



Fouriertransform

Semi-annual report as of June 30, 2010
Interim report, Q2 2010

Semi-annual report and interim report for Q2 2010

“Positive signals from the market, but future remains uncertain”

Significant events in the second quarter

- Fouriertransform approved two new investments totaling SEK 48 million; at the end of the quarter, Fouriertransform had invested a total of SEK 295 million in seven companies since 2009
- Fouriertransform worked intensively on the company’s marketing and strategic orientation and gave around thirty external presentations
- The Board of Directors prepared policy documents such as the Ownership Policy, Code of Conduct including Sustainability Policy, and Equality and Diversity Policy
- Additional staff with experience in venture capital were recruited, giving Fouriertransform a total headcount of seven
- Profit after tax for the quarter amounted to SEK 12.3 (2.4) million
- Total cash flow was SEK 32.7 (4.3) million, with investments in portfolio companies accounting for SEK -49.0 (0) million including directly attributable costs
- Cash and bank balances and investments in securities amounted to SEK 2,752 (2,982) million as of June 30, 2010



Per Nordberg, VD Fouriertransform

CEO’s comments

Increased sales, higher production levels and improved capacity utilization in factories provided positive signals from the automotive industry during Q2. In other words, the positive trend seen in Q1 continued in Q2. The important European market – which for many Swedish suppliers makes up more than 50% of total sales – is characterized by great uncertainty regarding the future; overcapacity, potential problems involving national budgets and the European banking system could have a negative impact on the current economic upturn. The potential inability of the banks and the countries to satisfy market demand for venture capital is jeopardizing growth as well as investments in Swedish industry and its subcontractors. Long-term thinking, faith in the future and staying power are key components for the automotive industry in these times of great uncertainty.

Fouriertransform has continued to invest in those areas in which the Swedish automotive industry has the capacity to achieve international success, particularly within the environment and safety. Our investment in Alelion Batteries AB, which manufactures complete energy storage systems based on lithium iron phosphate batteries, will allow continued investment and expansion of the business within the important battery market for electric cars. During Q2 Fouriertransform also decided to invest in EI-Forest AB, which has developed the world’s first forestry machine to use serial electric hybrid technology – technology that forms part of the important environmental thinking that is going on within the forestry industry. In early July, a further investment was approved – in Max Truck AB, which has developed a new electric forklift that offers a high degree of maneuverability and flexibility for the important area of logistics.

Fouriertransform highlights, SEK m	Q2 2010	Q2 2009	%	Q1-Q2 2010	Q1-Q2 2009	%
Net profit/loss for the period	12.3	2.4	412	10.1	10.3	-1.9
Investments in portfolio companies	49.0	-	-	250.9	-	-
Cash flow for the period	32.7	4.3	660	-173.1	2,981.6	-
Cash and bank balances and investments in securities	2,751.8	2,981.6	-7.7	2,751.8	2,981.6	-7.7
Equity	3,018.5	3,010.4	0.3	3,018.5	3,010.4	0.3
Equity/assets ratio	98.7 %	99.8 %	-	98.7 %	99.8 %	-

Q2 2010

Business environment and the market

Sweden: substantial increase in new passenger cars and light commercial vehicles

According to Bil Sweden, 28,270 new passenger cars were registered during the month of June – an increase of 26% on the same month in the previous year. In the year to date (January to June) registrations increased by 34%; see Appendix 1.

Total registrations of commercial vehicles increased 33% in June to 4,007 and have increased 22% in the year to date. Registrations of light commercial vehicles of up to 3.5 tonnes were up 37% in June and heavy commercial vehicles of over 16 tonnes were up 3% – the first increase in registrations of heavy commercial vehicles in 14 months. Registrations in the year to date are up 33% for light commercial vehicles and down 27% for heavy commercial vehicles.

New registrations of passenger cars with CO₂ emissions of up to 120 g/km increased 43% in June. Passenger cars with CO₂ emissions of up to 140 g/km increased 56%. The share of passenger cars with CO₂ emissions of up to 140 g/km was 37% in June, compared with 30% in June of the previous year.

During the first half the Swedish automotive industry recovered more quickly than had been feared following the financial crisis. Bil Sweden's forecasts suggest that new passenger car registrations will increase nearly 30% and registrations of light commercial vehicles by 35% for full-year 2010.

Europe

According to the European Automobile Manufacturers' Association, new passenger car registrations decreased in May for the second month in succession, by 9% compared with the previous year; this reflects the discontinued scrappage schemes and the continued economic difficulties in Europe. On a yearly basis, registrations are still up 1.9% and the total is currently 5.9 million new passenger cars. Figures for Germany were down 28%, while the UK and Spain had notable increases of 22% and 43% respectively.

Commercial vehicles were up 2.4% in the January to May period compared with 2009, to 722,767 vehicles; however, this is still 36% lower than in the same period in 2008. The heavy commercial vehicle segment (over 16 tonnes) stabilized in May compared with the previous year's volumes, with only a marginal decline (-0.3%). Italy and the Netherlands reported the largest decreases, while Spain and Germany had the greatest increases in May.

Since the turn of the year there has been a 22% decline in the heavy commercial vehicle segment, with only Spain growing (7%) while other markets are shrinking – the UK, Netherlands and France by 24%, 25% and 29% respectively. In total, around 60,000 heavy commercial vehicles were sold; see Appendix 2.

Investments in Q2 2010

During the quarter Fouriertransform received around 45 investment applications and declined around 20. Our applications portfolio now contains around 60 applications, of which around 20 are currently under investigation with a view to investment; see also Appendix 3 for the areas covered by the applications. Two investments were approved during the quarter: Alelion Batteries AB and EI-Forest AB.



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. The company was founded in 2006 and is based in Nödinge, just outside Gothenburg.

In June Fouriertransform invested SEK 28 million through a rights issue, in which some of the existing shareholders – including Pegroco Invest – also participated. Fouriertransform AB becomes the largest individual shareholder following the issue.

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 wheel axles, reducing fuel consumption, CO₂ emissions and also damage to the forest. The company was established in 2006 and is based in Örnsköldsvik.

In June Fouriertransform signed an agreement with EI-Forest to invest SEK 20 million through a rights issue. Fouriertransform AB becomes the largest individual shareholder following the issue.

Significant events after the end of the quarter

In early July a further investment was approved – in Max Truck AB of Östersund, which has developed a new electric forklift that offers a high degree of maneuverability and flexibility for the important area of logistics. Fouriertransform is investing SEK 7 million through a rights issue.

Financial development during Q2 2010

Profit

Net profit for the quarter was SEK 12.3 million. Costs mainly relate to marketing, project and consultancy services, and also employee benefit expenses. The income of SEK 35.1 million relates mainly to the return on investments in mutual funds, fixed income funds and bonds. During the quarter the holding in mutual funds and fixed income funds was sold and reinvested in the same funds, achieving a capital gain of SEK 43.1 million. The holding in mutual funds has been reduced by SEK 17.5 million.

Cash flow

Total cash flow for the quarter was SEK 32.7 million, with investments representing SEK -49.0 million. The company's cash and bank balances and investments in securities (mutual funds and fixed income funds) amounted to SEK 2,752 million at the end of the quarter.

Equity

As of June 30, 2010 Fouriertransform's equity amounted to SEK 3,018.5 million, with the profit for the period representing SEK 12.3 million.

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

Semi-annual report for the period January 1 to June 30, 2010

Fouriertransform develops

Fouriertransform developed rapidly during the first half. The organization has taken shape and the company has worked intensively on its positioning in the market, strategic orientation and working methods. Fouriertransform has also presented and marketed its operations externally. A large number of investment proposals have been processed and seven new investments within the Swedish automotive cluster have been approved since 2009.

Organization

The CEO took up his position in January and five new employees with experience in the automotive industry and venture capital, among other things, took up posts in March. Another employee with venture capital experience has also been taken on; Fouriertransform now has seven employees, and offices in Stockholm and Gothenburg.

Positioning in the market and strategic orientation

Fouriertransform shall be part of the Swedish automotive sector, with a high level of industrial expertise among its Board of Directors and management and a high-profile network of industrial consultants. Fouriertransform shall be a highly professional venture capital company that helps strengthen and revitalize the Swedish automotive cluster, taking its own view of its future. The company shall contribute to sustainable development in all its activities.

Fouriertransform's strategic orientation has been developed, with nine key areas having been identified. Fouriertransform considers it important to achieve a balance of investments between traditional and new technologies, and to identify companies that have the capability to become leaders in their field. Fouriertransform shall seek to invest in both service and product companies – including in the communications and IT sector – where Sweden has relevant knowledge. Innovative production concepts and a focus on companies with specific environmental expertise form part of the strategic orientation.

Policies

During the period Fouriertransform produced relevant policies for the company that were approved by the Board of Directors at a Board meeting in June: an Ownership Policy, a Code of Conduct including Sustainability Policy, and an Equality and Diversity Policy. These are published on Fouriertransform's website, www.fouriertransform.se.

Working methods and Fouriertransform as an owner

During the period Fouriertransform established how it would work as an investor, including by establishing and documenting our investment profile, investment strategy, investment criteria, investment process and how the company shall act as an owner.

Fouriertransform shall be a long-term industrial partner that puts both resources and capital into the projects in which the company invests. Among other things, Fouriertransform shall contribute the expertise of a large network within the automotive cluster and the financial sector, by providing capital for development from early phases to maturity, and through active ownership, a long-term approach and an experienced investment team.

Presentation and marketing of our business activities

During the first half Fouriertransform intensively marketed its business activities externally through advertising, mailings, business lunches and venture capital seminars. The seminars were held in cooperation with organizations such as local chambers of commerce in Gothenburg, Växjö, Eskilstuna and Jönköping. Further seminars are planned for the fall, including in Umeå, Sundsvall and Luleå.

Our website has been developed and now contains a complete presentation of our business activities, including a description of our investment profile, investment criteria, the investment process and the investments we have made. See also www.fouriertransform.se.

Investment proposals

During the first half there has been great interest in Fouriertransform from companies seeking financing. Over a hundred investment proposals have been received and processed according to our established investment process. Around 60 of the investment proposals received were judged to be of interest, and around 20 of these have been forwarded for more detailed assessment. More than half of the proposals received relate to our key area of Sustainable Vehicles. A significant proportion of these are aimed at reducing CO₂, either by making traditional engine technology more efficient or through the use of gas and electric power; see Appendix 3.

Fouriertransform's investments

As of June 30, 2010 Fouriertransform had decided to invest in seven companies: PowerCell Sweden AB, Norstel AB, NovaCast Technologies AB, FlexProp AB, EffPower AB, Alelion Batteries AB and El-Forest AB. Investments of SEK 311 million had been approved, with a total of SEK 295 million having been paid out (including directly attributable costs). The sum invested varies between SEK 10 million for FlexProp and SEK 110 million in the case of Norstel.

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

Summary portfolio, June 30, 2010

	Location	Initial investment	Book value (SEK 000s)	Shareholding
Powercell Sweden AB	Gothenburg	Oct. 2009	44,207	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	Jun. 2010	28,034	34%
El-Forest AB	Sundsvall	Jun. 2010	20,005	36%
Total			294,820	

1) Shareholding exceeds 50% only temporarily



Powercell Sweden AB – fuel cell makes 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 project for fuel cells, aims 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 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 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 current weight.

www.flexprop.se

**Effpower AB – efficient battery 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. As a result, the battery is suitable for both stop/start functions and for micro/mild hybrid solutions.

www.effpower.com

**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 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 wheel axles, reducing fuel consumption, CO₂ emissions and also damage to the forest.

www.el-forest.se

Financial development during H1 2010

During the period Fouriertransform started up its operations, six employees took up their positions and the company moved into new premises. In addition, the company presented its operations externally. The costs of establishing and marketing the company, along with employee benefit expenses, reduced net profit compared with the same period in the previous year when no activities were conducted and the company had no employees.

Profit

Net profit was SEK 10.1 million. Costs can mainly be attributed to establishment costs, project and consultancy services, costs of premises, marketing costs, and also employee benefit expenses. The income of SEK 38.7 million relates mainly to the return on investments in mutual funds, fixed income funds and bonds. During the period the holding in mutual funds and fixed income funds was sold and reinvested in the same funds, achieving a capital gain of SEK 43.1 million. The holding in mutual funds has been reduced by SEK 17.5 million.

Cash flow

Total cash flow for the period was SEK -173.1 million, with investments representing SEK -250.9 million. The company's cash and bank balances and investments in securities (mutual funds and fixed income funds) amounted to SEK 2,752 million at the end of the period.

Equity

As of June 30, 2010 Fouriertransform's equity amounted to SEK 3,018.5 million, with the profit for the period representing SEK 10.1 million.

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

Accounting policies

This semi-annual 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 took 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 safety and the environment.

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

Declaration

The Board of Directors and CEO give an assurance that this semi-annual report and interim report for Q2 2010 provides a true and fair overview of the company's operations, financial position and results, and that it describes the significant risks and uncertainties faced by the company.

Stockholm, July 20, 2010

Lars-Olof Gustavsson Chairman of the Board	Cecilia Schelin Seidegård Director	Hasse Johansson Director
Karin Kronstam Director	Lars-Göran Moberg Director	Ulla-Britt Fräjdin-Hellqvist Director
	Lars Erik Fredriksson Director	Per Nordberg CEO

Auditor's report of review of the interim report prepared in accordance with Chapter 9 of the Annual Accounts Act (1995:1554)

I have conducted a review of the semi-annual report and interim report for Q2 2010 for Fouriertransform AB. The Board of Directors and CEO are responsible for the preparation and presentation of this financial information in accordance with the Annual Accounts Act/BFNAR 2007:1. My responsibility is to express a conclusion concerning this financial information based on my review.

I conducted my review in accordance with the Swedish Standard on Review Engagements (SÖG) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information 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 orientation and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing standards, and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on my review, nothing has come to my attention that causes me to believe that the appended interim financial report has not been prepared, in all material respects, in accordance with the Swedish Annual Accounts Act/BFNAR 2007:1.

Stockholm, July 20, 2010

Hans Andersson
Authorized Public Accountant
Deloitte AB

Contact persons for further information

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Financial calendar 2010

Q3 interim report	Oct. 25, 2010
Q4 interim report and year-end report	Feb. 10, 2011

Appendices

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

Income statement and cash flow statement

Income statement, SEK 000s	Q2 2010	Q2 2009	%	Q1-Q2 2010	Q1-Q2 2009 ¹⁾	%
Operating expenses						
Other external expenses	-7,459	-963	-675	-11,701	-1,040	-
Employee benefit expense	-4,589	-591	-676	-7,606	-591	-
Depreciation of property, plant and equipment	-79	-	-	-92	-	-
Total operating expenses	-12,127	-1,554	-680	-19,399	-1,631	-
Operating loss	-12,127	-1,554	-680	-19,399	-1,631	-
Profit from financial items						
Other interest income and similar items	35,110	4,904	616	38,717	15,936	143
Total profit from financial items	35,110	4,904	616	38,717	15,936	143
Profit after financial items	22,983	3,350	586	19,318	14,305	35
Tax on profit for the period	-10,657, ²⁾	-938	-	-9,191 ²⁾	-4,005	-129
Net profit for the period	12,326	2,412	411	10,127	10,300	-1.7

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

2) After mutual funds write-back of SEK 17.5 million

Cash flow statement, SEK 000s	Q2 2010	Q2 2009	Q1-Q2 2010	Q1-Q2 2009 ¹⁾
Operating activities				
Operating loss before financial items	-12,127	-1,554	-19,399	-1,631
Depreciation	79	-	92	-
Interest received on bank balance	-	-	-	163
Interest received and paid on investments in securities etc.	78,242 ²⁾	4,648	81,413 ²⁾	-18,272
Income tax paid	-4,660	-	-5,098	-
Increase/decrease in other current receivables	-2,953	19	-2,218	-36
Increase/decrease in accounts payable	2,885	520	3,175	521
Increase/decrease in other current operating liabilities	20,498	695	21,453	712
Cash flow from operating activities	81,964	4,328	79,418	-18,543
Investing activities				
Purchase of property, plant and equipment	-222	-	-1,640	-
Investments in portfolio companies	-48,998	-	-250,875	-
Cash flow from investing activities	-49,220	-	252,515	-
Financing activities				
New share issue	-	-	-	3,000,100
Cash flow from financing activities	-	-	-	3,000,100
Cash flow for the period	32,744	4,328	-173,097	2,981,557
Cash and bank balances and investments in securities at beginning of the period	2,760,656	2,977,229	2,964,567	-
Cash flow for the period	32,744	4,328	-173,097	2,981,557
Other increase/decrease in carrying amount	-41,612 ³⁾	-	-39,682 ³⁾	-
Cash and bank balances and investments in securities at the end of the period	2,751,788	2,981,557	2,751,788	2,981,557

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

2) Principally SEK 29.1 million dividend on fixed income funds of and SEK 43.1 million capital gain on sale of fixed income funds and mutual funds

3) Write-down of fixed income funds and mutual funds

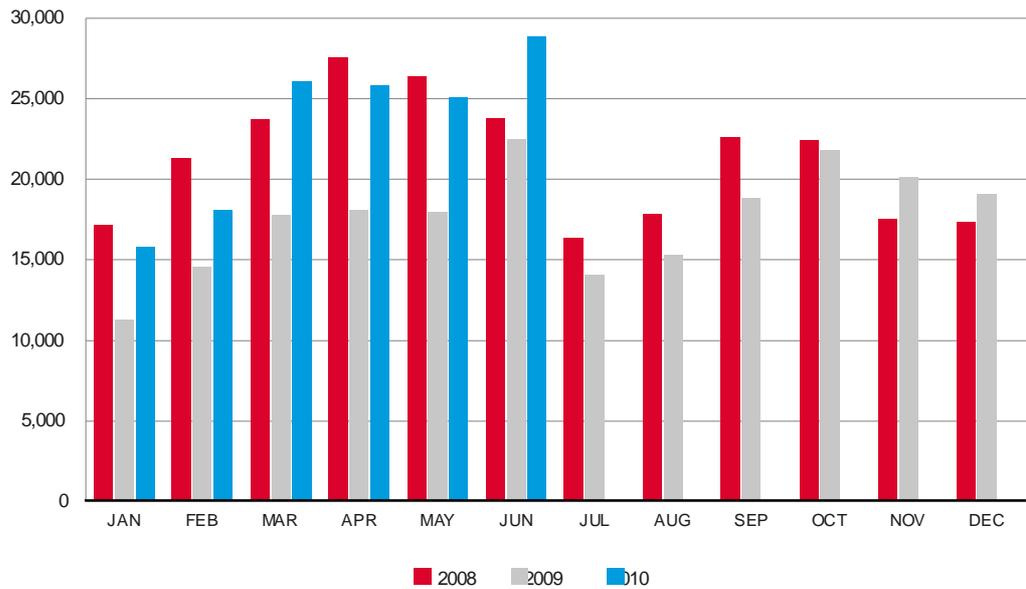
Balance sheet and statement of changes in equity

Balance sheet, SEK 000s	June 30, 2010	June 30, 2009	Dec. 31, 2009
Assets			
Non-current assets			
Property, plant and equipment			
Equipment	1,581	-	32
Financial fixed assets			
Investments in portfolio companies	294,820	-	43,945
Other non-current receivables	366	-	-
Total non-current assets	296,767	-	43,977
Current assets			
Current receivables			
Other current receivables	4,002	-	-
Prepaid expenses and accrued income	6,172	34,080	6,969
Investments in securities etc.			
Investments in securities etc.	2,722,698	2,814,126	2,555,778
Cash and bank balances	29,090	167,431	408,789
Total current assets	2,761,962	3,015,637	2,971,536
Total assets	3,058,729	3,015,637	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	10,127	10,300	8,256
Total equity	3,018,483	3,010,400	3,008,356
Current liabilities			
Accounts payable	4,176	521	1,002
Current tax liability	12,058	4,005	3,963
Other current liabilities	20,642	-	158
Accrued expenses	3,370	711	2,034
Total current liabilities	40,246	5,237	7,157
Total equity and liabilities	3,058,729	3,015,637	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	-	10,127	10,127
Equity, Jun. 30, 2010	3,000,100	18,383	3,018,483

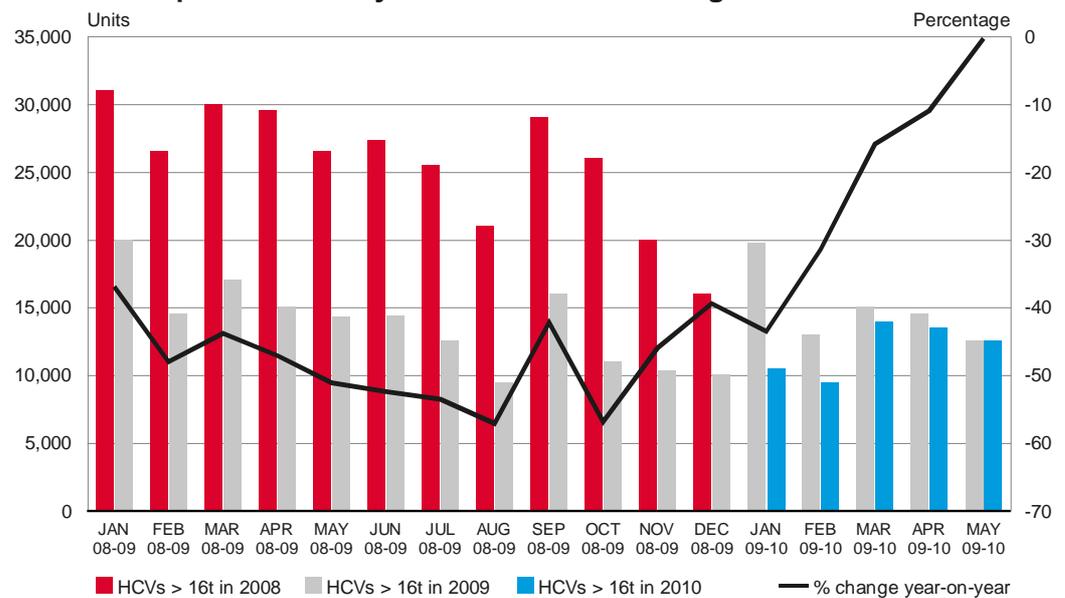
Appendices

Appendix 1
Sweden – New Passenger Car Registrations by Month 2008–2010



Source: Bil Sweden

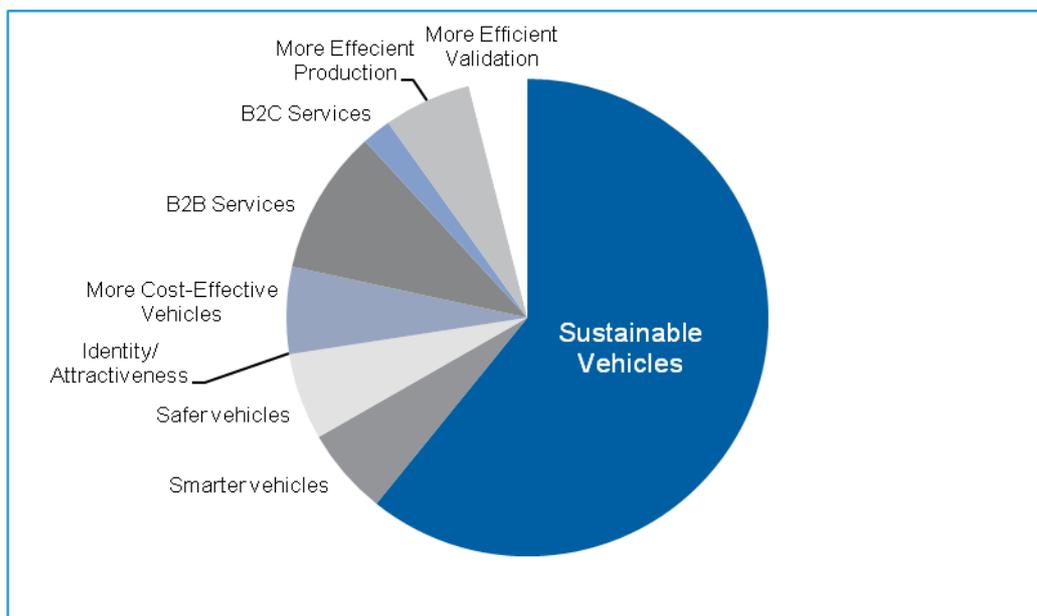
Appendix 2
Europe – New Heavy Commercial Vehicle Registrations in the EU



Source: European Automobile Manufacturers' Association

Appendix 3

Applications Received, by Key Area





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