1) Price of recent investment (PRI) or qualified bid
- 2) Price of recent investment enhanced (PRIE)
- 3) Discounted Cash Flow valuation as benchmark/cross-check

For portfolio companies in later-stage venture or growth investment phases, which generate income or have a positive cash flow, the following methods are used and weighed against each other:

- 1) Price of recent investment (PRI) or qualified bid
- 2) Price of recent investment enhanced (PRIE)
- 3) Multiples of income (suitable multiples exist for listed peer companies or unlisted companies from transactions or where such information can be found)
- 4) Discounted Cash Flow valuation

Definitions:

Price of recent investment:

- Valuation at Fouriertransform's initial investment during the subsequent 12-month period
- Relevant valuation at rounds of financing after Fouriertransform's initial investment

Price of recent investment enhanced:

The company's progress is analyzed against the business plan Fouriertransform AB initially invested in and the most recent business plan including technological progress, market potential etc.

Qualified bid:

Qualified bid is a binding, unconditional bid, after deduction of transaction expenses.

Discounted Cash Flow valuation:

The most significant unobservable input data used in the DCF model are described below:

Annual sales growth which takes into account the management's experience and knowledge of market conditions in the automotive and manufacturing industries. Sales growth for the forecast periods is higher for early stage portfolio companies. The higher the sales growth, the higher the fair value of the portfolio company.

Long-term EBIT margin which takes into account the management's experience and knowledge of market conditions in the automotive and manufacturing industries. The higher the long-term operating margin, the higher the fair value of the portfolio company.

WACC (weighted average cost of capital) which is established using a capital asset pricing model. WACC is at least 15%, with a higher WACC for early stage companies. The higher the WACC, the lower the fair value of the portfolio company.

Sensitivity in the assumptions of a discounted cash flow valuation

The measurements are very sensitive to changes in unobservable input data. If any or all of the annual average sale growth, long-term EBIT margin and WACC were to change, this could result in a significantly lower or higher fair value measurement. A change in WACC in particular would have a significant effect on the measurement, especially on portfolio companies with positive cash flows far into the future.

Phase / valuation method portfolio companies	% of vote	Valuation method
Later stage venture		
PowerCell Sweden AB	21%	PRI
Norstel AB	100%	PRIE
Alelion Batteries AB	53%	PRI
Max Truck AB	35%	PRIE
Applied Nano Surfaces Sweden AB	40%	PRIE/DCF
Pelagicore AB	73%	PEER/PRIE
Inxide AB	98%	PRIE/DCF
SciBase AB	13%	PRI
Lamera AB	27%	PRIE
OssDsign AB	16%	PRI
Estimated fair value SEK 530.9 m		
Growth		
Vicura AB	44%	PRIE/PRI
Jobro Plåtkomponenter AB	71%	PRIE/DCF/PEER
ArcCore AB	45%	PEER/PRIE
CeDe Group AB	47%	PRIE/DCF
Smart Eye AB	17%	PRI
Titan X Holding AB	40%	PRIE/PEER
RotoTest International AB	50%	PRIE/DCF
ÅAC Microtec AB	60%	PRI/PRIE
Pelly AB	37%	PRIE/DCF/PEER
Osstell AB	36%	PRIE/DCF/PEER
APR Automation Ab	90%	PRIE/DCF/PEER
SMP Parts AB	27%	PRIE
TechRoi Fuel Systems AB	31%	PRI
Estimated fair value SEK 587.7 m		
Total estimated fair value SEK 1,118.6 m		

Parent company

The parent company's financial instruments are measured according to the cost method. Accordingly, the carrying amounts of shares in portfolio companies, convertible assets in portfolio companies, receivables in portfolio companies and investments in securities differ from their estimated fair value. The table below presents a comparison between carrying amounts and fair value for these items.

Comparison of carrying amount and fair value		2016-06-30		2015-06-30		
		Carrying amount	Fair value	Carrying amount	Fair value	
Parent company, SEK m	Level	Carrying amount	Fair value	Level	Carrying amount	Fair value
<i>Shares in portfolio companies</i>						
Later-stage venture	1	238,3	340,4	1	99,2	105,1
Later-stage venture	3	155,1	170,1	3	364,7	409,2
Growth	3	322,0	403,7	3	347,2	355,3
<i>Total shares in portfolio companies</i>		<i>715,4</i>	<i>914,3</i>		<i>811,1</i>	<i>869,6</i>
Convertible assets in portfolio comp:	3	138,3	143,3	3	146,0	168,2
Claims in portfolio companies	3	81,9	61,0	3	67,9	67,9
Investments in securities	1	1 648,3	1 648,3	1	1 759,2	1 764,4
Total		2 583,9	2 766,8		2 784,2	2 870,1

The valuation technique and input data used to measure fair value for these items is described under the heading "The investment company" above.

A measurement of fair value based on the discounted future cash flows where a discount rate that reflects the counterparty's credit risk is the most significant input data is not expected to make any material difference compared to the carrying amounts for the parent company's other financial assets and financial liabilities. Accordingly, for these financial assets and financial liabilities, carrying amount is considered to be a good approximation of fair value. These assets and liabilities are classified in Level 2 in the fair value hierarchy.

Note 2 Pledged assets and contingent liabilities

Pledged assets

Fouriertransform AB has deposited SEK 35.0 million in an escrow account as a guarantee for a portfolio company bank loan.

Contingent liabilities

Fouriertransform AB has provided a guarantee of SEK 1.1 million for a portfolio company loan from an external party.

Fouriertransform has issued a parent company guarantee for a portfolio company's purchases of products from a supplier with a maximum of SEK 8.7 million.

Fouriertransform has undertaken to invest an additional SEK15.0 million in two portfolio companies, of which SEK 10.0 million providing that one of the companies achieves certain predefined development stages.

Declaration

The Board of Directors and the Chief Executive Officer hereby provide an assurance that the Half-year Interim Report for the period January 1 – June 30, 2016 gives a true and fair view of the Group's and the parent company's operations, financial position and results of operations, and describes material risks and uncertainties faced by the Group and the parent company.

Stockholm, Sweden, July 21, 2016

Sigrun Hjelmquist
Chairman

Jan Bengtsson
Director

Ulf Berg
Director

Hasse Johansson
Director

Richard Reinius
Director

Charlotte Rydin
Director

Per Nordberg
CEO

Auditor's review report

Introduction

We have conducted a review of the Interim Report of Fouriertransform AB for the period January 1, 2016 to June 30, 2016. The Board of Directors and CEO are responsible for the preparation and presentation of this Interim Report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on the Interim Report based on our review.

Focus and scope of review

We have conducted our review in accordance with the Swedish Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is significantly limited in scope compared to the focus and scope of an audit conducted in accordance with the International Standards on Accounting (ISA) and generally accepted auditing standards in Sweden. The procedures performed in a review do not allow us to obtain a level of assurance that would make us aware of all significant matters that might have been identified in an audit. Therefore, the conclusion expressed based on a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report has not been prepared, in all material respects, for the group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Annual Accounts Act.

Stockholm, Sweden, July 21, 2016

Deloitte AB

Birgitta Lööf
Authorized Public Accountant

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