

# Year-End Report

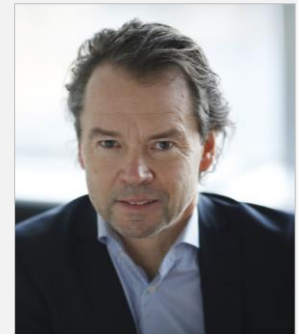
## | 2013

## Year-End Report 2013

Fouriertransform has now invested SEK 1 billion in 20 companies to increase the competitiveness of Swedish industry

### Significant events in the fourth quarter and full year 2013

- Fouriertransform held an extraordinary shareholders meeting on August 20, 2013 at which a decision was taken to expand the company's mandate to include other segments of manufacturing industry and associated services in addition to the automotive industry.
- During the year a total of SEK 283 million was invested in four new companies and SEK 125 million in existing portfolio companies. Since the start in 2009 Fouriertransform has invested a total of SEK 986 million in 20 companies. The portfolio companies have net sales of around SEK 1.9 billion and around 1,300 employees.
- As of the fourth quarter of 2013 Fouriertransform started applying the International Financial Reporting Standards (IFRS). Consequently, all amounts in this report, unless otherwise indicated, refer to the so-called investment company, whereby investments in portfolio companies and investments in securities are measured at estimated fair value on the balance sheet date.
- Since the start Fouriertransform has invested a total of SEK 986 million which, compared to the estimated fair value of the existing portfolio and repaid capital from the portfolio companies, represents an increase in value of around 10 percent since Fouriertransform was formed.
- The net profit for the quarter was SEK 128.3 million (98.6) including profit from portfolio companies of SEK 94.1 million and from investments in securities of SEK 63.5 million. The net profit for the year was SEK 131.4 million (193.5) including profit from portfolio companies of SEK 95.2 million and from investments in securities of SEK 108.9 million.
- The total cash flow for the year was SEK 42.9 million (5.4) of which investments in new and existing portfolio companies accounted for SEK -371.8 million (-138.4 million).
- Cash and bank balances and investments in securities amounted to SEK 2,253 million (2,535) at the end of the year.



## CEO's comments

2013 was a difficult year for the European economies with persistent financial imbalance. In Sweden although the economy experienced weak development, we were still relatively successful in achieving some growth. It was a particularly difficult time for the European automotive industry, even though demand for heavy vehicles was temporarily driven by the EU's upcoming new emissions goals. 2014 will therefore be an important year for the automotive industry in the EU. The industry is still suffering from structural problems and overcapacity that it has not managed to fix in the same way as the US did after the major crisis in the automotive industry there a few years ago. We still believe that there is reason for some realistic optimism about growth.

### *What is needed to bring about growth?*

Fouriertransform's creation in 2009 was strongly linked to the automotive crisis of 2008. Our original mandate was to ensure development for the Swedish automotive industry in strategic areas where innovative subcontractors were finding it hard to secure long-term financing from other players. We have now completed our fourth year in business and during this time we have gained a good insight into the Swedish industrial structure in which the automotive industry is, of course, an important sector. The most obvious things to emerge are first of all how important the competition-exposed manufacturing industry is for the whole of the Swedish economy and secondly that some structural problems are impeding economic and job growth. This is resulting in the so-called hourglass-shaped structure of the Swedish economy.

There are plenty of small innovative companies in early development phases and there is a relatively large number of multinational corporations which, although often most of their employees are located outside Sweden, still have an incredibly important role to play in the dynamics of Swedish industry.

It is the companies in the layer in between that need to become stronger and grow in number. Companies with 50–100 employees that have built their business on innovative ideas are the ones with the potential to become commercial successes. This is the breeding ground for new jobs. But many of these companies are dependent on one or a couple of customers and are strongly tied to domestic and European markets. They are in a vulnerable position, which we clearly saw during the automotive crisis and in the way it affected the sector's subcontractors. A certain degree of strength is required to have the courage to grow, employ new staff and branch out into new markets, and perhaps new customer segments as well. The automotive crisis showed that companies that were less dependent on the Swedish market and were in forward-looking sectors fared better.

### *Fouriertransform's contribution*

Increased internationalization is therefore crucial if Sweden's manufacturing industry is to remain strong. Fouriertransform, which is a state-owned player, has an important mission in this context. Companies need ownership capital as well as access to international expertise and skilled board members to drive the internationalization process. The experienced and well-qualified individuals in our network provide portfolio companies with new interfaces and bring international influences that are very valuable for them. As far as Fouriertransform is concerned, we have experienced a strong interest in cooperation in clusters that may be able to help these businesses expand outside Sweden, which is something that Fouriertransform and our network can help them with.

Our focused efforts as an owner of the portfolio companies continue to bring value creation, and today our portfolio companies are well-established players in the automotive industry. Proof of this is that we are now seeing interest from other companies in acquiring individual portfolio companies.

In light of the cautious market situation this past year, it is also gratifying to witness an increase in interest in Fouriertransform's activities following the decision to expand our investment mandate. The new mandate includes investing in the manufacturing industry and related services. Our investment area is broad and we will continue to focus on companies with unique, innovative products and high production complexity with potential for future internationalization.

### *New investments in four forward-looking companies*

In 2013 we continued to strengthen our position in the Swedish automotive cluster and we have also made our first investment within the framework of our expanded mandate. Altogether we approved investments in four new companies: Smart Eye AB and TitanX Engine Cooling AB in Gothenburg, Rototest International AB in Rönninge and SciBase AB in Stockholm. The investment in TitanX is the single largest one so far for us.

In total our new investments amounted to SEK 283 million during the year and we also made follow-on investments totaling SEK 125 million in existing portfolio companies.

It is gratifying to witness how the portfolio company boards and our strong network have quickly united to achieve positive development for the companies in a short period of time. One example of this is LeanNova, an engineering company in Trollhättan which was born out of Saab's bankruptcy. Fouriertransform has been involved from the start. The company has developed well – from 59 employees at the end of last year to around 180 today. There are also plans to employ an additional 100 people in 2014. Right from the start LeanNova successfully sought customers outside Sweden and has also opened an office in Shanghai.

One of our fastest growers, Pelagicore, has been voted onto the board of GENIVI Alliance, which represents 50 percent of all global automotive sales and has more than 170 active member companies, including 12 leading automotive manufacturers. GENIVI is the driving force behind the adoption of the Linux-based system for in-vehicle infotainment, a sector that is growing with exceptional speed.

Since the start in 2009 Fouriertransform has approved investments totaling SEK 986 million in 20 companies and, combined with investments from syndication partners, the total investment is around SEK 3 billion. Fouriertransform's mission includes providing its owner with a market rate of return and investing along commercial lines. The total invested capital of SEK 986 million compared to the estimated fair value of the existing portfolio including repaid capital from the portfolio companies is equivalent to an increase in value of around 10 percent since Fouriertransform was formed.

In the year ahead our ownership agenda remains the same for our companies; we will help them develop their full potential. We will also continue to work towards having a more balanced portfolio that includes companies in the later phases of development.

I welcome the expansion of our mandate outside the automotive sector. It provides us with a bigger arena and I see it as confirmation of the fact that we have proved it is possible to find good companies and to work in partnership with others to make a difference. This is a good investment in the competitiveness of Swedish industry.



Per Nordberg

*The amounts in the table below refer to the so-called investment company, meaning that financial investments, investments in portfolio companies and investments in securities, are measured at estimated fair value.*

Investment company highlights, SEK m	Full year 2013	Full year 2012	%
Net profit for the period	131.4	193.5	-32
Investments in portfolio companies	408.0	141.8	-
Cash flow for the period	42.9	5.4	-
Cash and bank balances and investments in securities	2,253.2	2,534.6	-11
Equity	3,282.9	3,151.5	4
Equity/assets ratio	98%	99%	-

## **Business environment and markets – signs of an upswing towards the end of the year**

The Swedish households and businesses had a much more optimistic view of economic development towards the end of the year. The confidence indicator for manufacturing industry rose clearly above the historical average, industrial production was on the rise, the assessments of order book size were not as negative as in the past and the production plans were slightly more optimistic, according to NIER's barometer. Business Sweden's Export Manager's Index (EMI) also showed a break in the trend following a prolonged weak period. Export managers were optimistic about demand from all regions and it was particularly strong in North America and Asia. In 2014 the expectations in several other surveys also indicate increased production volumes and export growth.

The Swedish households' view of the situation was more positive and the expectations were optimistic during the last months of the year.

All in all, this development resulted in GDP growth in Sweden remaining at 1.0 percent. Growth forecasts for 2014 were 2.5 percent around the end of the year.

### ***Europe and the world***

International development towards the end of 2013 also indicated that a recovery will be on the way in the next two years. In growth economies like China, growth has slowed down, although in China's case, from a very high level. The effects of the slowdown are expected to be balanced out by the potential for an improved economic situation in the OECD countries. In the USA the underlying driving forces for growth have been robust during the year, despite the fiscal squeeze in the autumn and uncertainty about the federal budget and debt ceiling. In Japan growth was sustained due to stimulus from monetary and finance policies. There was also light at the end of the tunnel in the EU towards the end of the year. In the second quarter the EU as a whole had already returned to positive growth after six consecutive quarters with stagnating or shrinking economies. There were still, however, big differences between the member nations, and in its autumn forecast, the European Commission warned that the situation is still fragile and that more stable growth cannot be expected until in the period 2014–2015.

### ***Development in manufacturing industry***

A large part of the Swedish manufacturing industry's production goes for export and it was therefore affected by fairly weak international demand in 2013. The engineering industry, which accounts for a large percentage of Swedish engineering exports, has experienced falling demand for two years from other countries. However, according to industry association Teknikföretagen, production levels rose somewhat in 2013 and the improvement can be expected to continue in 2014, albeit at a slower pace, with the global investment upswing.

### ***Bottom reached in the automotive markets***

Automotive sales in Sweden were down for the full year. The number of new car registrations fell by around 4 percent, while light commercial vehicles fell by 5 percent and heavy commercial vehicles by around 11 percent, according to industry association Bil Sweden.

In Europe the automotive markets continued to contract and during the year the number of new registrations fell by 1.7 percent for cars, but increased by 1.7 percent for commercial vehicles, compared to the same period the previous year.

However, both Bil Sweden and Teknikföretagen predicted around the end of the year that the situation had bottomed out in both Sweden and Europe. Sweden still has quite a way to go before it is back to the 2011 sales levels, and 2013 was the sixth consecutive year that car sales fell in Europe, which means that altogether there is a long way to go.

There are still structural storm clouds over the automotive industry, mainly related to continuing overcapacity, short production life cycles and high fixed manufacturing costs. These are global industry problems with an impact that goes far down the supplier chain. Consequently, there is still a need for consolidation in the industry.

## Q4 2013

### Fouriertransform's investment activities

#### *Evaluation of investment activities*

During the quarter Fouriertransform has held numerous meetings with companies in need of both capital and a long-term owner that can help the companies achieve value growth. Evaluation of investment opportunities has, in connection with Fouriertransform's expanded mandate, from the beginning of the fourth quarter included the medical technology, engineering, electronics, clean technology, high-tech and IT/telecom sectors.

#### *Investment applications*

During the quarter Fouriertransform

- received around 35 investment applications
- rejected 15

As of December 31

- the application portfolio contained around 60 applications
- of which five are under review pending an investment decision by the Board of Directors

Applications during the fourth quarter are in a variety of segments and in different investment phases in the manufacturing industry. Fouriertransform has received applications from the automotive industry and from other manufacturing industry sectors.

#### *New investments*

During the fourth quarter Fouriertransform approved an investment totaling **SEK 55.0 million** in SciBase AB in Stockholm, SEK 30.0 million of which was paid out in January 2014.



SciBase has developed a unique, patented method for the detection of malignant melanoma, the fastest growing form of cancer. The method, which is based on research at Karolinska Institutet, sends electrical impulses at different frequencies through the area of skin under examination. An algorithm trained to identify malignancy provides information within a few seconds on the extent of the malignancy of the lesion. The SciBase method is a diagnostic tool which, in cases where malignancy is hard to determine, gives physicians access to new unique information to increase the certainty of diagnosis, but also to reduce the number of unnecessary surgical procedures.

#### *Follow-on investments*

In the fourth quarter Fouriertransform made follow-on investments totaling **SEK 25.9 million** in the following portfolio companies:

- SEK 4.4 million was invested in PowerCell Sweden in Gothenburg in the form of a shareholder contribution
- SEK 8.0 million was invested in CeDe Group in Gothenburg in the form of a bridge loan
- SEK 9.0 million was invested in Pelagicore in Gothenburg in the form of a bridge loan
- SEK 4.5 million was invested in Alelion Batteries in Mölndal in the form of a bridge loan

#### *Realized value*

- Fouriertransform received a dividend from Jobro Plåtkomponenter in Ulricehamn of SEK 14.2 million
- Fouriertransform received SEK 6.0 million from LeanNova Engineering in Trollhättan as a repayment of a shareholder contribution

#### *Evaluation of investment activities*

During the fourth quarter Fouriertransform held numerous meetings with companies in need of both capital and a long-term owner that can help the companies achieve value growth. Fouriertransform has started evaluating investment opportunities outside the automotive industry, such as in the engineering, telecom and medical technology sectors

Fouriertransform also focused on meeting potential co-investors to explore opportunities for jointly investing in interesting companies.

#### *Fouriertransform's work on growing value in existing portfolio companies*

Fouriertransform's ongoing efforts to generate value in the 17 portfolio companies has continued on a large scale and has involved working on the companies' strategic focus, board composition and financing issues. During the quarter Fouriertransform reviewed the ownership agendas for its portfolio companies and discussed factors that are crucial to the companies' value growth.

Several follow-on investments were made to give the companies the capital they need to continue to develop.

## **Portfolio company activities in the fourth quarter**

- **PowerCell Sweden** in Gothenburg has initiated commercial partnerships for modular stationary reserve energy solutions for both base stations in mobile telephony and for new construction.
- **Norstel** in Norrköping has verified one of its products, so-called power wafers, with customers and is now starting series delivery of 4-inch wafers.
- **Alelion Batteries** has now concluded field tests with a large forklift truck user and is planning the first stage of delivery of lithium-ion batteries for all forklifts in a newly opened warehouse.
- **Elforest** in Örensköldsvik has signed a new contract for an electric hybridization project with a large commercial vehicle manufacturer. The innovator and co-founder of Elforest, Roger Gustavsson has won the award from the Stiftelsen Skapa foundation in Västernorrland for the third year in a row.
- **Maxtruck** in Östersund has started working on marketing its forklifts, including publishing a demonstration video on its website.
- **Applied Nano Surfaces** in Uppsala has opened new sales offices in Germany and the USA and has continued working on projects with potential license customers.
- **Vicura** in Trollhättan continues to see growing demand for its services in Sweden and Europe.
- **Jobro Plåtkomponenter** in Ulricehamn had a strong order inflow during the quarter.
- **Pelagicore** in Gothenburg continued working with a number of automotive manufacturers and subcontractors in new development projects within infotainment.

- **EELCEE** in Trollhättan has continued development work with both Swedish and foreign customers on different automotive and industrial projects involving significant weight reduction potential. A new prototype and production facility is planned in Sweden and a new business plan has been approved to focus primarily on European customers.
- **LeanNova Engineering** in Trollhättan has recruited additional employees and at the end of the quarter had around 186. The company continues to have a strong focus on international markets.
- **ArcCore** in Gothenburg has now established an operation in Munich, Germany, to focus on marketing to German customers. The company has also secured a new, important project with a leading automotive manufacturer.
- **CeDe Group** in Malmö has had a good order inflow for its new material handler based on Volvo's EW210D.
- **Smart Eye** in Gothenburg had a strong quarter for its stand-alone products and is continuing its negotiations with international subcontractors and automotive manufacturers.
- **TitanX** in Gothenburg has successfully increased its production rate at its new plant in Brazil and continues to win new cooling system contracts with global commercial vehicle manufacturers.
- **Rototest International** in Rönninge has received several new orders from automotive manufacturers and universities for hub-mounted dynamometers.
- **SciBase** in Stockholm has developed a product to detect malignant melanoma and has now started pilot sales in Germany, the Nordic countries and Australia.

## Fouriertransform's other activities during the fourth quart

### *Strategy conference*

Fouriertransform held an internal strategy conference during which the company's investment strategy taking into account the expanded mandate was discussed. This was a follow-up to a conference with the same theme held in August. Topics discussed included the types of investments Fouriertransform should make and which manufacturing industry sectors to focus on. One of the conclusions from the conference was that investments should be made in companies with highly innovative and complex products and services.

### *Meeting with Fouriertransform's external board representatives*

Fouriertransform's Board of Directors and employees had a meeting with all of Fouriertransform's external board representatives from the portfolio companies. This meeting is held at least once a year to discuss the work being done with the portfolio companies and to exchange experiences.

## Financial development in Q4

### *Fouriertransform's transition to IFRS (International Financial Reporting Standards)*

As of the fourth quarter of 2013 Fouriertransform is applying the International Financial Reporting Standards (IFRS) when preparing the financial statements for the Group. Fouriertransform meets the IFRS definition of an investment company and does not therefore prepare consolidated financial statements. Fouriertransform as an investment company (the Group) prepares separate financial statements according to IFRS where measurement of financial investments, i.e. investments in portfolio companies and investments in securities, is based on the fair value with



changes in value recognized through profit or loss. For a description of the effects of the transition to IFRS, see Note 1.

The financial statements of the parent company, Fouriertransform AB, are prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Measurement of the parent company's financial investments, investments in portfolio companies and investments in securities are therefore based on the cost method according to the Annual Accounts Act. This means that the assets are measured at cost or fair value, whichever is lowest, item by item. For a description of the accounting principles for Fouriertransform as an investment company (IFRS) and for the parent company (Annual Accounts Act/RFR 2), see Note 4.

### **Investment company**

#### ***Profit/loss***

The net profit for the quarter was SEK 128.3 million (98.6) including remeasurement of investments portfolio companies of SEK 76.6 million (127.5).

The company's costs mainly relate to employee benefit costs and project and consultancy costs. The net financial income amounted to SEK 63.5 million (-19.2). The net financial income for 2013 was mainly affected by a capital gain from the sale of fixed income and mutual funds of SEK 60.4 million and dividends and management fee discounts of SEK 4.0 million.

#### ***Cash and bank balances and investments in securities***

Cash and bank balances and investments in fixed income and mutual funds amounted to SEK 2,253 million at the end of the quarter.

#### ***Equity***

On December 31 equity amounted to SEK 3,282.9 million, of which the result for the quarter was SEK 128.3 million.

### **Parent company Fouriertransform AB**

The parent company's assets are measured at cost or fair value, whichever is lowest, item by item. As a consequence, the results for the quarter were negatively affected by a write-down of the carrying amount of interests in portfolio companies of SEK -95.1 million.

For further information, please refer to the attached income statement, balance sheet, statement of comprehensive income, cash flow statement and statement of changes in equity for the investment company and the parent company respectively.

## Full year 2013

### Fouriertransform's activities during the year

#### *Conferences for portfolio companies*

In September Fouriertransform arranged its annual portfolio company conference which was attended by the CEOs and chairmen of Fouriertransform's portfolio companies and Fouriertransform's employees and the Chairman of the Board. The purpose of the conference was, among other things, to allow the portfolio companies to present their strategic focus and operations to each other and to provide a forum for discussion on joint business opportunities and possible cooperation.

In December Fouriertransform arranged its first CFO conference attended by the CFOs of the portfolio companies and Fouriertransform's CEO, CFO and Chief Accountant. The purpose was to provide an opportunity for cooperation and to exchange experiences.

#### *Internal strategy conferences*

Fouriertransform held four internal strategy conferences during the year, two of which addressed Fouriertransform's ownership model, maintenance of the external network, deal-flow activities, positioning in the market, value creation for the portfolio companies and following up their progress, as well as corporate governance, including an annual evaluation of the work of the portfolio companies' boards, internal control and remuneration to senior executives.

The two other conferences were held due to the decision in August regarding Fouriertransform's expanded investment mandate to invest in companies in the automotive industry as well as other areas of manufacturing industry and related services, instead of only in the automotive industry as in the past. Topics covered at the conferences included the type of investments Fouriertransform will make, prioritized sectors in manufacturing industry, and evaluating Fouriertransform's internal resources. One of the conclusions drawn was that investments should be made in companies with highly innovative and complex products and services and with significant growth potential.

#### *Fouriertransform's sustainability work*

In its owner guidelines, the Government has stipulated that state-owned companies are to be role models with respect to sustainable business practices. Accordingly, in 2013 Fouriertransform continued its work on developing the sustainability focus of the portfolio companies. The starting point is that sustainability goals should be relevant and integrated into the portfolio companies' operations. The goals should be able to be followed-up, clear and easy to communicate so that all stakeholders understand them.

In its sustainability guidelines, the Government stresses factors such as the climate and safety. At Fouriertransform the value creation process is the engine of the company's sustainability work. By investing in companies with unique and commercially viable products and services or production in manufacturing industry, Fouriertransform is helping to promote sustainable development because the products, services or production processes are, in almost all cases, more sustainable than their predecessors.

In order to create a sustainable company from a sustainable business concept it is necessary to equip the company for growth in a globalised and changing world where environmental, social and financial challenges and opportunities await. As an owner, Fouriertransform works to ensure that all of the portfolio companies have a systematic and sharp focus on important aspects of sustainability.

Goals should be based on establishing and evaluating sustainability-related risks and opportunities and should be relevant to the nature of the business and the phase the company is in. The goals should be linked to a plan of action which is followed-up on a regular basis. Fouriertransform, in its role as owner, should act as a partner for analysis, goal-setting and follow-up.

#### ***Audit committee review***

The audit committee is made up of the members of Fouriertransform's Board of Directors. During the first quarter, according to a board decision and as in previous years, the committee conducted a review of Fouriertransform's internal control and risk management. The areas that were examined were governance and control systems, internal control structures, IT and computer security, project management and compliance. The review tasks were shared among the board members and included an evaluation of the boards of two of the portfolio companies. The review had positive results.

#### ***Seminars***

In June Fouriertransform and FKG (Scandinavian automotive supplier association) jointly arranged seminars in Gothenburg and Stockholm to address strategic challenges and options for the Swedish automotive industry. The topics covered included how companies will meet the need for internationalization and faster product development, and how to secure a supply of talent and financing. Around 150 people participated and a number of distinguished speakers shared their views on the topics being discussed. They included Richard Perry-Jones from Automotive Council UK and Lars Holmqvist, formerly CEO of CLEPA, the European Association of Automotive Suppliers.

In July representatives from Fouriertransform's Board of Directors and the CEO participated in Almedal Week. The CEO arranged a seminar on the theme "The future of the Swedish manufacturing industry." He was also a speaker at a seminar entitled "How Sweden can guarantee the success of its automotive industry."

In August Fouriertransform in cooperation the business leaders' organization Företargarna in Sotenäs and Lysekil Municipality arranged a conference on success factors for business and how companies can increase their net sales.

## **Fouriertransform's investment activities during the year**

#### ***Evaluating investment activities***

During the year Fouriertransform held numerous meetings with companies in need of both capital and a long-term owner that can help them achieve value growth. The evaluation of investment opportunities has, in connection with Fouriertransform's expanded mandate, from the beginning of the fourth quarter been carried out throughout manufacturing industry, for example in the medical technology, engineering, electronics, clean technology, high-tech and IT/telecom sectors.

Fouriertransform has also focused on meeting potential co-investors to explore opportunities for jointly investing in interesting companies.

#### ***Investment applications***

During the year Fouriertransform

- received around 120 investment applications
- rejected 47

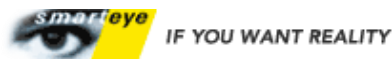
At the end of the year the application portfolio contained

- around 60 applications
- five of which are under review pending an investment decision by the Board of Directors

Applications in 2013 came from companies in different investment phases in the automotive and manufacturing industries in sectors such as medical technology, engineering, electronics, clean technology, high-tech and IT/telecoms.

### *New investments in 2013*

In 2012 Fouriertransform approved investments totaling **SEK 282.8 million**, including directly attributable costs in four new companies:



In February Fouriertransform approved an investment totaling **SEK 27.2 million**, including directly attributable costs, in **Smart Eye AB** in Gothenburg through a directed new share issue and a loan.

Smart Eye develops and sells software and systems for eye sensors and has developed a safety and comfort product specifically for the automotive industry called Smart Eye Anti Sleep. The product is unique with its multi-camera system and high-qualitative algorithms for image processing.



In March Fouriertransform approved an investment of **SEK 187.7 million**, including directly attributable costs, in **TitanX** which is headquartered in Gothenburg, through a rights issue.

TitanX is a leading supplier of cooling components and modules for the global heavy vehicle industry and has most of the major heavy vehicle manufacturers as customers, for example Daimler, Scania and Volvo. TitanX has production facilities in Mjällby and Linköping and in the USA. New production facilities have recently been opened in Brazil and additional production will start in the near future in Mexico. The company has net sales of around SEK 1.4 billion and has around 800 employees. TitanX distinguishes itself from its competitors by only focusing on the commercial vehicle industry. The company has made adjustments to its production volumes and for the special production development requirements of heavy vehicles.



During the quarter Fouriertransform approved an investment totaling **SEK 12.9 million**, including directly attributable costs, in **Rototest International AB** in Rönninge.

Rototest International AB develops, manufactures and markets test equipment, so-called dynamometers, for the automotive industry. The company's patented solutions for hub-mounted automotive dynamometers offer many times more accurate measurements than traditional technologies and meet the automotive industry's increasingly complex needs. Rototest's customers are automotive manufacturers, subcontractors and universities, and are found in the important automotive aftermarket.



During the fourth quarter Fouriertransform approved an investment totaling **SEK 55.0 million** in **SciBase AB** in Stockholm, SEK 30.0 million of which was paid out in January, 2014.

SciBase has developed a unique, patented method for the detection of malignant melanoma, the fastest growing form of cancer. The method, which is based on research at Karolinska Institutet, sends electrical impulses at different frequencies through the area of skin under examination. An algorithm trained to identify malignancy provides information within a few seconds on the extent of the malignancy of the lesion. The SciBase method is a diagnostic tool which, in cases where malignancy is hard to determine, gives physicians access to new unique information to increase the certainty of diagnosis, but also to reduce the number of unnecessary surgical procedures.

### *Follow-on investments in 2013*

In 2013 Fouriertransform made follow-on investments totaling SEK **124.7 million** in the following portfolio companies:

- SEK 9.8 million was invested in **CeDe Group** in Malmö in the form of a shareholder contribution and SEK 8.0 million in the form of a bridge loan
- SEK 9.2 million was invested in **Alelion Batteries** in Mölndal through a new share issue and a shareholder contribution and SEK 4.5 million in the form of a bridge loan
- SEK 12.0 million was invested in **Peligacore** in Mölndal through a new share issue and SEK 9.0 million in the form of a bridge loan
- SEK 2.5 million was invested in **Elforest** in Örnköldsvik through a convertible loan and SEK 2.5 million in a new share issue
- SEK 7.4 million was invested in **Applied Nano Surfaces** in Uppsala through Fouriertransform's participation in a new share issue
- SEK 50.0 million was invested in **Norstel** in Norrköping through a new share issue
- SEK 0.7 million was invested in **Maxtruck** in Östersund in the form a shareholder contribution
- SEK 1.2 million was invested in **LeanNova Engineering** when shares were acquired from existing shareholders
- SEK 0.9 million was invested in **Vicura** in Trollhättan through an acquisition of shares by Fouriertransform and shareholder contributions from existing shareholders
- SEK 7.0 million was invested in **PowerCell Sweden** in Gothenburg in the form of a shareholder contribution

### *Realized value in 2013*

- Fouriertransform received a dividend from Jobro Plåtkomponenter in Ulricehamn of SEK 14.2 million
- Fouriertransform received SEK 6.0 million from LeanNova Engineering in Trollhättan as a repayment of a shareholder contribution

### *Fouriertransform's work on growing value in existing portfolio companies*

Fouriertransform's ongoing efforts to generate value in the 17 portfolio companies has continued on a large scale and has involved working on the companies' strategic focus, board composition and financing issues. During the year Fouriertransform reviewed the ownership agendas for its portfolio companies and discussed factors that are crucial to the companies' growth.

Several follow-on investments were made to give the companies the capital they need to continue to develop.

## **Fouriertransform's investments as of December 31**

### *All investments*

- Since the start Fouriertransform has invested in **20 companies** as a new shareholder
- The portfolio currently contains **17 portfolio companies**

As of December 31, 2013 Fouriertransform had decided to invest in 20 companies as a new shareholder: PowerCell Sweden AB, Norstel AB, NovaCast Technologies AB, FlexProp AB, EffPower AB, Alelion Batteries AB, Elforest AB, Max Truck AB, Applied Nano Surfaces AB, Vicura AB, Jobro Plåtkomponenter AB, Pelagicore AB, EELCEE AB, LeanNova Engineering AB, ArcCore AB, CeDe Group AB, Smart Eye AB, TitanX, Rototest International and SciBase AB.

The investments in NovaCast Technologies and Effpower have been written off in their entirety and the entire holding in FlexProp has been sold. Accordingly, as of December 31, 2013 the portfolio consisted of 17 portfolio companies.

**Total invested capital**

- Investments approved totaling **SEK 1,011 million**
- of which a total of **SEK 986 million**, including directly attributable costs, has been paid out

The total amount invested with syndication partners is around SEK 3.0 billion.

**Fouriertransform's portfolio**

As of December 31, 2013 Fouriertransform's portfolio consisted of 17 portfolio companies. The companies' net sales total around SEK 1.8 billion, they employ a total of around 1,300 people and are geographically spread throughout Sweden with an emphasis on Västra Götaland.

Fouriertransform works actively to create value in the companies, right from the time of the initial investment.

**Fouriertransform's investments as of December 31, 2013**

	Location	Initial investment	% of capital <sup>2)</sup>	% of votes <sup>1)</sup>
<b>Later stage ventures</b>				
PowerCell Sweden AB	Gothenburg	Oct. 2009	29%	30%
Norstel AB	Norrköping	Feb. 2010	99%	99%
Alelion Batteries AB	Möln dal	June 2010	59%	48%
Elforest AB	Örnsköldsvik	June 2010	57%	59%
Max Truck AB	Östersund	July 2010	35%	35%
Applied Nano Surfaces Sweden AB	Uppsala	Dec. 2010	35%	35%
Pelagicore AB	Gothenburg	Sep. 2011	55%	55%
EELCEE AB	Trollhättan	Dec. 2011	45%	45%
SciBase AB	Stockholm	Dec. 2013	18%	18%
<b>Estimated fair value SEK 503.2 million</b>				
<b>Growth</b>				
Vicura AB	Trollhättan	Jan. 2011	86%	86%
Jobro Plåtkomponenter AB	Ulricehamn	May 2011	71%	45%
LeanNova Engineering AB	Trollhättan	Jan. 2012	90%	99%
ArcCore AB	Gothenburg	Apr. 2012	31%	31%
CeDe Group AB	Malmö	May 2012	48%	49%
Smart Eye AB	Gothenburg	Feb. 2013	16%	17%
TitanX Holding AB	Stockholm	Mar. 2013	38%	40%
Rototest International AB	Rönninge	July 2013	39%	44%
<b>Estimated fair value SEK 579.3 million</b>				
<b>Total estimated fair value SEK 1,082.5 million</b>				

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

2) Refers to percentage of capital taking into account full dilution of all outstanding convertibles and warrants.

## Fouriertransform's 17 portfolio companies as of December 31, 2013



## PowerCell Sweden AB – fuel cell makes electricity from hydrogen

Phase	Later-stage venture	The company develops and distributes advanced fuel cell systems for the transport industry and certain other high-tech markets. The 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. <a href="http://www.powercell.se">www.powercell.se</a>
Location	Gothenburg	
Initial investment	Oct. 2009	
% of capital	29%	
% of votes	30%	



## Norstel AB – new technology for hybrid vehicles

Phase	Later-stage venture	The company develops SiC wafers which are an important component for the successful development and production of green hybrid vehicles. The company's results, combined with a modern development and production facility, provide a good basis for launching the products onto the market. <a href="http://www.norstel.com">www.norstel.com</a>
Location	Norrköping	
Initial investment	2010	
% of capital	99%	
% of votes	99%	



## Alelion Batteries AB – energy storage systems for the automotive industry

Phase	Later-stage venture	The company develops, manufactures and markets complete energy storage systems primarily for the automotive industry. The systems are based on lithium iron phosphate batteries. <a href="http://www.alelion.com">www.alelion.com</a>
Location	Mölnadal	
Initial investment	June 2010	
% of capital	59%	
% of votes	48%	


**Elforest AB – modern technology to run vehicles more efficiently**

Phase	Later-stage venture	Elforest is an innovative company whose business concept is to use modern technology to run vehicles more efficiently. In recent years the company's focus has shifted from solutions to increase the productivity and efficiency of forestry machinery to a broader offering that creates added value for customers and the environment in multiple industries. <i>www.el-forest.se</i>
Location	Örnsköldsvik	
Initial investment	June 2010	
% of capital	57%	
% of votes	59%	

**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	July 2010	
% of capital	35%	
% of votes	35%	



Applied Nano Surfaces

**Applied Nano Surfaces Sweden AB – unique technology for reducing friction**

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 fraction of the cost of equivalent coatings. <i>www.appliednanosurfaces.com</i>
Location	Uppsala	
Initial investment	Dec. 2010	
% of capital	35%	
% of votes	35%	





#### Vicura AB – SAAB's transmission developers

Phase	Growth	<p>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 for them.</p> <p><a href="http://www.vicura.se">www.vicura.se</a></p>
Location	Trollhättan	
Initial investment	Jan. 2011	
% of capital	86%	
% of votes	86%	



#### Jobro Plåtkomponenter AB – full service supplier of complex sheet metal parts

Phase	Growth	<p>The company manufactures and sells prototypes and short production runs of complex sheet metal parts for the engineering industry, focusing on the automotive industry. The company is a full service supplier with expertise in press tempering, materials science, tool making and production engineering.</p> <p><a href="http://www.jobro.se">www.jobro.se</a></p>
Location	Ulricehamn	
Initial investment	May 2011	
% of capital	71%	
% of votes	45%	



#### Pelagicore AB – technology and product development for infotainment systems

Phase	Later-stage venture	<p>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 in vehicles. Its customers are primarily car manufacturers and their suppliers.</p> <p><a href="http://www.pelagicore.com">www.pelagicore.com</a></p>
Location	Gothenburg	
Initial investment	Sept. 2011	
% of capital	55%	
% of votes	55%	

## EELCEE

### EELCEE AB – composite components for the automotive industry

Phase	Later-stage venture	EELCEE is a spin-off from 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. <a href="http://www.eelcee.com">www.eelcee.com</a>
Location	Trollhättan	
Initial investment	Dec. 2011	
% of capital	45%	
% of votes	45%	

## Leannova

### LeanNova Engineering AB – engineering company for complete development projects

Phase	Growth	LeanNova is a start-up company established by Fouriertransform, Innovatum and senior personnel from Saab Automobile. LeanNova delivers complete development projects to customers in the Swedish and international automotive industry. <a href="http://www.leannova.se">www.leannova.se</a>
Location	Trollhättan	
Initial investment	Jan. 2012	
% of capital	90%	
% of votes	99%	

## 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. <a href="http://www.arccore.com">www.arccore.com</a>
Location	Gothenburg	
Initial investment	April 2012	
% of capital	31%	
% of votes	31%	

## 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. <a href="http://www.cede-group.se">www.cede-group.se</a>
Location	Malmö	
Initial investment	May 2012	
% of capital	48%	
% of votes	49%	


**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. <a href="http://www.smarteye.se">www.smarteye.se</a>
Location	Gothenburg	
Initial investment	Feb. 2013	
% of capital	16%	
% 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. <a href="http://www.titanx.com">www.titanx.com</a>
Location	Gothenburg	
Initial investment	Mar. 2013	
% of capital	38%	
% of votes	40%	


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

Phase	Later-stage venture	Rototest develops, manufactures and markets test equipment, so-called hub-mounted dynamometers, for the automotive industry. The company's patented solutions for hub-mounted automotive dynamometers offer many times greater measurement accuracy than traditional technology. <a href="http://www.rototest.com">www.rototest.com</a>
Location	Rönninge	
Initial investment	July 2013	
% of capital	39%	
% of votes	44%	


**SciBase AB – unique method for the detection of malignant melanoma**

Phase	Later-stage venture	SciBase has developed a unique method for detecting malignant melanoma. The SciBase method, which is based on research at Karolinska Institutet, sends electrical impulses at different frequencies through the area of skin under examination. <a href="http://www.scibase.com">www.scibase.com</a>
Location	Stockholm	
Initial investment	Dec. 2013	
% of capital	18%	
% of votes	18%	

## Financial development, full year 2013

### *Fouriertransform's transition to IFRS (International Financial Reporting Standards)*

As of the fourth quarter of 2013 Fouriertransform is applying the International Financial Reporting Standards (IFRS) when preparing the financial statements for the Group. Fouriertransform meets the IFRS definition of an investment company and does not therefore prepare consolidated financial statements. Fouriertransform as an investment company (the Group) prepares separate financial statements according to IFRS where measurement of financial investments, i.e. investments in portfolio companies and investments in securities, is based on the fair value with changes in value recognized through profit or loss. For a description of the effects of the transition to IFRS, see Note 1.

The financial statements of the parent company, Fouriertransform AB, are prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Measurement of the parent company's financial investments, investments in portfolio companies and investments in securities are therefore based on the cost method according to the Annual Accounts Act. This means that the assets are measured at cost or fair value, whichever is lowest. For a description of the accounting principles for Fouriertransform as an investment company (IFRS) and for the parent company (Annual Accounts Act/RFR 2), see Note 4.

### Investment company

#### *Profit/loss*

Profit for the year after tax was SEK 131.4 million (193.5) including remeasurement of investments in portfolio companies of SEK 76.6 million (127.5).

The company's costs mainly relate to employee benefit costs and project and consultancy costs. Net financial income amounted to SEK 108.9 million (144.6). Net financial income for 2013 was mainly affected by capital gains from the sale of fixed income and mutual funds of SEK 66.0 million and dividends and management fee discounts of SEK 44.0 million.

Since the start Fouriertransform has invested a total of SEK 986 million, which, compared with the estimated fair value of the existing portfolio, SEK 1,082 million, and repaid capital from the portfolio companies, SEK 23 million, represents an increase in value of around 10 percent since Fouriertransform was formed.

#### *Cash flow*

The total cash flow for the quarter amounted to SEK 42.9 million of which investments in portfolio companies accounted for SEK -341.8 million. The cash and bank balances and short-term investments in fixed income and mutual funds amounted to SEK 2,253 million at the end of the year.

#### *Equity*

On December 31, the company's equity amounted to SEK 3,282.9 million, of which the profit for the year accounted for SEK 131.4 million.

### Parent company Fouriertransform AB

The parent company's assets are measured at cost or fair value, whichever is lowest, item by item. As a consequence, profit for the year was negatively affected by a write-down of the carrying amount of interests in portfolio companies of SEK -95.1 million.

For further information, please refer to the attached income statement, balance sheet, statement of comprehensive income, cash flow statement and statement of changes in equity for the investment company and the parent company respectively.

#### ***Proposal to the Annual General Meeting 2014***

The Annual General Meeting (AGM) for Fouriertransform will be held in Stockholm on April 23, 2014. Notice of the AGM will be sent out by March 25. The Board of Directors will propose that the retained loss of SEK -20.9 million and the loss for the year of SEK -34.2 million, totaling SEK -55.1 million, be carried forward. The Annual Report for the 2013 financial year will be published on March 12, 2014.

#### ***Accounting principles***

As of the fourth quarter of 2013 Fouriertransform is applying the International Financial Reporting Standards (IFRS) when preparing the financial statements for the Group. Fouriertransform meets the IFRS definition of an investment company and does not therefore prepare consolidated financial statements. Fouriertransform as an investment company (the Group) prepares separate financial statements according to IFRS where measurement of financial investments, i.e. investments in portfolio companies and investments in securities, is based on fair value with changes in value recognized through profit or loss. Remeasurement of holdings in portfolio companies at estimated fair value was carried out as of December 31, 2012 and December 31, 2013. The effect of the remeasurement has been assigned to the fourth quarter of the respective years but represents the change for the full year.

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

This year-end report for Fouriertransform as an investment company was prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The year-end report for the parent company, Fouriertransform AB, was prepared in accordance with the Annual Accounts Act. This is the first financial report that Fouriertransform has prepared after the transition to IFRS.

For a description of the effects of the transition to IFRS, see Note 1. For a description of the accounting principles for Fouriertransform as an investment company (IFRS) and as the parent company (Annual Accounts Act/RFR 2), see Note 4.

#### ***Risks and uncertainties***

Significant risks and uncertainties pertaining to the company are described in the Directors' Report in the 2012 Annual Report.

#### ***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 resolution and 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 in enterprises with innovative and commercially viable products within the automotive and manufacturing industry.

For further information, please visit Fouriertransform's website [www.fouriertransform.se](http://www.fouriertransform.se)

**Contact persons for further information**

CEO, Per Nordberg +46 (0) 8 410 40 601  
 CFO, Ulf Järvenäs +46 (0) 8 410 40 603

**Financial calendar 2014**

Q1 interim report 2014	April 29, 2014
Q2 interim report 2014	July 16, 2014
Q3 interim report 2014	October 28, 2014
Q4 interim report and year-end report 2014	February 13, 2015

**Statement of comprehensive income, investment company**

Investment company, SEK 000s	Q4 2013	Q4 2012	%	Full year 2013	Full year 2012	%
<b>Portfolio companies</b>						
Realized profit/loss from sold portfolio companies	-	-	-	-	-7,089	-
Unrealized profit/loss portfolio companies 1)	76,554	127,513	-40%	76,554	127,513	-40%
Interest income, receivables in portfolio companies	3,326	146	-	4,488	1,146	-
Dividends from portfolio companies	14,230	-	-	14,230	-	-
<b>Profit/loss from portfolio companies</b>	<b>94,110</b>	<b>127,659</b>	<b>-26%</b>	<b>95,273</b>	<b>121,570</b>	<b>-22%</b>
Income, consulting	4,300	-	-	5,657	2,378	138%
<b>Operating expenses</b>						
Other external expenses	-6,398	-9,332	31%	-22,244	-26,706	17%
Employee benefit expenses	-9,595	-7,972	-20%	-35,427	-30,788	-15%
Depreciation of property, plant and equipment	-237	-224	-6%	-929	-866	-7%
Total operating expenses	-16,231	-17,528	7%	-58,601	-58,360	-
<b>Operating profit/loss</b>	<b>82,180</b>	<b>110,131</b>	<b>-25%</b>	<b>42,329</b>	<b>65,588</b>	<b>-35%</b>
<b>Profit/loss from financial items</b>						
Financial income	64,547	18,003	-	155,000	146,027	6%
Financial expense	-1,068	-37,183	-	-46,115	-1,405	-
Total profit/loss from financial items	63,479	-19,180	-	108,885	144,622	-25%
<b>Profit/loss after financial items</b>	<b>145,659</b>	<b>90,951</b>	<b>60%</b>	<b>151,214</b>	<b>210,210</b>	<b>-28%</b>
Tax on profit/loss for the period	-17,402	7,653	-	-19,842	-16,671	-19%
<b>Net profit/loss for the period</b>	<b>128,257</b>	<b>98,604</b>	<b>30%</b>	<b>131,372</b>	<b>193,539</b>	<b>-32%</b>
Other comprehensive income	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>128,257</b>	<b>98,604</b>	<b>30%</b>	<b>131,372</b>	<b>193,539</b>	<b>-32%</b>

1) Remeasurement of holdings in portfolio companies to estimated fair value was carried out as of December 31, 2012 and December 31, 2013. The effect of the remeasurement has been assigned to the fourth quarter of the respective years but represent the change for the full year.

**Cash flow statement, investment company**

Investment company, SEK 000s	Full year 2013	Full year 2012
<b>Operating activities</b>		
Operating profit/loss	42,329	65,588
<i>Adjustments for items not affecting cash flow</i>		
Depreciation and write-downs	929	866
Interest income, portfolio companies	-3,026	-55
Realized profit/loss from sold portfolio companies	-	7,089
Unrealized profit/loss portfolio companies	-76,554	-127,513
Interest received, bank balances	378	423
Interest paid	-94	-
Income tax paid	-11,964	-13,501
<b>Cash flow from operating activities before changes in working capital</b>	<b>-48,002</b>	<b>-67,103</b>
<i>Changes in working capital</i>		
Increase/decrease in trade receivables	-2,500	2,709
Increase/decrease in other current receivables	665	-1,087
Increase/decrease in accounts payable	-146	66
Increase/decrease in other current liabilities	2,006	-26,080
<b>Cash flow from operating activities</b>	<b>-47,977</b>	<b>-91,494</b>
<b>Investment activities</b>		
Investments in property, plant and equipment	-240	-372
Investments in shares in portfolio companies	-325,393	-123,160
Investments in shares in portfolio companies	-	26
Loans to portfolio companies	-16,453	-15,233
Change in investments in securities	432,933	235,238
Increase/decrease in other long-term investments	-	367
<b>Cash flow from investment activities</b>	<b>90,847</b>	<b>96,865</b>
<b>Financing activities</b>		
	-	-
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flow for the period</b>	<b>42,870</b>	<b>5,371</b>
<b>Cash and bank balances at beginning of period</b>	<b>17,400</b>	<b>12,029</b>
<b>Cash and bank balances at end of period</b>	<b>60,270</b>	<b>17,400</b>

**Balance sheet, investment company**

Investment company, SEK 000s	December 31, 2013	December 31, 2012
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Equipment	1,951	2,640
<b>Financial non-current assets</b>		
<i>Investments in portfolio companies</i>		
Shares in portfolio companies	986,214	554,267
Receivables in portfolio companies	37,686	21,233
Convertible assets in portfolio companies	58,600	58,600
<i>Total investments in portfolio companies</i>	<i>1,082,500</i>	<i>634,100</i>
Other non-current receivables	140	140
<b>Total financial non-current assets</b>	<b>1,082,640</b>	<b>634,240</b>
<b>Total non-current assets</b>	<b>1,084,592</b>	<b>636,880</b>
<b>Current assets</b>		
<b>Current receivables</b>		
Trade receivables	2,500	-
Other current receivables	3,082	10
Prepaid expenses and accrued income	9,197	9,908
<b>Total current receivables</b>	<b>14,779</b>	<b>9,918</b>
Investments in securities	2,192,892	2,517,224
Cash and bank balances	60,270	17,400
<b>Total current assets</b>	<b>2,267,941</b>	<b>2,544,541</b>
<b>Total assets</b>	<b>3,352,532</b>	<b>3,181,421</b>
<b>Equity and liabilities</b>		
Share capital	3,000,100	3,000,100
Profit/loss brought forward including net profit/loss for the period	282,825	151,453
<b>Total equity</b>	<b>3,282,925</b>	<b>3,151,552</b>
<b>Non-current liabilities</b>		
Other non-current liabilities	106	106
Deferred tax liabilities	6,177	6,477
<b>Total non-current liabilities</b>	<b>6,283</b>	<b>6,583</b>
<b>Current liabilities</b>		
Accounts payable	2,278	2,424
Current tax liability	21,380	13,203
Other current liabilities	34,636	3,287
Accrued expenses	5,030	4,373
<b>Total current liabilities</b>	<b>63,324</b>	<b>23,287</b>
<b>Current liabilities</b>	<b>69,607</b>	<b>29,869</b>
<b>Total equity and liabilities</b>	<b>3,352,532</b>	<b>3,181,421</b>



**Statement of changes in equity, investment company**

Investment company, SEK 000s	Share capital	Profit/loss brought forward including profit/loss for the period	Total equity
<b>Equity, January 1, 2012</b>	<b>3,000,100</b>	<b>-63,938</b>	<b>2,936,162</b>
Adjustment for transition to IFRS (see Note 1)	0	21,853	21,853
<b>Adjusted equity, January 1, 2012</b>	<b>3,000,100</b>	<b>-42,085</b>	<b>2,958,015</b>
Comprehensive income for the period	0	193,539	193,539
<b>Equity, December 31 2012</b>	<b>3,000,100</b>	<b>151,454</b>	<b>3,151,554</b>
<b>Equity, January 1, 2013</b>	<b>3,000,100</b>	<b>151,454</b>	<b>3,151,554</b>
Comprehensive income for the period	0	131,372	131,372
<b>Equity, December 31, 2013</b>	<b>3,000,100</b>	<b>282,826</b>	<b>3,282,926</b>

## Income statement, parent company Fouriertransform AB

Parent company, SEK 000s	Q4 2013	Q4 2012	%	Full year 2013	Full year 2012	%
Net sales, consulting	4,300	-	-	5,657	2,378	138
<b>Operating expenses</b>						
Other external expenses	-5,802	-8,823	34	-17,211	-23,459	27
Employee benefit expenses	-9,595	-7,972	-20	-35,427	-30,788	-15
Depreciation of property, plant and equipment	-237	-224	-6	-929	-866	-7
Total operating expenses	-15,634	-17,019	8	-53,567	-55,113	3
<b>Operating profit/loss</b>	<b>-11,334</b>	<b>-17,019</b>	<b>33</b>	<b>-47,910</b>	<b>-52,735</b>	<b>9</b>
<b>Profit/loss from financial items</b>						
<b>Portfolio companies</b>						
Capital gain/loss from sold portfolio companies	-	-	-	-	-7,089	-
Dividends from portfolio companies	14,230	-	-	14,230	-	-
Interest income, receivables in portfolio companies	3,326	146	-	4,488	1,146	-
Write-downs, portfolio companies	-95,099	-	-	-95,099	-14,991	-
<b>Profit/loss from portfolio companies</b>	<b>-77,543</b>	<b>146</b>	<b>-</b>	<b>-76,381</b>	<b>-20,934</b>	<b>-</b>
Interest income and similar profit/loss items	64,547	18,003	-	110,337	131,619	-16
Interest expense and similar profit/loss items	-	-	-	-94	-1,405	93
<b>Total profit/loss from financial items</b>	<b>-12,996</b>	<b>18,149</b>	<b>-</b>	<b>33,862</b>	<b>109,280</b>	<b>18</b>
<b>Profit/loss after financial items</b>	<b>-24,330</b>	<b>1,130</b>	<b>-</b>	<b>-14,048</b>	<b>56,545</b>	<b>43</b>
Tax on profit/loss for the period	-17,637	-527	-	-20,141	-13,501	-49
<b>Profit/loss for the period 1)</b>	<b>-41,967</b>	<b>603</b>	<b>-</b>	<b>-34,189</b>	<b>43,044</b>	<b>42</b>

1) Profit/loss for the period is also the period's comprehensive income for the parent company.

**Balance sheet, parent company Fouriertransform AB**

Parent company, SEK 000s	December 31, 2013	December 31, 2012
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Equipment	1,951	2,640
<b>Financial non-current assets</b>		
<i>Investments in portfolio companies</i>		
Shares in portfolio companies	718,809	364,992
Receivables in portfolio companies	37,686	21,233
Convertible assets in portfolio companies	10,000	98,489
<i>Total investments in portfolio companies</i>	<i>766,495</i>	<i>484,714</i>
Other non-current receivables	140	140
<b>Total financial non-current assets</b>	<b>766,635</b>	<b>484,854</b>
<b>Total non-current assets</b>	<b>768,586</b>	<b>487,494</b>
<b>Current assets</b>		
<b>Current receivables</b>		
Trade receivables	2,500	-
Other current receivables	3,082	10
Prepaid expenses and accrued income	9,197	9,908
<b>Total current receivables</b>	<b>14,779</b>	<b>9,918</b>
Investments in securities	2,164,812	2,487,786
Cash and bank balances	60,270	17,400
<b>Total current assets</b>	<b>2,239,861</b>	<b>2,515,104</b>
<b>Total assets</b>	<b>3,008,447</b>	<b>3,002,598</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<i>Restricted equity</i>		
Share capital	3,000,100	3,000,100
<i>Non-restricted equity</i>		
Profit/loss brought forward	-20,895	-63,938
Net profit/loss for the period	-34,189	43,044
Total non-restricted equity	-55,084	-20,894
<b>Total equity</b>	<b>2,945,016</b>	<b>2,979,206</b>
<b>Non-current liabilities</b>		
Other non-current liabilities	106	106
<b>Total non-current liabilities</b>	<b>106</b>	<b>106</b>
<b>Current liabilities</b>		
Accounts payable	2,278	2,424
Current tax liability	21,380	13,203
Other current liabilities	34,637	3,286
Accrued expenses	5,030	4,373
<b>Total current liabilities</b>	<b>63,325</b>	<b>23,286</b>
<b>Current liabilities</b>	<b>63,431</b>	<b>23,392</b>
<b>Total equity and liabilities</b>	<b>3,008,447</b>	<b>3,002,598</b>
Pledged assets for portfolio company bank loans	35,000	None
Contingent liabilities for portfolio company bank loans	35,000	35,088

### *Note 1 Transition to IFRS*

#### **The investment company (the Group) – effects of transition to IFRS**

The financial statements for the investment company (the Group) for 2013 have been prepared by applying the EU-approved International Financial Reporting Standards (IFRS). This year-end report is the first financial report that Fouriertransform has prepared in accordance with IFRS. The investment company's significant accounting principles are described in Note 4.

Fouriertransform has chosen to early adopt the exemptions for investment entities in IFRS 10 Consolidated Financial Statements which go into force for the financial year beginning on January 1, 2014 or later. Under the exemption for investment entities, Fouriertransform is not required to prepare consolidated financial statements. Instead separate financial statements are prepared for the Group where the subsidiaries, associated companies and other financial investments are measured at fair value in the balance sheet with changes in value recognized through profit or loss.

The transition date to IFRS set at January 1, 2012. The transition to IFRS is reported in accordance with the standard IFRS 1 First-time Adoption of International Financial Reporting Standards. The main principle in IFRS 1 requires that a company applies all of the IFRS standards retrospectively when establishing the opening balance according to IFRS. Certain exceptions from the retrospective application are, however, permitted. Fouriertransform has decided not to apply any of the exemptions.

The following tables present and quantify the material effects of the transition to IFRS. Explanations of the adjustments are described in references a)–c) below the tables. Since the investment company's (the Group's) financial report according to IFRS consist of separate financial statements, the effects of the transition to IFRS are presented based on the parent company's separate financial statements prepared in accordance with the previous principles (the Annual Accounts Act and the Swedish Accounting Standards Board's recommendations). Fouriertransform has not prepared any consolidated financial statements based on the previous accounting principles.

## Transitional balance sheet, January 1, 2012

Investment company, SEK 000s	Parent company Previous principles January 1, 2012	IFRS adjustmen t	Reference	Investment company IFRS January 1, 2012
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Property, plant and equipment</b>				
Equipment	3,134			3,134
<b>Financial non-current assets</b>				
<i>Investments in portfolio companies</i>				
Shares in portfolio companies	260,535	10,130	a	270,665
Receivables in portfolio companies	6,000			6,000
Convertible assets in portfolio companies	103,114			103,114
<i>Total investments in portfolio companies</i>	<i>369,649</i>	<i>10,130</i>		<i>379,779</i>
Other non-current receivables	367			367
<b>Total financial non-current assets</b>	<b>370,016</b>	<b>10,130</b>		<b>380,146</b>
<b>Total non-current assets</b>	<b>373,150</b>	<b>10,130</b>		<b>383,280</b>
<b>Current assets</b>				
<b>Total current receivables</b>	<b>8,240</b>			<b>8,240</b>
Investments in securities	2,591,828	15,030	B	2,606,858
Cash and bank balances/cash and cash equivalents	12,029			12,029
<b>Total current assets</b>	<b>2,612,097</b>	<b>15,030</b>		<b>2,627,127</b>
<b>Total assets</b>	<b>2,985,247</b>	<b>25,160</b>		<b>3,010,407</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	3,000,100			3,000,100
Profit/loss brought forward including profit/loss for the period	-63,938	21,854	a, b, c	-42,084
<b>Total equity</b>	<b>2,936,162</b>			<b>2,958,016</b>
<b>Non-current liabilities</b>				
Other non-current liabilities	-			-
Deferred tax liabilities	-	3,307	b, c	3,307
<b>Total non-current liabilities</b>	<b>-</b>	<b>3,307</b>		<b>3,307</b>
<b>Total current liabilities</b>	<b>49,085</b>			<b>49,085</b>
<b>Current liabilities</b>	<b>49,085</b>	<b>3,307</b>		<b>52,392</b>
<b>Total equity and liabilities</b>	<b>2,985,247</b>	<b>25,160</b>		<b>3,010,407</b>

## Transitional balance sheet, December 31, 2012

Investment company, SEK 000s	Parent company Previous principles December 31, 2012	IFRS adjustmen t	Reference	Investment company IFRS December 31, 2012
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Property, plant and equipment</b>				
Equipment	2,640			2,640
<b>Financial non-current assets</b>				
<i>Investments in portfolio companies</i>				
Shares in portfolio companies	414,992	139,275	a	554,267
Receivables in portfolio companies	21,233	-		21,233
Convertible assets in portfolio companies	48,489	10,111	a	58,600
<i>Total investments in portfolio companies</i>	<i>484,714</i>	<i>149,386</i>		<i>634,100</i>
Other non-current receivables	140			140
<b>Total financial non-current assets</b>	<b>484,854</b>	<b>149,386</b>		<b>634,240</b>
<b>Total non-current assets</b>	<b>487,494</b>	<b>149,386</b>		<b>636,880</b>
<b>Current assets</b>				
<b>Total current receivables</b>	<b>9,918</b>			<b>9,918</b>
Investments in securities	2,487,786	29,438	b	2,517,224
Cash and bank balances/Cash and cash equivalents	17,400			17,400
<b>Total current assets</b>	<b>2,515,104</b>	<b>29,438</b>		<b>2,544,542</b>
<b>Total assets</b>	<b>3,002,598</b>	<b>178,824</b>		<b>3,181,422</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	3,000,100			3,000,100
Profit/loss brought forward including profit/loss for the period	-20,894	172,348	a, b, c	151,454
<b>Total equity</b>	<b>2,979,206</b>	<b>172,348</b>		<b>3,151,554</b>
<b>Non-current liabilities</b>				
Other non-current liabilities	106			106
Deferred tax liabilities	-	6,476	b, c	6,476
<b>Total non-current liabilities</b>	<b>106</b>	<b>6,476</b>		<b>6,582</b>
<b>Total current liabilities</b>	<b>23,286</b>			<b>23,286</b>
<b>Current liabilities</b>	<b>23,392</b>	<b>6,476</b>		<b>29,868</b>
<b>Total equity and liabilities</b>	<b>3,002,598</b>	<b>178,824</b>		<b>3,181,422</b>

**Transitional statement of comprehensive income 2012**

Investment company, SEK 000s	Parent company Previous principles 2012	IFRS adjustmen t	Reference	Investment company IFRS 2012
<b>Portfolio companies</b>				
Realized profit/loss from sold portfolio companies	-7,089			-7,089
Unrealized profit/loss, portfolio companies	-			-
Interest income, receivables in portfolio companies	1,146			1,146
Write-downs, portfolio companies	-14,991	14,991		-
Remeasurement, portfolio companies	-	127,513	a, c	127,513
<b>Profit/loss from portfolio companies</b>	<b>-20,934</b>	<b>142,504</b>		<b>121,570</b>
Other operating income/Income, consulting	2,378			2,378
Total operating expenses	-55,113	-3,248	a, c	-58,361
<b>Operating profit/loss</b>	<b>-73,669</b>	<b>139,257</b>		<b>65,588</b>
<b>Profit/loss from financial items</b>				
Interest income and similar profit/loss items/Financial income	131,619	14,408	b, c	146,027
Interest expense and similar profit/loss items/Financial expense	-1,405			-1,405
<b>Total profit/loss from financial items</b>	<b>130,214</b>	<b>14,408</b>		<b>144,622</b>
<b>Profit/loss after financial items</b>	<b>56,545</b>	<b>153,665</b>		<b>210,210</b>
Tax on profit/loss for the period	-13,501	-3,170	a, b, c	-16,671
<b>Net profit/loss for the period</b>	<b>43,044</b>	<b>150,495</b>		<b>193,539</b>
Other comprehensive income	-	-		-
<b>Comprehensive income for the period</b>	<b>43,044</b>	<b>150,495</b>		<b>193,539</b>

**Transitional statement of comprehensive income Q4 2012**

Investment company, SEK 000s	Parent company Previous principles Q4 2012	IFRS adjustmen t	Reference	Investment company IFRS Q4 2012
<b>Portfolio companies</b>				
Realized profit/loss from sold portfolio companies	-			-
Interest income, receivables in portfolio companies	146			146
Revaluation, portfolio companies	-	127,513	a, c	127,513
<b>Profit/loss from portfolio companies</b>	<b>146</b>	<b>127,513</b>		<b>127,659</b>
Other operating income/Income, consulting	-			-
Total operating expenses	-17,019	-509	a, c	-17,528
<b>Operating profit/loss</b>	<b>-16,873</b>	<b>127,004</b>		<b>110,131</b>
<b>Profit/loss from financial items</b>				
Interest income and similar profit/loss items/Financial income	18,003			18,003
Interest expense and similar profit/loss items/Financial expense	-	-37,183	b, c	-37,183
<b>Total profit/loss from financial items</b>	<b>18,003</b>	<b>-37,183</b>		<b>-19,180</b>
<b>Profit/loss after financial items</b>	<b>1,130</b>	<b>89,821</b>		<b>90,951</b>
Tax on profit/loss for the period	-527	8,180	a, b, c	7,653
<b>Net profit/loss for the period</b>	<b>603</b>	<b>98,001</b>		<b>98,604</b>
Other comprehensive income	-	-		-
<b>Comprehensive income for the period</b>	<b>603</b>	<b>98,001</b>		<b>98,604</b>



Explanations of IFRS adjustments:

- a) Shares in portfolio companies, receivables in portfolio companies, convertible assets in portfolio companies and investments in securities were measured according to previous accounting principles based on cost adjusted for any impairment losses. According to IFRS these items are measured in accordance with IAS 39 at fair value with changes in value recognized through profit or loss. The portfolio companies' profit/loss is included in operating profit/loss. For more information on fair value measurement, see Note 2.
- b) Investments in securities have also, according to the previous accounting principles, been measured at cost adjusted for any impairment losses. According to IFRS these investments in securities are measured in accordance with IAS 39 at fair value with changes in value recognized through profit or loss. Profit/loss from investments in securities is included in net financial income/expense. For more information on fair value measurement, see Note 2.
- c) Deferred tax has been calculated at the temporary differences (differences between carrying amount according to IFRS and tax value) that arise when applying IFRS.

#### **Effects on investment company's cash flow statement**

According to the parent company's previous accounting principles, investments in securities were included in the cash flow statement. Since these investments in securities do not meet the definition for cash and bank balances/cash and cash equivalents according to IFRS, they are not included in cash and bank balances in the balance sheet or the cash flow statement for the investment company. The item cash and bank balances/cash and cash equivalents is now only cash and bank balances, according to IFRS. For amounts of investments in securities and cash and bank balances according to the previous principles or according to IFRS, see the reconciliations above. Due to the remeasurement, the cash flow for the full year 2012 has increased from SEK -170.8 million to SEK 5.4 million. Investments in securities are presented according to Fouriertransform's new accounting principles in investment activities.

#### **Parent company – effects of transition to RFR 2**

The financial statements for the parent company for 2013 have been prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and the Annual Accounts Act. The parent company's significant accounting principles are described in Note 4.

The transition to RFR 2 has not required any changes to be made to accounting principles with the exception of the following reclassifications:

- Profit/loss from portfolio companies (previously called "Profit/loss from investment activities") is presented in operating profit/loss according to the parent company's previous principles. According to RFR 2, this is presented in net financial income/expense.
- According to the parent company's previous principles, investments in securities were included in cash and bank balances in the cash flow statement. As these do not meet the definition for cash and bank balances/cash and cash equivalents according to RFR 2, they are instead presented in investment activities. The item cash and bank balances now only contains cash and bank balances according to IFRS.

**Note 2 Fair value measurement**

Fair value according to the definition in IFRS 13 *Fair value measurement*, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, regardless of whether this price is directly observable or arrived at using another valuation technique. When assessing fair value, the characteristics of the asset or liability that the market participant would use when pricing the asset or liability are taken into account.

Assets and liabilities 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 prices, e.g. interest rates and yield curves.

*Level 3* – Fair value is established using valuation models where significant inputs are based on unobservable data.

**The investment company**

In the investment company, investments in portfolio companies and investments in securities are measured at fair value on each balance sheet 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 valued at fair value. The investment company has no liabilities that are measured at fair value.

Financial instruments – fair value Investment company, SEK 000s	December 31, 2013			December 31, 2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>						
<i>Shares in portfolio companies</i>						
Later-stage venture			553,658			398,501
Growth			432,556			155,766
<i>Total shares in portfolio companies</i>			<i>986,214</i>			<i>554,267</i>
Convertible assets, portfolio companies			58,600			58,600
Claims in portfolio companies			37,686			21,233
Investments in securities	2,192,892			2,517,224		
<b>Total financial assets measured at fair value</b>	<b>2,192,892</b>	<b>0</b>	<b>1,082,500</b>	<b>2,517,224</b>	<b>0</b>	<b>634,100</b>

No transfers were made between the different levels during the periods.

Fouriertransform's financial instruments at Level 1 are investments in securities consisting of mutual and fixed income funds with quoted market prices. The quoted market price used is the actual purchase price.

Shares in portfolio companies, convertible assets in portfolio companies and receivables in portfolio companies constitute unlisted investments.

Fouriertransform divides its shares in portfolio companies into two groups based on the European Private Equity and Venture Capital Association's (EVCA) definitions of 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 or may not be breaking even or showing a positive operating profit.

*Growth* – a type of private equity investment – usually but not necessarily a minority investment – in relatively mature companies that are looking for 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 during the period for financial instruments, Level 3 Investment company 2013, SEK 000s	Shares in portfolio companies			Convertible assets in portfolio companies	Claims in portfolio companies	Total
	Later-stage venture	Growth	Total			
<b>Balance, January 1, 2013</b>	<b>286,545</b>	<b>267,722</b>	<b>554,267</b>	<b>58,600</b>	<b>21,233</b>	<b>634,100</b>
Acquisition of shares in portfolio companies	149,846	205,547	355,393		32,786	388,170
Divestment of shares in portfolio companies			0			0
Gains and losses recognized through profit or loss	35,598	40,965	76,554			76,554
Issue of claim			0			0
Payment of claim			0		-16,333	-16,333
<b>Balance, December 31, 2013</b>	<b>471,989</b>	<b>514,234</b>	<b>986,214</b>	<b>58,600</b>	<b>37,686</b>	<b>1,082,500</b>
Change in unrealized gains and losses for the period refers to assets held at the end of the period (included in the line "Gains and losses recognized through profit or loss" above)						

Changes during the period for financial instruments, Level 3 Investment company 2012, SEK 000s	Shares in portfolio companies			Convertible assets in portfolio companies	Claim in portfolio companies	Total
	Later-stage venture	Growth	Total			
<b>Balance, January 1, 2012</b>	<b>176,500</b>	<b>138,679</b>	<b>315,179</b>	<b>58,600</b>	<b>6,000</b>	<b>379,779</b>
Acquisition of shares in portfolio companies	53,980	60,926	114,905		15,233	130,138
Divestment of shares in portfolio companies	-	-101	-101			-101
Gains and losses recognized through profit or loss	59,294	68,219	127,513			127,513
Issue of claim	-3,229		-3,229			-3,229
Payment of claim			0			0
<b>Balance, December 31 2012</b>	<b>286,545</b>	<b>267,722</b>	<b>554,267</b>	<b>58,600</b>	<b>21,233</b>	<b>634,100</b>
Change in unrealized gains and losses for the period refers to assets held at the end of the period (included in the line "Gains and losses recognized through profit or loss" above)						

### Valuation process

At the balance sheet date, an assessment is made of which valuation method to use for various assets based on the availability of observable 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.

Differences in fair value item by item between valuation occasions are analyzed so that changes can be monitored over time.

**Valuation method – shares in portfolio companies**

When measuring portfolio companies at fair value, the first consideration is whether the company has recently gone through a round of financing or an arm's length transaction. If this has not occurred recently, measurement is made based on discounted cash flow (DCF). The most significant unobservable input data used in the DCF model are described below:

*Annual sales growth* which takes into account the company's management's experience and expertise in the market conditions in the automotive and manufacturing industries. Sales growth for the forecast periods is estimated to be at least 3 percent (4) with a higher growth rate 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 company's management's experience and expertise in the market conditions in the automotive and manufacturing industries. The long-term EBIT margin is estimated to be 9 percent (9) and above. 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 percent (17), with a higher WACC for early stage companies. The higher the WACC, the higher the fair value of the portfolio company.

**Sensitivity in the assumptions**

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 would 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.

**Valuation method – convertible assets and receivables in portfolio companies**

Convertible assets in portfolio companies and receivables in portfolio companies have been measured using a calculation of the discounted cash flow (DCF). With this valuation model, future cash flows in the form of interest payments and loan amortization are discounted at present value with an estimated market return requirement for this type of asset taking into account the counterparty's credit risk. The most significant unobservable input data used in DCF valuation is the discount rate, which is estimated at 10 percent (10). The higher the discount rate, the lower the fair value of the asset.

The conversion rate has been measured using the Black-Scholes Option Pricing Model. The input data in the Black-Scholes model are the underlying share price, conversion rate, maturity, risk-free interest and estimated future volatility of the underlying share. When assessing the value of a conversion right, the dilution effect is also taken into account, as well as any dividends that are expected to be paid.

The most significant unobservable input data used in the Black-Scholes calculation are:

- The underlying share price for the portfolio company, which is estimated at SEK 22.84 (24.91) per share. The share price has been established according to the description under the heading "Valuation method – shares in portfolio companies" above. The higher the share price, the higher the fair value of the conversion right.
- The dividend expected to be paid is estimated at 50 percent of profit, which is based on management's assessment of the portfolio company's future financial development. The higher the expected dividend payments, the lower the fair value of the convertible right.

**Sensitivity in the assumption**

- If the discount rate used to measure the value of the convertible asset were to change by +/- 1.0 percentage point with all other variables remaining the same, the fair value of the convertible asset would decrease/increase by SEK 0.2 (0.3) million.
- If the underlying share price used in the measurement were to change by +/- 5 percentage points with all other variables remaining the same, the fair value of the convertible asset would increase/decrease by SEK 3.2 (3.5) million.
- If the expected dividend payment used in the measurement were to change by +/- 10 percent with all other variables remaining the same, the fair value of the convertible asset would decrease/increase by SEK 1.1 (2.2) million.

**Parent company**

In the parent company 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 fair value. The table below presents a comparison between carrying amounts and fair value for these items.

Comparison of carrying amount and fair value Parent company, SEK m	December 31, 2013			December 31, 2012		
	Level	Carrying amount	Fair value	Level	Carrying amount	Fair value
<i>Shares in portfolio companies</i>						
Later-stage venture	3	417.1	489.8	3	284.5	220.1
Growth	3	301.7	496.5	3	79.1	244.3
<i>Total shares in portfolio companies</i>		<i>718.8</i>	<i>986.3</i>		<i>363.6</i>	<i>464.4</i>
Convertible assets in portfolio companies	3	10.0	58.6	3	99.9	148.5
Claims in portfolio companies	3	37.6	37.6	3	21.2	21.2
Investments in securities	1	2,164.8	2,192.9	1	2,487.8	2,517.2
<b>Total</b>		<b>2,931.2</b>	<b>3,275.4</b>	<b>0</b>	<b>2,972.5</b>	<b>3,151.3</b>

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

A calculation 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. For these financial assets and financial liabilities, the carrying amount is therefore considered to be a good approximation of the fair value. These assets and liabilities are classified in Level 2 in the fair value hierarchy.

**Note 3 Contingent liabilities and pledged assets**

Fouriertransform AB's bank guarantee of SEK 35 million for a portfolio company bank loan has been replaced by an amount deposited on an escrow account.

Fouriertransform AB's guarantee of SEK 88 million for a portfolio company loan has expired.

**Note 4 Description of accounting principles****Significant accounting principles – investment company (the Group)**

The financial statements for the investment company (the Group) for 2013 have been prepared by applying the EU-approved International Financial Reporting Standards (IFRS) and the interpretation from the IFRS Interpretations Committee. The investment company is also applying

the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups.

Fouriertransform has chosen to early adopt the exemptions for investment entities in IFRS 10 *Consolidated Financial Statements* which go into force for the financial year beginning on January 1, 2014 or later. Under the exemption for investment entities, Fouriertransform is not required to prepare consolidated financial statements. Instead, separate financial statements are prepared for the investment company (the Group), where subsidiaries, associated companies and other financial investments are measured at fair value in the balance sheet with value changes recognized through profit or loss in accordance with IAS 39 *Financial instruments: Recognition and Measurement*. Other items in the financial statements are measured using the cost method unless otherwise indicated in a note.

The accounting principles described below have been used consistently for all periods reported in the year-end report. All amounts have been rounded off to thousands of Swedish kronor (SEK 000s) unless otherwise indicated.

Non-current assets and non-current liabilities consist essentially of amounts that are expected to be recovered or paid more than 12 months from the balance sheet date. Current assets and current liabilities consist essentially of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

#### *Financial instruments*

A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms. A financial asset or part of a financial asset is derecognized from the balance sheet when the contractual rights are realized, expire or when the company's control over them is relinquished. A financial liability or part of a financial liability is derecognized from the balance sheet when the obligation is discharged or in another way extinguished.

On every balance sheet date the company makes an assessment of whether there are objective indications of impairment of a financial asset or group of financial assets due to events that have occurred. Examples of such events are a significant decline in the financial position of a counterparty or non-payment of an overdue amount.

Financial assets and liabilities which in their subsequent recognition are measured at fair value through profit or loss, are recognized at initial recognition at fair value. Financial assets and liabilities which in their subsequent recognition are not measured at fair value through profit or loss, are recognized at initial recognition at fair value plus or minus transaction costs. In subsequent recognition, financial instruments are measured at amortized cost or at fair value, depending on the initial classification according to ISA 39.

At initial recognition, financial assets or financial liabilities are classified as follows:

#### *Financial assets*

- Fair value through profit or loss
- Loan receivables and trade receivables
- Held-to-maturity investments
- Available-for-sale financial assets

#### *Financial liabilities*

- Fair value through profit or loss
- Other financial liabilities measured at amortized cost

#### *Financial instruments at fair value*

For a description of fair value measurement of financial instruments, see Note 2.

#### *Amortized cost*

Amortized cost is the amount at which the asset or liability is initially recognized minus amortization, additions or deductions for cumulative accrual, according to the effective interest method, of the initial difference between the amount received/paid and the amount to be paid/received at the maturity date with deductions for impairment losses. The effective interest is the interest which, with a discount of all future expected cash flows over the expected life, results in the initial carrying amount of the financial asset or the financial liability.

*Offsetting financial assets and liabilities*

Financial assets and liabilities are offset and recognized at a net amount in the balance sheet when there is a legal right to offset and where the intention is to settle the items with a net amount or to realize an asset or settle a liability.

*Investments in portfolio companies*

Shares in portfolio companies, convertible assets in portfolio companies and receivables in portfolio companies are classified as financial assets measured at fair value through profit or loss. These assets are recognized at estimated fair value on every balance sheet date and changes in value are recognized in operating profit/loss in the statement of comprehensive income. For a description of fair value measurement, see Note 2.

*Investments in securities*

Investments in securities are classified as financial assets measured at fair value through profit or loss. These assets are recognized at estimated fair value on every balance sheet date and changes in value are recognized in net financial income/expense in the statement of comprehensive income. For a description of fair value measurement, see Note 2.

*Other non-current receivables, trade receivables and other current receivables*

Other non-current receivables, trade receivables and other current receivables which are financial are classified as "Loan receivables and trade receivables" and thus measured at amortized cost. The maturity of trade receivables and other current receivables is, however, short and for that reason they are recognized at undiscounted nominal amounts. Deductions are made for receivables that are considered doubtful. Impairment of assets is recognized in operating expenses.

*Cash and bank balances*

Cash and bank balances includes cash and bank balances as well as investments in securities that can easily be converted into cash and are associated with an insignificant risk of change in value. To be classified as cash and bank balances, the maturity must not exceed three months from the date of acquisition. Cash and bank balances are classified as "Loan receivables and trade receivables" and thus measured at amortized cost. Due to the fact that bank balances are payable upon request, amortized cost is the same as the nominal amount.

*Other liabilities and accounts payable*

Other non-current liabilities, accounts payable and other current liabilities are classified as "Other financial liabilities" and thus measured at amortized cost. The maturity of trade receivables and other current receivables is, however, short and for that reason they are recognized at undiscounted nominal amounts.

*Segment reporting*

An operating segment is the part of a company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the entity's chief operating decision maker and for which separate financial information is available. The chief operating decision maker is the person who assesses the performance of the operating segment and makes decisions about resource allocation. Fouriertransform has determined that the Chief Executive Officer is the highest operating decision maker. In the regular internal reporting to the CEO, an account of the performance of the investment company in its entirety is presented. The CEO does not review on a regular basis the performance at a lower level in order to make decisions on the allocation of resources to and assessment of the performance of different parts of the investment company. The investment company is therefore considered to consist of one single operating segment.

*Transactions in foreign currencies*

The parent company's functional currency and the Group's reporting currency is Swedish kronor (SEK). Transactions in foreign currencies are translated to Swedish kronor at the exchange rate on the transaction date. Exchange gains/losses that arise in the payments for transactions in foreign currencies and in translation of monetary assets and liabilities in foreign currencies at the exchange rate on the balance sheet date, are recognized through profit or loss.

### *Income*

Income is recognized at the fair value of the amount received or to be received, with deductions for value-added tax, discounts and similar deductions. The investment company's income from consulting services is recognized in the period the service is performed.

Interest income is recognized incrementally over the maturity of the asset using the effective interest method. The effective interest is the interest that makes the present value of all future incoming/outgoing payments during the fixed interest term the same as the carrying amount of the asset.

Dividend income is recognized when the right to receive payment is established.

### *Remuneration to employees*

Remuneration to employees in the form of salaries, bonus, paid vacation, paid sick leave etc. as well as pensions are recognized as they are earned. Pensions and other benefits after employment has ended are classified as defined-contribution or defined-benefit pension plans. The investment company only has defined-contribution pension plans. For its defined-contribution plans, the company pays set contributions to a separate independent legal entity and has no obligation to pay additional contributions. The investment company's profit is charged for costs as and when the benefits are earned, which normally coincides with the date when the premiums are paid.

### *Leases*

A finance lease is an agreement under which the economic risks and benefits associated with ownership of the object are in all material respects transferred from the lessor to the lessee. Other leases are classified as operational leases. The investment company only has operational leases. Lease payments for operational leases are expensed on a straight line basis over the lease period as long as no other systematic method better reflects the user's economic benefits over time.

### *Taxes*

Tax expense is the sum of current tax and deferred tax. Current and deferred tax are recognized as an expense or income through profit or loss, except when the tax pertains to transactions recognized through comprehensive income or directly in equity. In such cases the tax should also be recognized in comprehensive income or directly in equity.

Current tax is calculated based on the taxable income for the period. The taxable income is different from the recognized income in the statement of comprehensive income because it has been adjusted for non-taxable income and non-deductible expenses, and for income and expense that is taxable or deductible in other periods. The investment company's current tax liability is calculated based on the tax rates that have been established or announced as of the balance sheet date.

Deferred tax is recognized in temporary differences between the carrying amount of assets and liabilities in the financial reports and the tax value that is used in calculating the taxable income. Deferred tax is recognized according to the balance sheet method. Deferred tax liabilities are recognized for essentially all taxable temporary differences, and deferred tax assets are recognized for essentially all deductible temporary differences to the extent it is likely that the amounts can be utilized to offset future taxable surpluses. Deferred tax liabilities and tax assets are not recognized if the temporary differences are attributable to goodwill or if it arises as a consequence of a transaction that constitutes the initial recognition of an asset or liability (which is not a company acquisition) and which, at the date of the transaction, neither affects recognized or taxable income. The recognized value of deferred tax assets is tested at every balance date and reduced to the extent it is no longer likely that a sufficient taxable surplus will be available to offset, fully or partially, the deferred tax asset. Deferred tax is calculated according to the tax rates that are expected to apply to the period when the asset is recovered or the liability paid, based on the tax rates (and tax laws) that have been established or announced as of the balance sheet date. Deferred tax assets and tax liabilities are offset against each other when they pertain to income tax that is charged by the same authority and when the investment company intends to pay the tax at the net amount.

### *Property, plant and equipment*



Property, plant and equipment are recognized at cost after deduction of accumulated depreciation and any impairment losses. Depreciation of property, plant and equipment is expensed so that the value of the asset is reduced by an estimated residual value at the end of the asset's useful life and depreciated on a straight line basis over the estimated useful life, which is estimated at five years for equipment.

#### *Impairment of property, plant and equipment*

If on the balance sheet date there is an indication of impairment of property, plant and equipment, the recoverable amount of the asset is calculated to establish the amount of the possible write-down. Where it is not possible to calculate the recoverable amount for an individual asset, the Group calculates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the fair value less selling costs or value in use, whichever is the highest. If the recoverable amount of an asset (or a cash generating unit) is established at a lower amount than the carrying amount, the carrying amount of the asset (or the cash generating unit) is written down to the recoverable amount.

#### *Provisions*

*Provisions are recognized when the investment company has an obligation (legal or informal) due to an event that has taken place, it is likely that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. The amount of the provision is the best estimate of the amount required to settle the obligation on the balance sheet date, taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the expenditure expected to be required to settle the obligation, the amount recognized should be the same as the present value of the expenditure. If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement should be recognized separately in the report of financial position when it is virtually certain that reimbursement will be received and if the entity settles the obligation and the amount can be reliably measured.*

### **Parent company's accounting principles**

The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Application of RFR 2 means that the parent company, to the extent possible, applies all of the EU-approved IFRS within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act (*Tryggandelagen*), taking into account the connection between reporting and taxation. The differences between the parent company's and the investment company's accounting principles are described below:

#### *Shares in portfolio companies*

Shares in portfolio companies (subsidiaries and associated companies) are measured at cost in the parent company's financial statements. The acquisition-related costs for subsidiaries and associated companies are included as part of the cost of the acquisition of portfolio companies.

#### *Financial instruments*

The parent company does not apply IAS 39 *Financial instruments. Recognition and Measurement*. The parent company uses the cost method according to the Annual Accounts Act.

#### *Classification and presentation*

The parent company's income statement and balance sheet are presented according to the schedule in the Annual Accounts Act. This differs in some parts from IAS 1 *Presentation of financial statements* which is applied in the presentation of the investment companies separate financial statements. The main difference is that the parent company presents the profit/loss from portfolio companies in net financial income/expense while the investment company presents this information in operating profit/loss. The parent company presents any other comprehensive income items in a statement of comprehensive income that is separate from the income statement. At this time the parent company has no items in other comprehensive income.

**Declaration**

The Board of Directors and the Chief Executive Officer hereby provide an assurance that the Year-End Report for 2013 provides a fair and true overview of the Group's and the parent company's operations, financial position and results, and describes material risks and uncertainties faced by the Group and the parent company.

Stockholm, February 14, 2014

Lars-Olof Gustavsson  
Chairman

Christina Åkerman  
Director

Hasse Johansson  
Director

Karin Kronstam  
Director

Lars-Göran Moberg  
Director

Ulla-Britt Fräjdin-Hellqvist  
Director

Hanna Lagercrantz  
Director

Per Nordberg  
CEO

## Auditor's review report

### Introduction

We have conducted a review of the year-end report for 2013 for Fouriertransform AB. The Board of Directors and CEO are responsible for the preparation and presentation of this year-end report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on the year-end report based on our review.

### Focus and scope of the review

We have conducted our review in accordance with the International 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 be identified in an audit. Therefore, the opinion expressed based on a review does not provide the same level of assurance as an opinion 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 appended interim financial 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, February 14, 2014

Deloitte AB

Hans Andersson  
Authorized Public Accountant

Fouriertransform AB  
Sveavägen 17, 10th floor  
111 57 Stockholm  
SWEDEN

+46 (0) 8 410 40 600

[info@fouriertransform.se](mailto:info@fouriertransform.se)  
[www.fouriertransform.se](http://www.fouriertransform.se)

Fouriertransform AB  
Kaserntorget 6, 3rd floor  
411 18 Gothenburg  
SWEDEN

+46 (0) 31 761 91 40