

 Fouriertransform

Year-end Report 2009*

* Pertains to the period December 4, 2008 – December 31, 2009.

Year-end Report 2009

- Fouriertransform AB was founded following a decision by the Swedish Parliament in December 2008. The company's objectives are on a profitable basis to strengthen the Swedish automotive industry. Fouriertransform is a venture capital company with shareholders' equity of SEK 3 billion. The company commenced its business activities in 2009.
- The Board of Directors of Fouriertransform was elected at an Extraordinary General Meeting held on April 29, 2009. Lars-Olof Gustavsson, who is the Chairman of Four Seasons Venture Capital AB, was elected Chairman of the company.
- Per Nordberg, Executive Vice President and CFO of Sandvik was appointed President of the company in October. He took office on 1 January 2010.
- Fouriertransform's first investment was made in October 2009 when the company decided to invest a total of SEK 60 M in Powercell Sweden AB.
- Profit for the year after tax amounted to SEK 8.3 M.
- Total cash flow including investments amounted to SEK 2,966 M after receiving proceeds from a rights issue of SEK 3 billion.
- Total cash and cash equivalents amounted to SEK 2,965 M at year-end 2009.



Per Nordberg, CEO Fouriertransform

CEO's comments

The decline in the global economy that began toward the end of 2008 intensified during 2009. Sales volumes in the automotive industry fell sharply, which in turn adversely affected the Swedish economy. Significantly lower global sales volumes generated increased working capital due to higher inventory levels and structural imbalances between manufacturing capacity and actual sales. Relatively high levels of tied-up capital resulted in widespread financing requirements, which were hard to meet since banks limited their lending during the crisis in the financial markets. This was the context from which the Swedish government issued the company its assignment: "to strengthen and rejuvenate competitiveness in the Swedish automotive industry." Our investments shall be made on a commercial basis in operations that are considered to have the ability to contribute to the Swedish automotive-related industry maintaining its strong global position, particularly in the areas of environment and safety.

Fouriertransform was rapidly established over the course of the company's first fiscal year. We analyzed approximately 40 projects during the year and in October we decided to make our first investment in Powercell Sweden AB – a very important project with a distinct environmental profile. At the beginning of 2010, we made two additional investments, in Norstel AB and the listed company NovaCast Technologies, and invested a total of approximately SEK 140 M.

We further expanded our workforce at the beginning of 2010 to meet the increasing inflow of investment proposals and new premises were prepared in Gothenburg and Stockholm. I expect that we will have a sufficient number of employees by the end of the first quarter 2010 so that the company can provide the high level of professional service required in today's serious market situation in the automotive industry.

Some 20 highly attractive investment enquiries were being analyzed at year-end.

Fouriertransform highlights, SEK M	Q 4 2009	2009
Profit for the period	0.6	8.3
Investments in portfolio companies	43.9	43.9
Cash flow for the period	-1.0	2,966.5
Cash and cash equivalents	2,964.6	2,964.6



Events after the reporting period

In January 2010, shares and convertibles of Norstel AB in Norrköping, which develops power electronics, were acquired for EUR 10.5 M. The company's current largest owners are venture capital funds linked to Eqvitec, Creandum and Northzone as well as the Sixth Swedish National Pension Fund (the Sixth AP Fund). The investment took place on the basis of a directed issue of new shares and convertibles. Following the investment, Fouriertransform will become the largest single shareholder of the company. Norstel has the potential to become one of the world-leading suppliers of SiC wafers, which is a key industrial component in the successful development and production of environmentally friendly hybrid and electric vehicles. The investment is associated with a high level of risk, yet entails the corresponding level of potential return.

In February 2010, SEK 40 M was invested in NovaCast Technologies. The company develops and markets refined casting tools for car bodyworks and software for e.g. process control. NovaCast is listed on NASDAQ OMX Stockholm Small Cap. After the investment, Fouriertransform will hold 33 per cent of the share capital and 24 per cent of the voting rights, which will make the company the largest individual shareholder in NovaCast.

Business environment and market

The financial crisis of 2008 and 2009 and the deep recession exposed the degree of excessive global establishment in the automotive industry that prompted the governments of many countries, and also the EU, to take action. The Swedish government decided to implement a number of measures in the automotive industry, and one of these initiatives resulted in the creation of Fouriertransform. The driving force behind the decision was the assessment that the ongoing structural change in the industry was not related to the economic downturn alone, but associated with growing demand in the market for more environmentally friendly vehicles. Such demand has made it extremely urgent to develop new solutions and products in both environment and safety.

The Swedish automotive industry is unique in its broad range of manufacturers of heavy and light vehicles and its extensive research and development activities, and has strength in its large number of globally competitive suppliers. The ability to develop and produce new, environmentally friendly products with a high level of expertise is of paramount importance for these manufacturers to continue to operate successfully in the global market.

The owners' objective for the operations

Fouriertransform will invest in and finance commercially viable investment and R&D projects in the vehicle cluster with the aim of strengthening the Swedish automotive industry's international competitiveness. The company invests capital on commercial grounds in a variety of forms, such as share capital, participating loans and other ownership solutions. Investments are made in operations through which the Swedish automotive industry can strengthen its position, with a strong profile in the areas of environment and safety. The company's assignment also includes serving as an active owner, which contributes expertise to each project by presenting qualified Board representatives – the company's own employees and people in its network – in all part-owned companies.

The objective is presented in more detail in the government bill entitled "The State's Responsibility for Companies with Research and Development Activities and Other Activities in the Automotive Industry, etc."



The ability to develop new, environmentally friendly products with a high level of expertise is essential for the Swedish automotive industry to remain competitive in the international market.

Investments

Fouriertransform has an investment capacity of SEK 3 billion without the company raising its own funding. Investments are made in projects in Sweden that are related to on and off highway automotive. As a general rule, a maximum of 5 per cent of the company's capital may be invested into one single project. For a group of companies, Fouriertransform can contribute a maximum of 10 per cent of the total financing framework. The form of financing can vary, for example, share capital, participating loans or other ownership solutions. The company's participating interest is normally limited to a maximum of 49 per cent of the capital and votes. The operation was established during 2009 and the first investment, Powercell Sweden AB, was closed in October.

Powercell Sweden AB

Powercell Sweden AB develops and markets advanced fuel cell systems for the transport industry and selective high technology markets. The company is in the process of establishing its operations and is expected to become northern Europe's largest fuel cell company with 100 employees over the next three years.

Powercell was founded in 2008 as a subsidiary of Volvo Technology Transfer, which in turn is a wholly owned subsidiary of AB Volvo. In June 2009, Volvo Technology Transfer, Midroc and OCAS jointly invested SEK 200 M in the company. Fouriertransform stepped in as owner in October 2009 with an investment commitment totaling SEK 60 M in two tranches, the first of which was paid in October. The second tranche will be paid in 2010.

Financial trends

Since the first investment was made during the final quarter of 2009, the business description of the full-year 2009 essentially pertains to the fourth quarter. During the fourth quarter, financial net income was negatively affected by market valuation and adjustments of short-term investments of approximately SEK 3 M.

Earnings

Profit for the period after tax 2009 amounted to SEK 8.3 M. These earnings are primarily attributable to interest income of SEK 20.9 M. Costs refer to project and consultancy services.

Cash flow

The total cash flow including investments amounted to SEK 2,966 M after receiving proceeds from a rights issue of SEK 3 billion. The company's cash and cash equivalents, short-term investments, mutual and fixed-income funds amounted to SEK 2,965 M at year-end 2009.

Equity

On 31 December 2009, Fouriertransform's equity amounted to SEK 3,008.3 M, of which profit for the year comprised SEK 8.3 M. The number of shares are 3,000,100,000.

Powercell Sweden AB develops and markets advanced fuel cell systems for the transport industry and selective high-technology markets.



Proposal to 2010 Annual General Meeting and Extraordinary General Meeting

The Annual General Meeting will be held in Stockholm on 20 April 2010, and the official summons will be sent on 19 March at the latest. A total of SEK 8.3 M was at the disposal of the Meeting. The Board of Directors proposes that no dividend shall be paid and that the profit in its entirety shall be carried forward. The Annual Report will be published on 31 March 2010.

On 2 February 2010, Fouriertransform held an Extraordinary General Meeting in order to amend the Articles of Association and thus clarify the company's business description.

Accounting policies

This Year-end Report was prepared in accordance with the Annual Accounts Act and with basis in NASDAQ OMX Stockholm's Rule Book for Issuers and the Guidelines for external reporting by state-owned companies.

Risks and uncertainties

Significant risks and uncertainties pertaining to the company are described in the Board of Directors' Report in the 2009 Annual Report.

Transactions with related-parties

No transactions took place between Fouriertransform and related parties that significantly affected the company's financial position or earnings.

Appendices

1. Income statement and cash-flow statement
2. Balance sheet and statement of changes in equity

Stockholm, February 15, 2010



Per Nordberg
CEO of Fouriertransform AB

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Financial calendar 2010

First quarter interim report	April 20, 2010
Second quarter interim report	July 20, 2010
Third quarter interim report	October 25, 2010
Fourth quarter interim report and Year-end Report	February 10, 2011

Income statement and cash-flow statement

Income statement, SEK 000s	Q4 2009	2009 ⁴⁾
Operating expenses		
Other external expenses	-1,283	-5,181
Employee benefit expense	-2,192	-3,508
Depreciation of property, plant and equipment	-2	-2
Total operating expenses	-3,477	-8,691
Operating profit	-3,477	-8,691
Profit from financial items		
Other interest income and similar items	-491	20,915
Interest expenses and similar items	-5	-5
Total profit from financial items	-496 ¹⁾	20,910
Profit after financial items	-3,973	12,219
Income tax expense	-3,963	-3,963
Other taxes	8,574 ²⁾	
Profit for the period	638	8,256

¹⁾ of which approximately SEK 3 M market valuation and adjustment of short-term investments

²⁾ reversal of preliminarily calculated tax

Cash-flow statement, SEK 000s	Q4 2009	2009 ⁴⁾
Cash flow from operating activities		
Operating profit before financial items	-3,477	-8,691
Depreciation	2	2
Interest received on bank accounts	10,552	10,552
Interest received on short-term investments	38,858 ³⁾	9,060
Interest paid	-5	-5
Increase/decrease in other current receivables	-3,693	-3,737
Increase/decrease in accounts payable	-311	1,002
Increase/decrease in other current operating liabilities	997	2,192
Cash flow from operating activities	42,923	10,375
Cash flow from investing activities		
Investments in property, plant and equipment	-33	-33
Investments in portfolio companies	-43,945	-43,945
Cash flow from investing activities	-43,978	-43,978
Cash flow from financing activities		
Rights issue	-	3,000,100
Cash flow from financing activities	-	3,000,100
Cash flow for the period	-1,055	2,966,497
Cash and cash equivalent at the beginning of the period	2,967,552	-
Other increase/decrease in carrying amount	-1,930	-1,930
Cash and cash equivalents at the end of the period	2,964,567	2,964,567

³⁾ interest received on securities acquired in previous periods

⁴⁾ pertains to the period December 4, 2008 – December 31, 2009

Balance sheet and statement of change in equity

Balance sheet, SEK 000	Dec. 31, 2009
Assets	
Fixed assets	
Property, plant and equipment	
Equipment	32
Financial assets	
Investments in portfolio companies	43,945
Total fixed assets	43,977
Current assets	
Current receivables	
Prepaid expenses and accrued income	6,969
Current investments	
Current investments	2,555,778
Cash and bank balances	408,789
Total current assets	2,971,536
Total assets	3,015,513
Equity and liabilities	
Equity	
Restricted equity	
Share capital	3,000,100
Non-restricted equity	
Profit for the year	8,256
Total equity	3,008,356
Current liabilities	
Accounts payable	1,002
Current tax liabilities	3,963
Other current liabilities	158
Accrued liabilities	2,034
Total current liabilities	7,157
Total equity and liabilities	3,015,513
Pledged assets	None
Contingent liabilities	None

Statement of change in equity, SEK 000s	Share capital	Other non-restricted capital	Total equity
Foundation of company, Dec. 4, 2008	100	-	100
Rights issue, Dec. 22, 2008	3,000,000	-	3,000,000
Profit for the year	-	8,256	8,256
Equity, Dec. 31, 2009	3,000,100	8,256	3,008,356

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