



Fouriertransform

Interim Report
Q1 2011

Interim Report, Q1 2011

“Positive developments in the market, but global uncertainty”

Significant events in the first quarter

- The net result for the quarter was SEK -44.9 (-3.6) million excluding unrealized surplus values in investments in securities of SEK 22.4 million
- During the quarter the carrying amount of portfolio company NovaCast Technologies AB, which stood at SEK 44.2 million, was written off because the company was made bankrupt in March
- Total cash flow was SEK -48.7 (-205.8) million, of which investments in portfolio companies accounted for SEK -43.0 (-201.9) million including directly attributable costs
- At the end of the quarter cash and bank balances and investments in securities amounted to SEK 2,689.1 (2,760.6) million
- During the quarter Fouriertransform received around 35 applications for investment
- Fouriertransform made a new SEK 8.1 million investment in Vicura AB of Trollhättan
- Since its start in 2009 Fouriertransform has approved investments totaling SEK 361 million in ten companies



CEO's comments

During the first quarter of the year the market continued to develop positively for the automotive industry, but general structural problems combined with global crises in Japan and Libya are creating uncertainty as regards the future. A report by an international consultancy published at the International Motor Show in Geneva estimates that around 300,000 jobs could disappear in Europe over the coming 15 years as the automotive industry undergoes its greatest transformation since it started in the 1920s.

The report states that there are a number of reasons for this dramatic development. Chiefly, expansion will be concentrated on the so-called BRIC countries, particularly China; but stricter environmental requirements around the world are a further driver and this regionalization is resulting in different parts of the world focusing on different environmental solutions. According to the report, Europe will focus on more efficient combustion engines, the US on hybrids and China on electric cars, while ethanol will remain a strong contender in South America. It is further predicted that the movement towards more expensive technology and the expansion in China will result in potential component sales worth a full EUR 250 billion, nearly 70% of which will end up in BRIC countries and with half of the BRIC countries' development being concentrated in China.

The report states that success will depend on how well automotive manufacturers and their subcontractors are able to adapt quickly and position themselves in the growth markets. In our recent meetings with automotive manufacturers discussions concentrated largely on the OEMs' suppliers, and their capacity and possible presence in the manufacturers' growth markets.

During the quarter Fouriertransform intensified its work to follow up investments in portfolio companies, and NovaCast Technologies AB petitioned for bankruptcy on March 4 following a number of unsuccessful rescue attempts.

The number of investment applications from companies in growth and mature phases increased, and meetings were held with 35 such companies. The companies are positive as regards the future and we are seeing more restructuring activities and disposals. Our portfolio of applications now has around 50 applications from companies of interest, of which 20 are under investigation with a view to investment.

Fouriertransform highlights, SEK m	Q1 2011	Q1 2010	%
Net result for the period	-48.7	-3.7	-
Investments in portfolio companies	-43.0	-201.9	-
Cash flow for the period			
Cash and bank balances and investments in securities	2,689.1	2,760.6	-2.6
Equity	2,968.0	3,004.7	-1.2
Soliditet	99,7 %	99,7 %	-

Business environment and the market – brighter intervals, but storm clouds remain

Strong recovery in Sweden

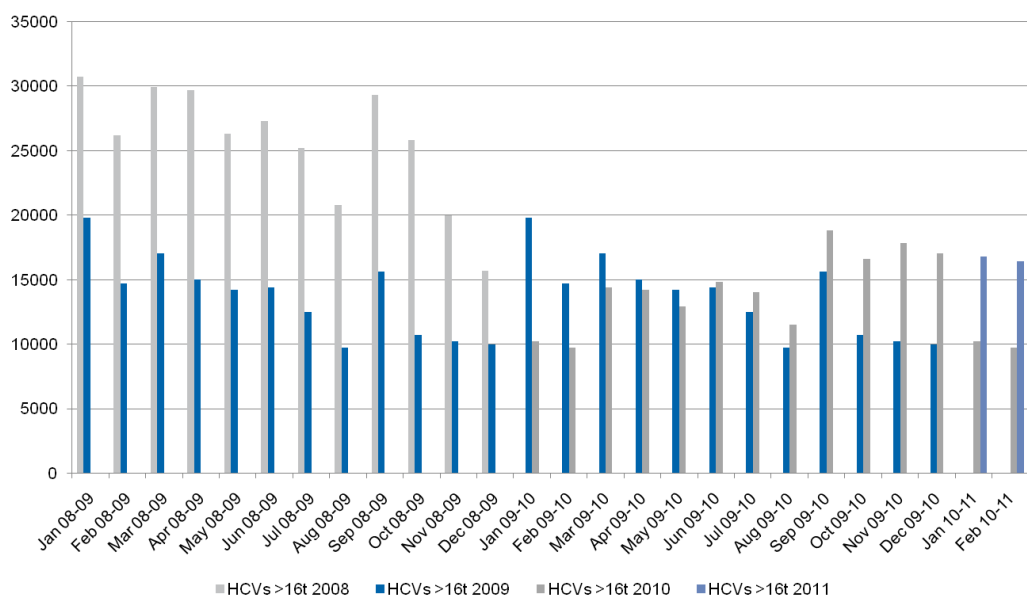
The economic upturn in Sweden was unexpectedly strong in late 2010 and continued during the first months of 2011. According to Statistics Sweden, production in the automotive industry increased by just over 81% in January and by 58% in February compared with the same months the previous year. Total exports of goods also increased strongly and the balance of trade for the months of January and February was a surplus of SEK 12 billion after seasonal adjustments.

New vehicle registrations on the Swedish market continued to demonstrate an upward trend. Compared with the same period last year, new car registrations increased in the first quarter 2011 by 18% and the total increase for light and heavy commercial vehicles was 35%, according to Bil Sweden. Also remarkable was the fact that the proportion of new registrations that were for diesel vehicles was just over 60%, compared with 47.7% in the first quarter 2010. There has also been a substantial increase in sales of fuel-efficient cars in Sweden. The share of new registrations accounted for by cars with carbon dioxide emissions of up to 120g/km and 140 g/km increased by around 78% and 61% respectively in the month of March. In contrast, the total share of green cars reduced slightly, with new registrations of green cars in the first quarter making up just over 35% compared with nearly 36% the previous year.

Volvo Trucks – one of Sweden's two major commercial vehicle manufacturers – also reported good sales development in other markets in the first two months of the year. In Europe sales increased by an accumulated 117% compared with the previous year. The equivalent figure for North America was 114%, for South America 53% and for Asia 60%. There was further positive news from Volvo Cars in March, when the company announced that it was creating 1,200 new jobs – 1,000 in Gothenburg and 200 in Ghent, Belgium. At the same time, the company predicts that further jobs may be created in Gothenburg as a result of its new owner Geely's initiatives in China. However, the uncertainty regarding Saab Automobile increased again in March as the serving CEO announced his departure and the media reported on liquidity problems.

In the wake of the vehicle manufacturers' recovery, the situation of their suppliers – which were hit hard by the recession – has also improved as a result of increasing volumes. However, the positive picture is clouded by an increasingly widespread trend among customers to demand increasingly long payment periods. A credit period of 30 days was previously the norm, but the long credit periods of continental Europe – up to 120 days – have started to spread to Sweden. There is a risk that this will have a significant impact on the competitiveness of companies in the automotive component industry.

New heavy commercial vehicle registrations in the EU by month, 2008-February, 2011



Source: *European Automobile Manufacturer's Association*

Global crises generate uncertainty

The events in North Africa and the Middle East, together with the major earthquake in Japan, left their mark on the first few months of the year and created an uncertain situation with consequences that remain difficult to predict. The earthquake in Japan initially meant that the country's automotive industry was largely paralyzed. Toyota, Honda and Nissan were all forced to close factories as a result. In late March Toyota announced that production would resume at the closed plants from around mid-April to May. Production of hybrid vehicles was resumed as early as late March, however. At the same time, there was continued uncertainty concerning the situation of component manufacturers in the areas affected, as regards both human and material losses. It is difficult to assess the extent to which the unrest in North Africa and the Middle East will impact crude oil and petrol prices, but the continued improvement in the economy may also contribute to upward pressure on fuel prices.

Short-term sales trends continue to diverge in the various markets. In Europe, car sales in January/February declined in Greece, Italy, Poland, Portugal, Spain and the UK. However, in the largest markets – France and Germany – sales increased, in Germany by a provisional 16% and in France by a provisional figure of 11%. For the EU as a whole, sales decreased slightly by 0.3%.

Commercial vehicles developed more strongly, but from a poorer starting point. In the EU as a whole, new registrations of light, medium and heavy commercial vehicles and buses increased by 18% overall. Here, too, there were significant reductions in Greece, Ireland, Portugal and Slovakia, as well as a modest reduction in Spain. However, Germany reported an increase of a full 40%, closely followed by the UK at 38%. The increase in France was around 14%.

Asia, with China as its growth engine, continues to drive up global activity. The level of Chinese consumption relative to GDP is still far below that of the US (45% compared with 65%), which leaves further room for increased volumes. A number of positive signs in the world may help strengthen optimism.

Demand for hybrid vehicles continues to increase. During the quarter Volvo Trucks announced that production of hybrid heavy commercial vehicles would start in June for delivery to 13 selected markets in Europe from 2011 to 2013. The number will be limited to start with, but according to the company the products are increasingly in demand.

The theme of this year's major International Motor Show in Geneva was 'The Green Vision'. In the 'Pavillon Vert', 36 exhibitors presented no less than 17 world premieres. Vehicles offering alternative technology and motive power received much attention.

Investment activity in Q1, 2011

Investment proposals

During the quarter Fouriertransform received around 35 applications for investment and refused 19. During the quarter increased interest was noted from companies in a growth/mature phase, and Fouriertransform held various meetings with companies in this category.

Fouriertransform's application portfolio now contains around 50 applications, of which 20 are under investigation with a view to investment.

New investments

During the quarter Fouriertransform invested SEK 8.1 million in Vicura AB of Trollhättan. The investment had been approved in the previous quarter. Vicura is a technology development company formed at the turn of the year and is a spin-off of the transmissions development department built up at Saab under its previous owner GM. On its formation the company took over around 50 engineers from Saab Powertrain. The company is financed by a consortium led by Fouriertransform. Other members include ALMI Företagspartner Väst AB. Vicura will develop transmission systems for the international automotive industry, including Saab.

The investment makes Fouriertransform the largest individual shareholder.

Follow-up investments

During the quarter Fouriertransform invested SEK 3.2 million in Effpower AB through a convertible debenture. Fouriertransform's share of the company's capital was unaffected by the investment.

Fouriertransform paid out SEK 2.5 million for guarantee commitments agreed with creditors of NovaCast Technologies AB.

Significant events in portfolio companies during Q1, 2011

NovaCast Technologies AB filed for bankruptcy on March 4, 2011 due to an acute liquidity shortage as a result of poor profitability. Fouriertransform is monitoring the bankruptcy and for the sake of good order has also analyzed the course of events.

Fouriertransform invested SEK 41.7 million (including directly attributable costs) through a private placement in February 2010. In October 2010 Fouriertransform also provided a bank guarantee of SEK 2.5 million that has been paid out, with the result that in total SEK 44.2 million was invested in the company.

The entire sum invested of SEK 44.2 million, corresponding to the carrying amount, is being written off and has therefore been charged to the result for the quarter.

Other activities in Q1, 2011

New employees/premises

During the quarter three new employees took up their positions: one Investment Director and two Investment Managers, all with experience of the automotive and venture capital sectors. Fouriertransform now has 10 employees in total.

In March Fouriertransform relocated to new premises in Gothenburg.

Positioning

During the quarter Fouriertransform held various meetings with industrial companies and potential syndication partners in accordance with its continued positioning work. The meetings were positively received and dialog has been established with a number of players

Financial development in Q1, 2011

Profit

The result for the quarter was a net loss of SEK 44.9 million. The result excludes unrealized surplus values in mutual funds of SEK 22.4 million.

Costs amounted to SEK 10.1 million and consist mainly of costs relating to projects and consultancy services, and employee benefit expenses.

The carrying amount of the portfolio company NovaCast Technologies AB, which stood at SEK 44.2 million, was written off in full because the company petitioned for bankruptcy in March.

Interest income of SEK 10.0 million relates to the return on investments in fixed income funds and bonds, but excludes unrealized surplus values in mutual funds of SEK 22.4 million.

Interest expense of SEK 0.6 million relates to exchange rate differences in cash and bank balances and to receivables from portfolio companies.

Cash flow

Total cash flow for the quarter amounted to an outflow of SEK 48.7 million. Investments in portfolio companies represented an outflow of SEK 43.0 million, of which SEK 27.0 million relates to payment of an investment from the previous quarter. The company's cash and bank balances and investments in securities (mutual funds and fixed income funds) amounted to SEK 2,689 million at the end of the quarter.

Equity

As of March 31, Fouriertransform's equity amounted to SEK 2,968.0 million, of which the result for the quarter represented SEK -44.9 million.

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

Fouriertransform's investments as of March 31, 2011

As of March 31, 2011 Fouriertransform had approved investments in 10 companies: PowerCell Sweden AB, Norstel AB, NovaCast Technologies AB, FlexProp AB, Effpower AB, Alelion Batteries AB, El-Forest AB, Max Truck AB, Applied Nano Surfaces AB and Vicura AB. The investment in NovaCast Technologies AB has been written off in full, with the result that as of March 31 the portfolio consists of nine companies. Investments amounting to SEK 361 million had been approved, of which a total of SEK 330 million had been paid out (including directly attributable costs). The amounts invested vary between SEK 7 million for Max Truck and SEK 104 million for Norstel.

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

Portfolio summary as of March 31, 2011

	Location	Initial investment	Carrying amount (SEK 000s)	Ownership
Powercell Sweden AB	Gothenburg	Oct. 2009	38,461 ¹⁾	17%
Norstel AB	Norrköping	Feb. 2010	103,537	76% ²⁾
FlexProp AB	Halmstad	Feb. 2010	10,315,	37%
Effpower AB	Gothenburg	Feb. 2010	43,745	13%
Alelion Batteries AB	Nödinge	Jun. 2010	28,987	27%
El-Forest AB	Sundsvall	Jun. 2010	20,286	36%
Max Truck AB	Östersund	Jul. 2010	7,583	35%
Applied Nano Surfaces Sweden AB	Uppsala	Dec. 2010	9,172	27%
Vicura AB	Trollhättan	Jan. 2011	10,260	92% ³⁾
Total			272,346	

1) A write-down of 25%, or SEK 12.8 million, has been applied

2) The share of votes is 48%

3) Relates to the share of votes, but exceeds 50% only temporarily

**PowerCell Sweden AB – fuel cell making electricity from hydrogen**

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

www.powercell.se

**Norstel AB – new technology for hybrid vehicles**

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

www.norstel.com

**FlexProp AB – robust low-weight grippers**

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

www.flexprop.se

**Effpower AB – efficient batteries for hybrids**

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

www.effpower.com

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

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

www.alelion.com

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

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

www.ei-forest.se

**Max Truck AB – electric forklift with unique maneuverability**

The company is developing an electric forklift that can maneuver in all four directions from stationary and rotate around its own axis. The forklift therefore requires significantly less space than conventional ones. The distances it travels are therefore significantly shorter and warehouse space can be utilized more efficiently.

www.maxtruck.se



Applied Nano Surfaces

Applied Nano Surfaces Sweden AB – unique technology for reduced friction losses

The company has developed unique technology for creating surface coatings with properties that improve friction and wear on steel and cast iron surfaces in mechanical systems. Applied Nano Surfaces' technology allows large-scale industrial production of coated components at a fraction of the cost of equivalent coatings.

www.appliednanosurfaces.com



Vicura AB – Saab's transmission developers

Vicura is a spin-off of the transmissions development department built up at Saab while under the ownership of GM. The new standalone company is developing transmission systems for the international automotive industry – primarily based on dual clutch transmission (DCT), which combines the low fuel consumption of a manual gearbox with the convenience of automatic transmission.

www.vicura.se

Accounting policies

This interim report has been prepared in accordance with the Annual Accounts Act and based on NASDAQ OMX Stockholm's Rule Book for Issuers and the Guidelines for External Reporting by State-owned Companies.

Investments in portfolio companies have been measured at the lower of the acquisition cost, including costs directly attributable thereto, and an assessed fair value.

Investments in securities exclude any unrealized surplus values.

Risks and uncertainties

Significant risks and uncertainties pertaining to the company are described in the Directors' Report in the 2010 Annual Report.

Credit facilities

Fouriertransform AB has no utilized credit facilities.

Related party disclosures

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

Fouriertransform in brief

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

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

Appendices

Income statement & cash flow statement

Balance sheet & statement of changes in equity

Stockholm, April 18, 2011


Contact persons for further information

CEO, Per Nordberg +46 (0) 410 40 601

CFO, Ulf Järvenäs +46 (0) 410 40 603

Financial calendar 2011

Q2 interim report	Jul. 19, 2011
Q3 interim report	Oct. 25, 2011
Q4 interim report and year-end report	Feb. 10, 2012

Income statement and cash flow statement

Income statement, SEK 000s	Q1 2011	Q1 2010	Change, %
Operating expenses			
Other external expenses	-3,566	-4,051	12
Employee benefit expenses	-6,387	-3,208	-99
Depreciation of property, plant and equipment	-142	-13	-
Total operating expenses	-10,095	-7,272	-39
Operating loss	-10,095	-7,272	-39
Profit from financial items			
Write-down of portfolio companies	-44,201	-	-
Interest income and similar items	10,046 ¹⁾	3,607	182
Interest expense and similar items	-627	-	-
Total profit from financial items	-34,782 ²⁾	3,607	-
Result after financial items	-44,877	-3,665	-
Tax on profit for the period	-	-	-
Net result for the period	-44,877	-3,665	-

1) Mainly reversal of SEK 9.0 million write-down in fixed income funds

2) Excludes unrealized surplus values of investments in securities amounting to SEK 22.4 million

Cash flow statement, SEK 000s	Q1 2011	Q1 2010
Operating activities		
Operating loss before financial items	-10,095	-7,272
Depreciation	142	13
Interest received and paid on investments in securities etc.	1,058	3,172
Corporation tax paid	-11,397	-438
Increase/decrease in other current receivables	16,435	735
Increase/decrease in accounts payable	-615	290
Increase/decrease in other current operating liabilities	188	954
Cash flow from operating activities	-4,284	-2,546
Investment activities		
Investments in property, plant and equipment	-1,082	-1,419
Investments in portfolio companies	-43,051	-201,876
Exchange rate differences on receivables from portfolio companies	-307	-
Cash flow from investment activities	-44,440	-203,295
Cash flow for the period	-48,724	-205,841
Cash and bank balances and investments in securities at beginning of period	2,728,813	2,964,567
Cash flow for the period	-48,724	-205,841
Other increase/decrease in carrying amount	8,989 ¹⁾	1,930
Cash and bank balances and investments in securities	2,689,078	2,760,656

1) Reversal of impairment of fixed interest funds

Balance sheet and statement of changes in equity

Balance sheet, SEK 000s	Mar. 31, 2011	Mar. 31, 2010	Dec. 31, 2010
Assets			
Non-current assets			
Property, plant and equipment			
Equipment	3,115	1,438	2,175
Financial fixed assets			
Investments in portfolio companies	272,346	245,821	300,866
Other non-current receivables	366	366	367
Total non-current assets	275,827	246,187	303,408
Current assets			
Current receivables			
Trade receivables	79	-	120
Current tax assets	7,819	-	-
Other current receivables	-	-	10,056
Prepaid expenses and accrued income	2,907	4,739	9,244
Investments in securities etc.			
Investments in securities etc.	2,669,395	2,755,170	2,695,244
Cash and bank balances	19,683	5,486	33,569
Total current assets	2,699,883	2,765,395	2,748,233
Total assets	2,975,710	3,013,020	3,051,641
Equity and liabilities			
Equity			
Restricted equity			
Share capital	3,000,100	3,000,100	3,000,100
Non-restricted equity			
Profit brought forward	12,782	8,256	8,256
Net profit for the period	-44,877	-3,665	4,526
Total equity	2,968,005	3,004,691	3,012,882
Current liabilities			
Accounts payable	2,934	1,292	3,549
Current tax liability	-	3,525	3,578
Other current liabilities	1,564	565	27,950
Accrued expenses	3,207	2,947	3,682
Total current liabilities	7,705	8,329	38,759
Total equity and liabilities	2,975,710	3,013,020	3,051,641
Pledged assets	None	None	None
Contingent liabilities	None	None	2,500

Statement of changes in equity, SEK 000s	Share capital	Other non-restricted equity	Total equity
Equity, Dec. 31, 2010	3,000,100	12,782	3,012,882
Profit for the period	-	-44,877	-44,877
Equity, Mar. 31, 2011	3,000,100	-32,095	2,968,005

Fouriertransform AB
Sveavägen 17, 10th floor
111 57 Stockholm

+46 (0) 8 410 40 600

info@fouriertransform.se
www.fouriertransform.se

Fouriertransform AB
Kaserntorget 6, 3rd floor
411 18 Gothenburg

+46 (0) 31 761 91 40