



Fouriertransform

Interim report
Q1 2010

Interim report Q1 2010 – an eventful quarter

- The CEO and five new employees joined the company, bringing, among other things, experience of the automotive industry and the venture capital sector
- Fouriertransform made four new investments worth a total of SEK 202 million and at the end of the quarter had invested in a total of five companies
- The loss for the quarter, excluding unrealised surplus values in current investments of SEK 30.7 million, was SEK -3.7 million
- Total cash flow was SEK -205.8 million, with investments accounting for SEK -201.9 million
- Total cash and cash equivalents as of March 31, 2010 amounted to SEK 2,761 million



CEO's comments

The situation within the automotive industry stabilised during the first quarter. Many industry players consider the dramatic decline in demand to have bottomed out, albeit at a very low level compared with 2007 and 2008. The current level of production is now around 30 to 50 percent lower than the peak year 2008 for most players.

However, it is too early to draw any conclusions from the trend seen during a single quarter. There is still a prevailing high level of uncertainty concerning the market situation, which in turn is affecting willingness to invest. The supplier chain remains under great pressure, including in terms of opportunities for financing future investments. In our meetings with companies in the sector we continue to see a great need for venture capital, not least on the part of medium-sized companies.

Our view is that Fouriertransform can play an important role for small and medium-sized companies when other venture capital companies are no longer investing in the automotive sector. For example, we are seeing that banks are offering financing after Fouriertransform stepped in as investor or discussion partner.

Our aim is to process the investment applications we receive quickly and in a non-bureaucratic manner. Speed and an unconventional approach are key factors in creating trust and confidence in the future within the automotive industry.

The fact that the change of ownership in Saab Automobile and Volvo Personvagnar now seem secure may remove a large measure of uncertainty from decision-making processes on the Swedish market going forward. Not least, this will create some badly needed calm in the year ahead.

Fouriertransform highlights, SEK million	Q1 2010	Q1 2009	Change (%)
Net profit/loss for the period	-3.7 ¹	7.9	-
Investments in portfolio companies	201.9	-	-
Cash flow for the period	-205.8	2,977.2	-
Cash and bank balances and investments in securities	2,760.6	2,977.2	-7.3 %

¹ excludes unrealised surplus values in investments in securities of SEK 30.7 million

Market development, passenger cars – stabilisation but still great uncertainty

The first quarter of 2010 brought both historic changes of owner and market data that provides a spark of hope after many months of falling new registrations.

The first quarter of the new decade saw the above-mentioned sales of both Saab Automobile and Volvo Car Corporation (VCC) go through without a hitch. The companies' US parent companies were the manufacturers hardest hit by the recession and structural change in the industry, making the disposal of the Swedish subsidiaries an essential restructuring measure.

Although the background to and timing of the two sales were virtually identical, there are major differences between the new owners and their respective agendas.

In the case of Saab Automobile, which came very close to closing down altogether, our assessment is that, in the first instance, the transaction will not result in major synergies between Spyker and Saab within product development and production, but will be more a question of trademark preservation and the need for structural change.

VCC, on the other hand, will account for half of Zhejiang Geely Holding Company's total volume of vehicle sales. The logic behind the transaction is probably first and foremost to ensure transfer of skills within product development from VCC to Geely and, at the same time, to accelerate Volvo's sales in China in order to facilitate achievement of the earlier sales target of 600,000 cars.

Although the future looks different for the two companies, we consider that both sales can be positive for the Swedish supplier base. Purchasing decisions will to some extent be moved back to Sweden and, despite limited development budgets at the current time, the companies will once again be driving the development of complete vehicles from the west of Sweden. However, many suppliers remain in a difficult financial situation and need to see their production volumes increase. Based on current forecasts, many suppliers are buying raw materials and components, and would be burdened with high costs if the forecasts were not realised. This will require broad skills on the part of the suppliers, and Fouriertransform will work actively to strengthen innovative domestic suppliers who can meet this demand.

We consider it very positive that the uncertainty surrounding the sale of both companies has now been lifted, so that the Swedish subsidiaries can once again concentrate fully on their core business, namely developing, producing and selling passenger cars. The sales will get the boost they need if the positive market development of the first quarter continues.

According to Bil Sweden's report for the first quarter of 2010, new registrations of passenger cars increased by 34.6 percent compared with the first quarter of 2009. This is wholly in line with the full-year forecast of 255,000 units, which in principle means the level achieved in 2008 but should be seen in relation to both 2009 (213,408 units) and 2007 (306,794 units). Commercial vehicle registrations also rose, by 9.1 percent, but trucks over 10 tonnes – a segment important to Sweden – fell by 37.3 percent. This segment had already shrunk by 20.4 percent in Sweden between the peak registration figure achieved in 2008 (6,525 units) and 2009 (5,192 units).

A positive trend in passenger cars in the first two months of 2010 was also confirmed in the EU. According to ACEA, a total of 2,033,753 new cars were registered in the period, an increase of 7.9 percent on the equivalent months in 2009.

Fouriertransform can play an important role for small and medium-sized companies when other venture capital companies are no longer investing in the automotive industry.



Our investments

Fouriertransform AB has invested in five companies: PowerCell Sweden AB, Norstel AB, NovaCast Technologies AB, FlexProp AB and EffPower AB. To date decisions have been taken concerning investments of SEK 260 million, and a total of SEK 246 million has been paid out. The amounts invested vary between SEK 10 million (FlexProp) and SEK 110 million (Norstel). Work to develop the value of our portfolio companies is initiated by Fouriertransform's investment directors and board members.

Investments in 2009

PowerCell Sweden AB

Powercell Sweden AB – fuel cells make electricity from hydrogen

The company develops and distributes advanced fuel cell systems for the transport industry and certain other high-technology markets. The company, which has its origin in Volvo Group's fuel cell development project, will accelerate the introduction of fuel cells on the market through development, production and sales.

Powercell Sweden was founded in 2008 as a subsidiary of Volvo Technology Transfer, which in turn is a wholly owned subsidiary of AB Volvo. Fouriertransform stepped in as owner in October 2009 with an investment of SEK 60 million. The other owners are Midroc New Technology, which invests in CleanTech and BioMed, and OCAS, an advanced market-driven research centre in Belgium.

The company is under development, with a brand new facility in Gothenburg and around 60 employees at the turn of the year. The objective is to become northern Europe's largest fuel cell facility with 100 employees within the next three years.

Investments in Q1 2010

NORSTEL⁺

Norstel AB – new technology for hybrid vehicles

The company has the potential to become one of the world's leading suppliers of SiC wafers, which are an important component in the successful development and production of environmentally friendly hybrid vehicles. Comprehensive and focused development efforts in recent years have enabled Norstel to achieve good results, indicating that the company is well out in front in the development of SiC wafers. These results, in combination with a modern development and production facility, provide a good basis for a market launch in the near future.

In January 2010 Fouriertransform acquired EUR 10.5 million of shares and convertibles in Norstel AB, making it the largest single shareholder in the company. The company's existing shareholders were venture capital funds linked to Eqvitec, Creandum and Northzone, as well as the Sixth Swedish National Pension Fund.

NOVACAST TECHNOLOGIES

NovaCast Technologies AB – shorter lead times for new car models

The company is listed on the NASDAQ OMX Stockholm Small Cap list and supplies the automotive industry and its subcontractors with products and systems that rationalise production processes by significantly reducing lead times in the production of new car models. The potential for the company's products and processes lies in the fact that the current long lead times from concept to finished new models and functions are very onerous in terms of cost and are so long that the car manufacturers' risk becomes disproportionately high.

Fouriertransform has become a partner in NovaCast through a cash private placement of SEK 40 million, and now owns 33 percent of the share capital and 24 percent of the votes.

The main focus is on the business area concerning the patented Camito technology.



FlexProp AB – robust, reduced-weight grippers

The company specialises in developing and selling lightweight, robust fixtures and grippers in composite materials, primarily for the automotive and aviation industries. The company has built up unique know-how and a promising market position with customers such as VAG (Audi) and AB Volvo. Thanks to the company's specialist knowledge within composite materials, it is possible to reduce the weight of the products, in some cases to less than one tenth of the current weight. This offers greater flexibility and easier handling when converting production lines, which means significant cost and environmental savings for customers.

Fouriertransform has acquired 37 percent of the shares in the company with an investment of SEK 10 million through a directed share issue.

FlexProp took its first commercial order in 2007, for 28 fixtures for Volvo Trucks' cab factory in Umeå, and in autumn 2009 Audi decided to build a pilot line based on the company's technology. Contacts have also been established with Scania, Vinci/Airbus, ThyssenKrupp and BMW.



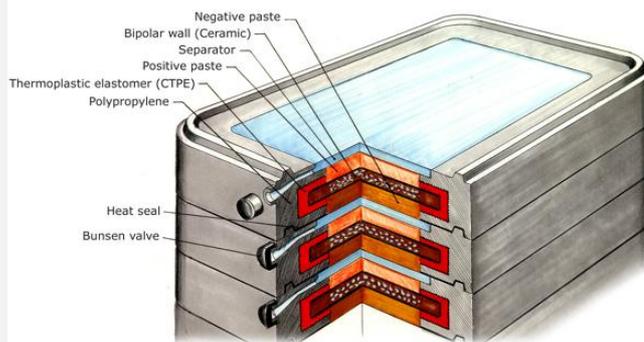
Effpower AB – effective batteries for hybrids

Effpower AB was formed in 1999 to develop an invention within bipolar battery technology and its current owners include Volvo Technology Transfer AB and Industrifonden. In February 2010 Fouriertransform invested SEK 40 million in the company through a directed share issue.

Effpower is developing a high-power bipolar lead/acid battery which is recyclable and has a long service life. The cost of the battery is around one third of that of current hybrid vehicle batteries (nickel metal hydride), making the battery suitable for various hybrid solutions. The company has developed the battery in collaboration with the automotive industry and prototypes have been tested by a large number of vehicle manufacturers with extremely positive results. The company intends to start series production in 2011.

Effpower is developing a high-power bipolar lead/acid battery which is recyclable.

Effpower LIC™ Bipolar concept



Financial development during the first quarter

The company started operations during the quarter under review. Six new employees took up positions and the company moved to new premises. Establishment costs have reduced earnings compared with Q1 2009, when no business activities were carried out.

Loss

Net loss for the quarter was SEK -3.7 million. Costs can mainly be attributed to project and consultancy services, employee benefit expenses and costs for premises. Interest income relates to return on investment in securities, mutual funds and fixed income funds, but excludes unrealised surplus value on investments of SEK 30.7 million. During Q1, 2009 cash and cash equivalents were placed in bank accounts, with returns recognized on an ongoing basis.

Cash flow

The total cash flow for the quarter was SEK -205.8 million, with investments representing SEK -201.9 million. As of March 31, 2010 the company's cash and cash equivalents and investments in securities, mutual funds and fixed income funds amounted to SEK 2,761 million.

Equity

As of March 31, 2010 Fouriertransform's equity amounted to SEK 3,004.7 million, with loss for the quarter representing SEK -3.7 million.



Fouriertransform's operations focus on the future. The company's investments help to develop innovative projects and solutions capable of further enhancing the Swedish automotive industry's strong position in the areas of safety and the environment.

Fouriertransform in brief

Fouriertransform AB was founded in December 2008 following a parliamentary resolution and allocated equity of 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 on a commercial basis. Investments are made in enterprises where the Swedish automotive industry can enhance its position with a strong profile within the areas of safety and the environment.

The mandate also includes being an active owner which provides expertise to each project by contributing qualified board representatives – both the company's own employees and people in its network – in all the partly owned companies. The company's objectives are set out in greater detail in the Government bill "The State's Responsibility for Companies with Research and Development Activities and Other Activities in the Automotive Industry, etc." For further information, please see Fouriertransform's website www.fouriertransform.se

Accounting policies

This interim report has been prepared in accordance with the Annual Accounts Act and based on NASDAQ OMX Stockholm's Rule Book for Issuers and the Guidelines for external reporting by state-owned companies.

The report has not been reviewed by the company's auditors.

Risks and uncertainties

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

Transactions with related parties

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

Appendices

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

Stockholm, 20 April 2010



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Financial calendar 2010

Semi-annual report	20 July 2010
Q3 interim report	25 Oct. 2010
Q4 interim report and year-end report	10 Feb. 2011

Income statement and cash flow statement

Income statement, SEK 000s	Q1 2010	Q1 2009	Change (%)
Operating expenses			
Other external expenses	-4,051	-77	-
Employee benefit expense	-3,208		-
Depreciation of property, plant and equipment	-13		-
Total operating expenses	-7,272	-77	-
Operating loss	-7,272	-77	-
Profit from financial items			
Other interest income and similar items	3,607 ¹	11,031	-67
Total profit from financial items	3,607	11,031	-67
Profit after financial items	-3,665	10,954	-133
Tax on profit for the period	-	-3,067	-
Net profit/loss for the period	-3,665	7,887	-146

¹ excludes unrealised surplus values in current investments of SEK 30.7 million

Cash flow statement, SEK 000s	Q1 2010	Q1 2009
Operating activities		
Operating loss before financial items	-7 272	-77
Depreciation	13	-
Interest received on bank balance	-	163
Interest received and paid on investments in securities etc.	3 172	-22 919
Income tax paid	-438	-
Increase/decrease in other current receivables	735	-55
Increase/decrease in accounts payable	290	-
Increase/decrease in other current operating liabilities	954	17
Cash flow from operating activities	-2 546	-22 871
Investing activities		
Purchase of property, plant and equipment	-1 419	-
Investments in portfolio companies	-201 876	-
Cash flow from investing activities	-203 295	-
Financing activities		
New share issue	-	3 000 100
Cash flow from financing activities	-	3 000 100
Cash flow for the period	-205 841	2 977 229
Cash and cash equivalents at the beginning of the period	2 964 567	-
Other increase/decrease in carrying amount	1 930	-
Cash and cash equivalents at the end of the period	2 760 656	2 977 229

Balance sheet and statement of changes in equity

Balance sheet, SEK 000s	31 March 2010	31 March 2009	31 Dec. 2009
Assets			
Non-current assets			
Property, plant and equipment			
Equipment	1,438	-	32
Financial fixed assets			
Investments in portfolio companies	245,821	-	43,945
Other non-current receivables	366	-	-
Total non-current assets	246,187	-	43,977
Current assets			
Current receivables			
Prepaid expenses and accrued income	4,739	33,843	6,969
Investments in securities etc.			
Investments in securities etc.	2,755,170	2,816,020	2,555,778
Cash and bank balances	5,486	161,209	408,789
Total current assets	2,765,395	3,011,072	2,971,536
Total assets	3,013,020	3,011,072	3,015,513
Equity and liabilities			
Equity			
Restricted equity			
Share capital	3,000,100	3,000,100	3,000,100
Non-restricted equity			
Profit brought forward	8,256	-	-
Net profit/loss for the period	-3,665	7,887	8,256
Total equity	3,004,691	3,007,987	3,008,356
Current liabilities			
Accounts payable	1,292	1	1,002
Current tax liability	3,525	3,067	3,963
Other current liabilities	565	-	158
Accrued expenses	2,947	17	2,034
Total current liabilities	8,329	3,085	7,157
Total equity and liabilities	3,013,020	3,011,072	3,015,513
Pledged assets	None	None	None
Contingent liabilities	None	None	None

Statement of changes in equity, SEK 000s	Share capital	Other non-restricted equity	Total equity
Equity, 31 Dec. 2009	3,000,100	8,256	3,008,356
Profit for the period	-	-3,665	-3,665
Equity, 31 March 2010	3,000,100	4,591	3,004,691



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