



Fouriertransform

Interim report
Q3, 2010

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“Sweden is strong but the situation is mixed in other countries”

Significant events in the third quarter

- Fouriertransform approved a new investment of SEK 7 million in Max Truck AB in Östersund: at the end of the quarter Fouriertransform invested a total of SEK 304 million in eight companies
- Fouriertransform held several well-attended venture capital seminars at different locations in Sweden
- Fouriertransform received 15 investment applications during the quarter
- Profit after tax for the quarter excluding unrealized surplus value in investments in securities of SEK 11.7 million amounted to SEK 25.0 million (SEK 1.4 million)
- Total cash flow was SEK -38.4 million (SEK -14.0 million) of which investments in portfolio companies accounted for SEK -8.8 million (0) including directly attributable costs for all investments
- Cash and bank balances and investments in securities amounted to SEK 2,748.0 million (SEK 2,967.6 million)



Per Nordberg, CEO Fouriertransform

CEO's comments

The general improvement in the automotive industry continued in the third quarter. We are seeing a constant increase in activity in Sweden, although the global risks remain and there is greater concern over the slowing in the US and Asia. There is still uncertainty about government finances in southern Europe. At the end of the quarter it became clear that exchange rates were impeding growth and the Chinese currency, the Yuan, in particular is considered to be undervalued.

The Swedish economy is showing strength and subcontractors and large companies are increasing their activity. Due to the change in the ownership structures of Saab Automobile and Volvo PV, parts of the purchasing platforms have been returned to Sweden. It is extremely important that subcontractors take advantage of this opportunity.

The situation in Europe is not as clear. Although some markets are demonstrating an upswing, both Germany and France reported a low level of activity during the quarter. The challenge for manufacturers in Europe is to quickly adjust their overcapacity and shift it to the growth markets in Asia.

Fouriertransform intensified its activities during the quarter. We have increased our own personnel resources giving us greater transaction capacity. Many applications were received and numerous risk capital seminars were held. Investment applications and investments made during the quarter largely relate to the automotive industry's future focus areas, namely Sustainable Vehicles (environmental focus), Smart Vehicles and More Efficient Production.

Fouriertransform highlights, SEK m	Q3 2010	Q3 2009	%	Q1-Q3 2010	Q1-Q3 2009	%
Net profit/loss for the period	25.0	1.4	-	36.5	11.7	212
Investments in portfolio companies	8.8	-	-	259.7	-	-
Cash flow for the period	-38.4	-14.0	-174	-211.5	2,967.6	-
Cash and bank balances and investments in securities	2,748.0	2,967.6	-7.4	2,748.0	2,967.6	-7.4
Equity	3,044.8	3,011.8	1.1	3,044.8	3,011.8	1.1
Equity/assets ratio	99.4 %	99.8 %	-	99.4 %	99.8 %	-

Business environment and the market – growth but great uncertainty about the future

Recovery in the medium term

2010 continues to be a stabilization year for the automotive industry. The underlying economy is moving in the direction of a general long-term recovery and this trend continued in the third quarter. Industry leaders regard the risk of a double-dip recession as more remote than earlier this year.

Asia, with China as the growth engine, continues to drive up global activity. The level of consumption in China in relation to GNP is far below that of the US (45% compared to 65%), which means there is still room for increased volumes. Several positive signs in the business environment are adding to the optimism. These signs include BMW exceeding its sales forecasts, the announcement from the French automobile manufacturing group PSA that it is repaying government loans ahead of schedule, and the global subcontractor Visteon getting out of chapter 11.

In Sweden Major Supplier Day 2010 took place in September in an atmosphere in which order intake and capacity utilization were heading in the right direction. Around the same time the French suppliers announced that business volumes would increase by 5–7% in 2010 due to strong forecasts for the third and fourth quarters. The same signals were coming from AB Volvo when the company's CEO announced that Volvo's production rate will increase by a double-digit percentage in the fourth quarter compared to the third.

The storm clouds have not dispersed, however, and the industry is watching for risks such as overheating in China, a currency war between the US/Europe and China, and the difficult overcapacity situation in the EU countries. Companies started planning again for future restructuring deals during the quarter. One example of a new restructuring deal is a gradual takeover by major component manufacturer Mahle of its competitor Behr in Germany. A noteworthy example in Sweden is Renault's sale of its Volvo B shares.

Variation in short-term sales figures

There is still great variation from market to market in short-term sales trends for passenger cars. In the US, good and bad months alternate, which is a sign of the continuing unrest in the market. In Europe in German and French markets, volumes are declining significantly (-18% and -8% in September), while the strong recovery trend in Sweden is continuing. All three months of the third quarter exceeded both the 2008 and 2009 levels in the Swedish market. Many analysts are predicting a general stabilization in the large European markets by the end of the year.

The market for commercial vehicles over 16 tons started growing again in the third quarter compared to 2009, but the market as a whole is still at a low level, see also Other appendices on page 12.

Paris and Hannover trade shows – the focus on electric and hybrid vehicles continues

One of the world's biggest car shows opened its doors at the beginning of October in Paris. Electric and hybrid vehicles continue to make headway, both as concepts and as production-ready vehicles. Saab, for example, presented its 9-3 ePower with suppliers such as the Uppsala-based ElectroEngine and Boston Power. Saab's initiative includes a fleet of 70 cars that are about to be tested. Other products are already ready for their European launch. Among the established brands, Mitsubishi, Citroën and Peugeot appear to be the first at the finishing line for electric cars with, for example, Mitsubishi's i-MiEV, which was launched in Europe in December 2010. The price will be EUR 33,000–35,000 (before the planned government grants) with a 5-year guarantee on all electric components.

Elsewhere, in Hannover, the commercial vehicle sector demonstrated that it too is investing in sustainable transport solutions. Driven by the need to reduce fuel consumption and by new legal requirements, particularly with respect to traffic in urban areas, several products and concepts using electric or hybrid solutions were presented. Volvo demonstrated its hybrid line based on a 7-liter engine launched in a Volvo FE in 2011. Renault had its Maxity Electric and its Premium Distribution Hybrid – a 26-ton vehicle that is currently being tested by Coca Cola in Belgium.

The future for electric and hybrid products is still, however, in the hands of the authorities. Most analysts agree that without their support the markets will not be able to improve. One clear example of this is Nissan's decision not to launch its Leaf electric vehicle in the German market after the government announced that it would not be offering any incentive program.

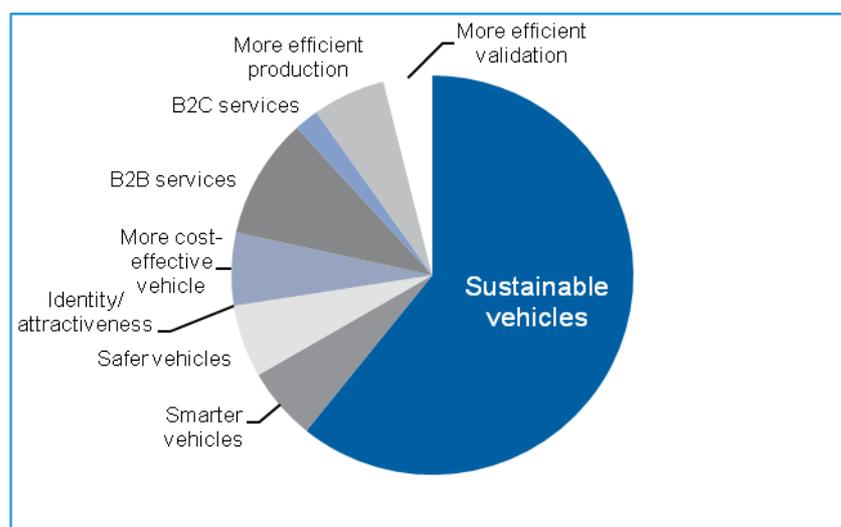
Investment activity in Q3, 2010

Investment proposals

Interest in Fouriertransform from companies seeking financing remains strong. During the quarter Fouriertransform received around 15 investment applications and denied five of them. Our application portfolio now contains around 50 applications of which 20 are under investigation with a view to investment.

More than half of the existing proposals relate to our key area of Sustainable Vehicles and many of these are aimed at reducing CO₂ by making traditional engine technology more efficient or through the use of gas and electric power, see the diagram below.

Applications received by key area



Investments

During the quarter Fouriertransform decided to invest in Max Truck AB. This company, which is based on Östersund, 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 conventional ones. The distances it travels are therefore significantly shorter and warehouse space can be utilized more efficiently.

In July 2010 Fouriertransform AB invested SEK 7.6 million in the company (including directly attributable costs) through a rights issue. After the issue, Fouriertransform became the second largest individual shareholder in the company.

Other activity in Q3, 2010

During the third quarter Fouriertransform continued to present and market its operations externally, developed its ownership model and strategic orientation, and started to recruit additional employees.

Presenting and marketing our business activities

Fouriertransform has continued to present its business activities externally through advertising, mailings, business lunches and venture capital seminars etc. The seminars were held in cooperation with organizations such as local chambers of commerce and at business owner gatherings in Smögen, Umeå, Sundsvall and Luleå. Fouriertransform also presented its business activities at a Venture Capital Day in Gothenburg arranged by Connect West and attended by Industrifonden, Vinnova, entrepreneurs, banks and others. See also our website www.fouriertransform.se.

Ownership model

Fouriertransform has continued to work on developing its ownership model, including determining how investment managers and Board representatives from Fouriertransform are to work creating value in the portfolio companies, the role of the investment managers, methods for regular evaluation of the portfolio and defining Fouriertransform's focus depending on the level of maturity of the portfolio companies.

Strategic orientation

Fouriertransform's strategic orientation is divided into nine key areas in the automotive industry: Sustainable Vehicles, Smarter Vehicles, Safer Vehicles, Vehicles with Identity/Attractiveness, More Cost-Effective Vehicles, Customer Services, Corporate Services, More Efficient Validation/Verification and More Efficient Production. These key areas have subsequently been divided into sub-areas and the key areas of attractiveness and the prospects for the Swedish automotive industry have been analyzed. The results of this analysis form the basis for Fouriertransform's decisions on which segments to invest in.

Organization

Fouriertransform has decided to recruit additional investment managers with experience from the venture capital sector. The aim is to be able to efficiently manage incoming investment applications, work proactively with the automotive industry and actively drive an owner agenda within the portfolio companies.

An accounting manager has been recruited and will begin on November 1.

Financial development in Q3, 2010

Profit

Net profit for the quarter was SEK 25.0 million. Costs amounted to SEK 7.9 million and consist mainly of marketing costs, costs relating to projects and consultancy services, and employee benefit expenses. Interest income of SEK 37.4 million mainly relates to the return on investments in fixed income funds, mutual funds and bonds, but excluding unrealized surplus values in mutual funds of SEK 11.7 million. During the quarter, write-backs on mutual and fixed interest funds totaled SEK 34.6 million.

Cash flow and liquidity

Total cash flow for the quarter amounted to SEK -38.4 million, of which investments amounted to SEK -8.8 million including directly attributable costs for all investments. The Company's cash and bank balances and investments in securities (mutual funds and fixed income funds) amounted to SEK 2,748 million at the end of the quarter.

Equity

As of September 30, Fouriertransform's equity amounted to SEK 3,044.8 million, of which profit for the quarter amounted to SEK 25.0 million.

For further information, please refer to the appended income statement, balance sheet, cash flow statement and statement of changes in equity.

Fouriertransform from January to September 30, 2010

During the January to September period, Fouriertransform's organization has taken shape and the company has worked intensively on positioning itself in the market, on strategic orientation and on its working methods. Fouriertransform has also presented and marketed its operations externally. Around 120 investment proposals have been processed in accordance with our established investment process, and eight new investments within the Swedish automotive cluster have been implemented since 2009.

The company developed important policies that were approved by the Board of Directors at a Board meeting in June. They are an Ownership Policy, a Code of Conduct including a Sustainability Policy and an Equality and Diversity Policy. The policies are published on Fouriertransform's website, www.fouriertransform.se.

It was established during the period how Fouriertransform will act as an investor and industrial partner by establishing and documenting an investment profile, investment strategy, investment criteria, investment process, and how the company will act as an active owner. Fouriertransform will be a long-term industrial partner that puts both resources and capital into the projects in which the company invests. Fouriertransform will contribute, among other things, a large network of individuals with industrial and financial experience in the automotive industry and the financial sector. Fouriertransform will also provide development capital from early phases to maturity, and will assist through active ownership, a long-term approach and an experienced investment team.

Fouriertransform's investments as of September 30, 2010

As of September 30, 2010 Fouriertransform had approved investments in eight companies: PowerCell Sweden AB, Norstel AB, NovaCast Technologies AB, FlexProp AB, EffPower AB, Alelion Batteries AB, EI-Forest AB and Max Truck AB. SEK 320 million in investments had been approved, of which a total of SEK 304 million have been paid out (including directly attributable costs). The amounts invested vary between SEK 7 million for Max Truck and SEK 110 million for Norstel.

Six of the investments are in our key areas of Sustainable Vehicles and two are within our key area, More Efficient Production.

Portfolio summary as of September 30, 2010

	Location	Initial investment	Book value (SEK 000s)	Shareholding
PowerCell Sweden AB	Gothenburg	Oct. 2009	44,206	17%
Norstel AB	Norrköping	Feb. 2010	110,054	69% ¹⁾
NovaCast Technologies AB	Tyringe	Feb. 2010	41,689	33%
FlexProp AB	Halmstad	Feb, 2010	10,315	37%
Effpower AB	Gothenburg	Feb. 2010	40,516	13%
Alelion Batteries AB	Nödinge	June 2010	28,987	34%
EI-Forest AB	Sundsvall	June 2010	20,286	36%
Max Truck AB	Östersund	July 2010	7,553	35%
Total			303,606	

1) Shareholding only exceeds 50% temporarily



PowerCell Sweden AB – fuel cell making electricity from hydrogen

The company develops and distributes advanced fuel cell systems for the transport industry and certain other high-tech markets. The company, which has its origin in Volvo Group's development product for fuel cells, is aiming to accelerate the launch of fuel cells on the market through development, production and sales.

www.powercell.se

NORSTEL⁺

Norstel AB – new technology for hybrid vehicles

The company develops SiC wafers which are an important component for the successful development and production of environmentally friendly hybrid vehicles. The result, combined with a modern development and production facility, provides a good basis for a prompt launch on the market.

www.norstel.com

NOVACAST TECHNOLOGIES

Novacast Technologies AB – shortening lead times for new models

The company, which is listed on the NASDAQ OMX Stockholm Small Cap Nordic Exchange, offers the automotive industry and its subcontractors products and systems that streamline production processes by considerably shortening lead times for the production of new vehicle models.

www.novacast.se

FlexProp Performance by competence

FlexProp AB – robust low-weight grippers

The company specializes in the development and sale of lightweight robust fixtures and grippers in composite materials, mainly for the automotive and aircraft industries. Thanks to the company's specialist knowledge of composite materials it is able to reduce the weight of the products, in some cases to less than a tenth of the original weight.

www.flexprop.se

effpower™

Effpower AB – efficient batteries for hybrids

The company is developing a high power bipolar lead-acid battery which is recyclable and has a long service life at a cost that is around one third that of current nickel-metal hydride batteries for hybrid vehicles. This makes the battery suitable for both stop/start functions and for micro/mild hybrid solutions.

www.effpower.com

Alelion BATTERIES

Alelion Batteries AB – energy storage systems for the automotive industry

The company develops, manufactures and markets complete energy storage systems primarily for the automotive industry. The systems are largely based on lithium iron phosphate batteries and are currently used in vehicles including the electric Fiat 500.

www.alelion.com

EI-FOREST

EI-Forest AB – forestry machinery using series electric hybrid technology

The company has developed the world's first forestry machine to use series electric hybrid technology – a technology that offers a number of environmental advantages. The machine is what is known as a forwarder which carries felled logs from the stump to a roadside landing. The new machine is operated by a new concept in machinery in which each individual wheel is driven by electric motors fitted to the steel axles, reducing fuel consumption, CO₂ emissions and also damage to the forest.

www.el-forest.se

MAX TRUCK AB

Max Truck AB – electric forklift with unique maneuverability

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 conventional ones. The distances it travels are therefore significantly shorter and warehouse space can be utilized more efficiently.

www.maxtruck.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.

Investments in portfolio companies have been measured at acquisition cost including costs directly attributable thereto.

Investments in securities exclude any unrealized surplus values.

Risks and uncertainties

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

Credit facilities

Fouriertransform AB has no utilized credit facilities.

Related party disclosures

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

Fouriertransform in brief

Fouriertransform AB was founded in December 2008 following a parliamentary resolution and has 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 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 the environment and safety.

For further information, please see Fouriertransform's website www.fouriertransform.se.

Appendices

Income statement and cash flow statement, page 10

Balance sheet and statement of changes in equity, page 11

Other appendices, page 12

Stockholm, October 25, 2010

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Financial calendar 2010

Q4 interim report and year-end report

Feb 10, 2011

Income statement and cash flow statement

Income statement, SEK 000s	Q3 2010	Q3 2009	%	Q1–Q3 2010	Q1–Q3 2009 ¹⁾	%
Net sales	30	-	-	30	-	-
Operating expenses						
Other external expenses	-3,145	-3,442	-10	-14,846	-4,482	-281
Employee benefit expenses	-4,631	-141	538	-12,237	-732	-830
Depreciation of property, plant and equipment	-84	-	-	-176	-	-
Total operating expenses	-7,860	-3,583	-119	-27,259	-5,214	-423
Operating loss	-7,830	-3,583	-119	-27,229	-5,214	-422
Profit from financial items						
Other interest income and similar items	37,366	5,471	583	76,083	21,406	255
Total profit from financial items	37,366	5,471	583	76,083	21,406	255
Profit after financial items	29,536	1,888	-	48,854	16,192	202
Tax on profit for the period	-4,513 ²⁾	-529	-	-12,365	-4,533	-173
Net profit for the period	25,023	1,359		36,489	11,659	213

1) Relates to the period December 4, 2008–September 30, 2009

2) After fixed income fund write-backs of SEK 17.2 million

Cash flow statement, SEK 000s	Q3 2010	Q3 2009	Q1–Q3 2010	Q1–Q3 2009 ¹⁾
Operating activities				
Operating loss before financial items	-7,830	-3,583	-27,229	-5,214
Depreciation	84	-	175	-
Interest received on bank balances	-	-	-	163
Interest received and paid on investments in securities etc.	2,249	-11,690	83,663	-29,961
Income tax paid	-657	-	-5,756	-
Increase/decrease in trade receivables	-37	-	-37	-
Increase/decrease in other current receivables	-2,019	-7	-4,237	-43
Increase/decrease in accounts payable	-729	791	2,446	1,312
Increase/decrease in other current operating liabilities	-20,464 ²⁾	484	989	1,195
Cash flow from operating activities	-29,403	-14,005	50,014	-32,548
Investment activities				
Investments in property, plant and equipment	-181	-	-1,822	-
Investments in portfolio companies	-8,786	-	-259,660	-
Cash flow from investment activities	-8,967	-	-261,482	-
Financing activities				
New share issue	-	-	-	3,000,100
Cash flow from financing activities	-	-	-	3,000,100
Cash flow for the period	-38,370	-14,005	-211,468	2,967,552
Cash and bank balances and investments in securities at beginning of period	2,751,788	2,981,557	2,964,567	-
Cash flow for the period	-38,370	-14,005	-211,468	2,967,552
Other increase/decrease in carrying amount	34,636 ³⁾	-	-5,045 ⁴⁾	-
Cash and bank balances and investments in securities at the end of the period	2,748,054	2,967,552	2,748,054	2,967,552

1) Relates to the period December 4, 2008 – September 30, 2009

2) Mainly payments relating to investments in portfolio companies

3) Fixed-income and mutual fund write-backs

4) Write-down of fixed income funds

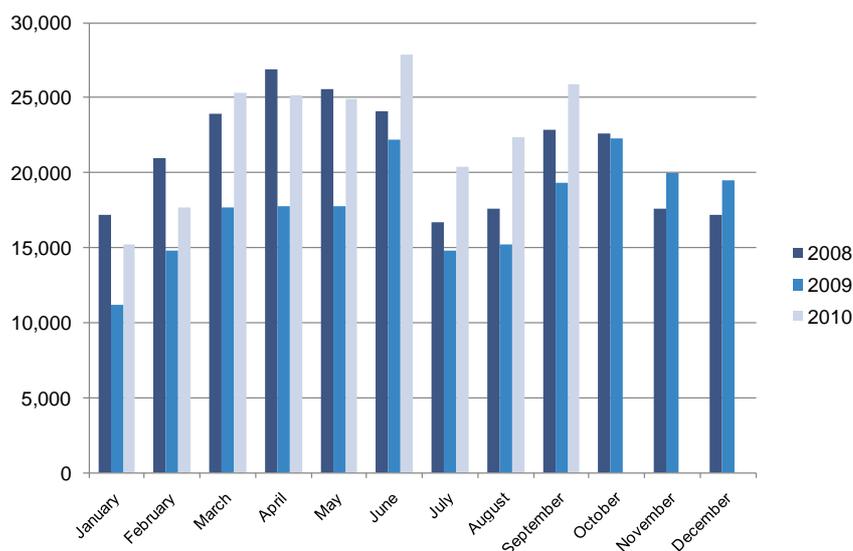
Balance sheet and statement of changes in equity

Balance sheet, SEK 000s	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
Assets			
Non-current assets			
Property, plant and equipment			
Equipment	1,678	-	32
Financial fixed assets			
Investments in portfolio companies	303,606	-	43,945
Other non-current assets	366	-	-
Total non-current assets	305,650	-	43,977
Current assets			
Current receivables			
Trade receivables	37	-	-
Other current receivables	49	-	-
Prepaid expenses and accrued income	8,622	51,248	6,969
Investments in securities etc.			
Investments in securities etc.	2,742,235	2,810,886	2,555,778
Cash and bank balances	5,819	156,666	408,789
Total current assets	2,756,762	3,018,800	2,971,536
Total assets	3,062,412	3,018,800	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	36,489	11,659	8,256
Total equity	3,044,845	3,011,759	3,008,356
Current liabilities			
Accounts payable	3,448	1,312	1,002
Current tax liability	10,572	4,534	3,963
Other current liabilities	794	410	158
Accrued expenses	2,753	785	2,034
Total current liabilities	17,567	7,041	7,157
Total equity and liabilities	3,062,412	3,018,800	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, Dec. 31, 2009	3,000,100	8,256	3,008,356
Profit for the period	-	36,489	36,489
Equity, Sept. 30, 2010	3,000,100	44,745	3,044,845

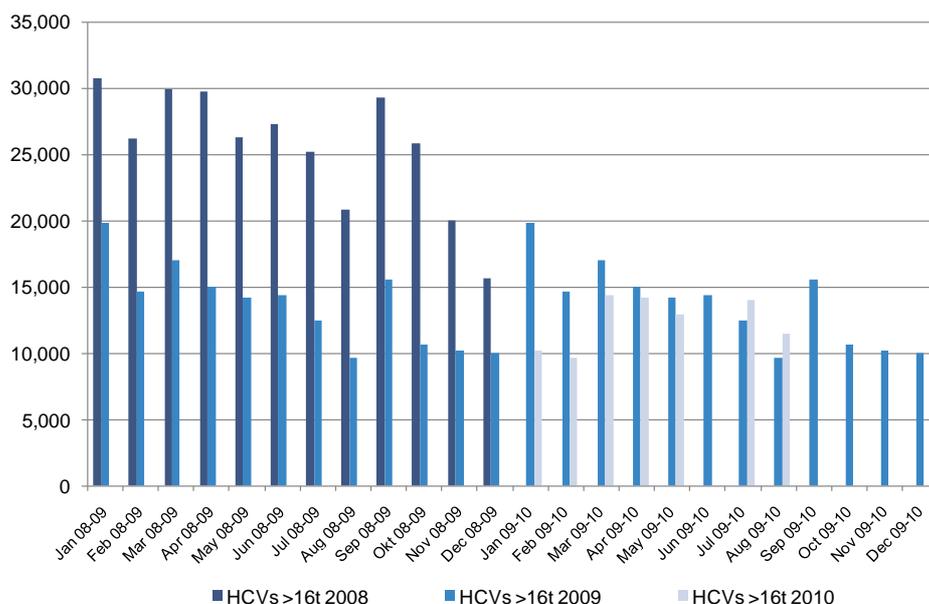
Other appendices

New passenger car registrations in Sweden by month, 2008–2010



Source: Bil Sweden

New heavy commercial vehicle registrations in the EU by month, 2008–2010



Source: European Automobile Manufacturers' Association



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