

A N N U A L R E P O R T

2009

 **FINNVEDEN**

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This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

Board of Directors' Report

The Board and President hereby submit the annual report and consolidated financial statements for Finnveden Holding AB for the 2009 financial year.

Ownership structure

At the end of the year Nordic Capital Fund V owned through Finnveden S.á.rl (48.6 %) and Finnveden Ltd. (51.4 %) 100 % of the share capital of Finnveden Holding AB. Finnveden Holding AB in turn owns 100 % of the share capital in the previously listed company Finnveden AB (publ).

Operations

Finnveden is an international engineering group that holds strong positions in selected market segments. The group develops and manufactures customer-specific components and systems in metallic materials as a partner to the international automotive industry.

The group's customers are almost exclusively in the automotive and engineering industries in Europe, Asia and the US.

The Group operates through two independent sub-groups; Bulten and Finnveden Metal Structures. Bulten develops and manufactures fasteners for the automotive industry. Finnveden Metal Structures manufactures products in steel, magnesium and aluminium or in combinations of these materials. The main manufacturing processes are pressing, casting and assembly.

Of the Group's sales, SEK 2,042 (2,863) million, about 86 % is attributable to vehicle manufacturers, and about 12 % to sub-contractors and the remainder to other industry segments. Some 71 % of sales were in markets outside Sweden, either directly or through foreign subsidiaries.

Significant events

Finnveden has worked over the year on measures to adapt to the demanded volumes.

Bulten's activities in 2009 have included a start-up of new volume production for Volvo Powertrain and expansion to include a new customer, BMW. Capacity has been increased at the factory in Hallstahammar, and sections of the machinery have been upgraded to enable the delivery of new contracts.

In Finnveden Metal Structures, several large and strategically important contracts were signed in 2009. A cost rationalisation programme and adjustments to mirror lower volumes means the business is well positioned for profitable growth looking forward.

During the autumn, the automotive industry began to recover and for the last quarter of the financial year, demand was significantly higher than at the beginning of the year. At the end of the year, a new management structure was adopted at Finnveden which saw Johan Westman appointed as the new President and CEO and Helena Wennerström as Financial Director.

Order bookings and net sales

2009 was characterised by a sharp market downturn. In autumn 2009, the market started to recover and new volumes have been secured for the business.

In 2009, Bulten captured market shares which have compensated for the overall volume decline in the automotive industry.

The order backlog at year end was SEK 901 (1,129) million, a fall of 20 % on the previous year.

Order bookings for the full year was SEK 2,002 (2,535) million, which corresponds to a drop of 21 % on the previous year.

Net sales for the full year totalled SEK 2,042 (2,863) million, a decline of just over 29 %.

Earnings and profitability

The Group's gross profit was SEK 195 (314) million, corresponding to a gross margin of 10 (11) %.

Earnings before depreciation (EBITDA) were SEK -68 (88) million, corresponding to an EBITDA margin of -3 (3) %.

Earnings (EBIT) were SEK -147 (-49) million, corresponding to an operating margin of -7 (-2) %.

The market fell dramatically in 2009, especially on the heavy-goods vehicle side. The negative results very much depend on the effects of reductions of staff and other cost savings being effected after the drop in volume. The loss for the year arose mainly in the first six months.

When the full rate of the cost rationalisation programme was reached, Finnveden returned to generate a positive operating profit.

Operating profit was further burdened by restructuring costs of SEK 40 million, of which SEK 19 million relates to winding up of the activities at Mora and SEK 21 million to streamlining operations in China. In 2008, the operating profit was burdened by SEK 54 million which was attributable to an impairment of goodwill related to Finnveden Metal Structures.

Net financial items in the Group were SEK –110 (–140) million, of which SEK 80 million relates to interest costs to shareholders, which does not impact on cash flow as they are added to the loan amount annually.

During the year, SEK 368 million of the shareholder loan has been converted into equity through the decision to implement an offset issue in December 2009. The net debt was SEK 635 (868) million on balance sheet day, of which the main part of the share was made up of borrowing from the owner. The Group's net debt to credit institutions (net debt excluding interest-bearing shareholder loan) was SEK 251 (196) million at December 31, 2009.

Excluding the effects of the offset emissions decided at the end of each financial year, the average interest rate for net debt was 10 % (11 %). Exchange rate differences of SEK –10 (–4) million are included in the financing costs, along with other financial expenses of SEK –4 (–11) million.

Earnings after financial items for the Group were –257 (–189) million. Earnings after tax were SEK –265 (–220) million.

Investments

Investments in tangible fixed assets were SEK 97 (59) million. Annual depreciation of comparable assets was SEK 79 (83) million.

SEK 96 (44) million of the investments relate to machinery and equipment. Investment in buildings and land was 1 (15) million.

Cash flow, capital tied up and financial position

Finnveden has conducted a successful capital efficiency programme in 2009 to free up capital. Cash flow from operating activities before tax payments totalled SEK –2 (–70) million, which equates to 0 (–2) % of net sales. Total change in working capital was SEK 82 (–113) million. Inventories were down in the year by SEK 171 million, while operating receivables increased by SEK 21 million.

Accounts receivable during the past year averaged SEK 357 (433) million, which equates to 17 (15) % of net sales. The average credit period was 64 (55) days. Average inventories have dropped and were SEK 409 (496) million, corresponding to an inventory turnover of 5 (6) times. Consolidated cash and cash equivalents were SEK 35 (25) million at year end. In addition, the Group had approved but unutilised overdraft facilities of SEK 157 (186) million, which means that disposable cash and

cash equivalents were SEK 192 (211) million. Disposable cash and cash equivalents therefore were about 9 (7) % of net sales.

Consolidated total assets at year end were SEK 1,577 (1,832) million. Equity in the Group was SEK 335 (239) million at the end of the financial year. At year end, an offset issue was being implemented in the Group of SEK 368 million. In addition to net income for the year of SEK –265 (–220) million, translation differences totalling SEK –7 (15) million have had an impact on equity.

The equity/assets ratio was 21 (13) %. The adjusted equity/assets ratio, taken as recognised equity including interest-bearing liabilities to shareholders totalled 45 (50) % at the end of the financial year.

Group goodwill at the end of the financial year was SEK 182 (182) million, or 11 (10) % of total assets.

Risks and risk management

Exposure to risk is a natural part of a business and this is reflected in Finnveden's approach to risk management. This aims to identify risks and prevent any risks occurring or to limit any damage resulting from these risks. Risks are managed through improvements, appropriate decisions and corrective actions.

Risks can be categorised as operational and financial risks. For a description of how the Group manages these risks in the business, see Note 3.

Environment

Finnveden engages in manufacturing at its ten facilities, located in Sweden, Germany, Poland and China.

At the end of 2009, two Swedish facilities were subject to permit requirements and two were subject to a reporting obligation under the Swedish Environmental Code.

The permit and reporting requirements are due to the nature of the operations, particularly activities involving machining, sheet metal processing, finishing and assembly, as well as part casting. The primary environmental impact derives from the manufacturing processes in the form of emissions to water and air, waste generation, resource utilisation and noise.

Finnveden has an expressed strategy for reducing the environmental impact of its process water, energy consumption, transport, chemicals and waste. Manufacturing units outside Sweden adapt their operations, apply for the necessary permits and report to the authorities as required by local legislation.

A discharge of oil into the Holjeån river at Olofström has occurred, however, the problem has been rectified. A new license application is planned in the coming year. The applications result from changes in the business, which mean that existing permits must be updated with new terms.

A new license application is planned in the coming year. Applications are the result of changes to the business, which mean that existing permits must be updated with new terms, which is considered possible without any major intervention.

Parent company

Finnveden Holding AB owns, directly or indirectly all the companies in the Group. Group-wide activities relating to management and administration were handled by the subsidiary Finnveden AB. Accordingly, the parent company reports no sales.

The equity/assets ratio was 66 (39) %. Adjusted equity/assets ratio, calculated as shareholders' equity plus interest-bearing liabilities to shareholders, was 89 (88) %. Equity was SEK 842 (525) million. Disposable cash and cash equivalents in the parent company totalled SEK 0 (0) million. The company had no employees.

Board activities

The Board has adopted a set of working procedures and a number of policies that define the allocation of responsibilities between the Board, President and Group management. The Board has the ultimate responsibility for the Group's operations and organisation, and ensures that the President's duties and the financial operations are carried out in compliance with established principles. The board held nine meetings during the year.

From its membership, the Board has appointed an audit committee and a remuneration committee. During the year, the audit committee held two meetings and the remuneration committee three meetings.

In addition to the Board of the parent company, each subgroup has a formal board that manages current operational decisions within its areas of responsibility.

Significant events after the end of the financial year

During the first quarter, the decision to consolidate the capacity at Finnveden Metal Structures through winding up the activities in Mora was announced. The Group has thus continued to streamline and restructure operations to ensure greater competitiveness and profitability.

Moreover, Finnveden improved its financial position through an expanded credit facility, which has been achieved by the early payment of a property promissory note and final settlement of a receivable from the sale of the business area – Finnveden Powertrain (sold 2007).

Outlook for 2010

The assessment is for an improvement to the state of the automotive market in 2010. Bulten continues to capture market shares, which give greatly increased volumes and improved earnings for 2010. As the heavy-goods vehicle side has not yet recovered, the pick-up will be somewhat later at Finnveden Metal Structures which has a higher proportion of heavy vehicles. The full year 2010 is expected to give significantly strong earnings for Finnveden Metal Structures, thanks to the signing of new contracts, and extensions to existing contracts.

Income statement

SEK Million	Note	Group		Parent company	
		2009	2008	2009	2008
Net sales	5	2,042.1	2,862.8	—	—
Cost of goods sold		-1,847.5	-2,549.3	—	—
Gross profit		194.6	313.5	—	—
Other operating income	8	31.5	33.2	—	—
Selling expenses		-124.8	-138.6	—	—
Administrative expenses		-172.7	-180.5	-0.8	-1.8
Other operating expenses	9	-75.7	-76.3	—	—
Operating profit	6,7,10,11	-147.1	-48.7	-0.8	-1.8
Financial income	12	4.8	5.1	—	—
Financial expenses	13	-114.8	-145.3	-82.6	-106.5
Earnings before tax	14	-257.1	-188.9	-83.4	-108.3
Tax on profit for the year	15	-7.6	-31.2	—	7.0
Financial year results		-264.7	-220.1	-83.4	-101.3
Attributable to:					
Parent company shareholders		-264.2	-219.6		
Minority interests		-0.5	-0.5		
		-264.7	-220.1		

Statement of comprehensive income

SEK Million	Note	Group		Parent company	
		2009	2008	2009	2008
Income for the year		-264.7	-220.1	-83.4	-101.3
Other comprehensive income:					
Exchange rate differences		-7.4	15.4	—	—
Total comprehensive income for the year		-272.1	-204.7	-83.4	-101.3
Attributable to:					
Parent company shareholders		-271.5	-204.4	—	—
Minority interests		-0.6	-0.3	—	—
		-272.1	-204.7		

Balance sheet

SEK Million	Note	Group		Parent company	
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
ASSETS					
Fixed assets					
Intangible fixed assets					
Goodwill	16	181.5	181.5	—	—
Other intangible fixed assets	16	1.2	1.4	—	—
Total intangible fixed assets		182.7	182.9	—	—
Tangible fixed assets					
Land and buildings	16	16.1	33.3	—	—
Plant and machinery	16	316.1	356.2	—	—
Equipment, tools, fixtures and fittings	16	39.2	33.8	—	—
Construction in progress and advances for tangible fixed assets	17	63.7	42.5	—	—
Total tangible fixed assets	18	435.1	465.8	—	—
Financial assets					
Shares in group companies	19	—	—	1,281.2	1,281.2
Other securities held as fixed assets	21	0.4	0.4	—	—
Deferred tax receivables	27	6.5	4.4	—	—
Other long-term receivables	22	2.9	76.5	—	—
Total financial assets		9.8	81.3	1,281.2	1,281.2
Total fixed assets		627.6	730.0	1,281.2	1,281.2
Current assets					
Inventories					
Raw materials and consumables		66.3	106.7	—	—
Work in progress		109.8	133.9	—	—
Finished goods and merchandise		147.1	253.7	—	—
Total inventories		323.2	494.3	—	—
Current receivables					
Accounts receivable	23	354.4	360.1	—	—
Receivables from group companies	20	—	—	—	24.9
Current tax receivables		8.0	17.2	—	—
Other receivables		177.8	106.6	—	—
Prepaid expenses and accrued income	24	51.3	98.7	0.2	3.1
Total current assets		591.5	582.6	0.2	28.0
Cash and cash equivalents		35.0	24.8	—	—
Total current assets		949.6	1,101.7	0.2	28.0
Total assets		1,577.3	1,831.7	1,281.4	1,309.2

cont. Balance sheet

SEK Million	Note	Group		Parent company	
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
EQUITY AND LIABILITIES					
Equity	25				
Share capital		1.8	0.3	2.0	0.5
New share issue in progress		3.7	1.5	4.0	1.5
Statutory reserve		—	—	99.5	99.5
Additional contributed capital		730.3	366.1	—	—
Other reserves		14.0	21.3	—	—
Share premium reserve		—	—	694.5	298.5
Retained earnings		-419.3	-155.1	41.7	125.1
Equity attributable to parent company shareholders		330.5	234.1	841.7	525.1
Minority interests		4.6	5.2	—	—
Total equity		335.1	239.3	841.7	525.1
Liabilities					
Non-current liabilities					
Interest-bearing shareholder loans	29	384.0	671.8	301.2	626.6
Other interest-bearing liabilities	29	21.4	7.7	—	—
Liabilities to group companies	29	—	—	138.0	157.1
Provisions for pensions	26	22.8	22.5	—	—
Other provisions	28	—	3.9	—	—
Deferred tax liabilities	27	5.8	3.6	—	—
Total non-current liabilities		434.0	709.5	439.2	783.7
Current liabilities					
Interest-bearing liabilities	29, 31	378.1	325.8	—	0.0
Advances from customers		0.1	33.7	—	—
Accounts payable		267.9	347.4	0.1	0.2
Current tax liabilities		5.1	7.9	—	—
Other liabilities		34.9	34.0	—	—
Accrued expenses and deferred income	32	105.6	134.1	0.4	0.2
Other provisions	28	16.5	—	—	—
Total current liabilities		808.2	882.9	0.5	0.4
Total equity and liabilities		1,577.3	1,831.7	1,281.4	1,309.2
Pledged assets	30	1,161.2	1,348.3	1,281.2	1,281.2
Contingent liabilities	33	93.6	142.8	58.4	107.1

Consolidated statement of changes in equity

Group	Attributable to parent company shareholders						Total equity
	Share capital	New share issue in progress	Additional contributed capital	Translation reserve	Retained earnings	Minority interest	
Opening balance at January 1, 2008	0.3	—	67.6	6.1	70.0	—	144.0
Comprehensive income							
Profit/loss for financial year	—	—	—	—	-219.6	-0.5	-220.1
Other comprehensive income:							
Exchange rate differences	—	—	—	15.2	—	0.2	15.4
Total comprehensive income	—	—	—	15.2	-219.6	-0.3	-204.7
Transactions with shareholders							
Changes in minority share	—	—	—	—	-5.5	5.5	—
New share issue in progress	—	1.5	298.5	—	—	—	300.0
Total transactions with shareholders	—	1.5	298.5	—	-5.5	5.5	300.0
Closing balance at December 31, 2008	0.3	1.5	366.1	21.3	-155.1	5.2	239.3
Comprehensive income							
Income for the year	—	—	—	—	-264.2	-0.5	-264.7
Other comprehensive income:							
Exchange rate differences	—	—	—	-7.3	—	-0.1	-7.4
Total comprehensive income	—	—	—	-7.3	-264.2	-0.6	-272.1
Transactions with shareholders							
Completed new share issue	1.5	-1.5	—	—	—	—	—
New share issue in progress	—	3.7	364.2	—	—	—	367.9
Total transactions with shareholders	1.5	2.2	364.2	—	—	—	367.9
Closing balance at December 31, 2009	1.8	3.7	730.3	14.0	-419.3	4.6	335.1

Parent company statement of changes in equity

Parent company	Restricted equity			Unrestricted equity		Total equity
	Share capital	New share issue in progress	Statutory reserve	Share premium reserve	Retained earnings	
Opening balance according to the adopted balance sheet	0.5	—	99.5	—	199.8	299.8
Effect of change to accounting principle ¹⁾	—	—	—	—	8.7	8.7
Adjusted opening balance at January 1, 2008	0.5	—	99.5	—	208.5	308.5
Comprehensive income						
Profit/loss for financial year	—	—	—	—	-101.3	-101.3
Group contribution received from subsidiaries	—	—	—	—	24.9	24.9
Tax effect on Group contributions from subsidiaries	—	—	—	—	-7.0	-7.0
Total comprehensive income	—	—	—	—	-83.4	-83.4
Transactions with shareholders						
New share issue in progress	—	1.5	—	298.5	—	300.0
Total transactions with shareholders	—	1.5	—	298.5	—	300.0
Closing balance at December 31, 2008	0.5	1.5	99.5	298.5	125.1	525.1
Comprehensive income						
Profit/loss for financial year	—	—	—	—	-83.4	-83.4
Total comprehensive income	—	—	—	—	-83.4	-83.4
Transactions with shareholders						
Completed new share issue	1.5	-1.5	—	—	—	—
New share issue in progress	—	4.0	—	396.0	—	400.0
Total transactions with shareholders	1.5	2.5	—	396.0	—	400.0
Closing balance at December 31, 2009	2.0	4.0	99.5	694.5	41.7	841.7

¹⁾ The application of RFR 2.2 Reporting for legal entities has meant a change in accounting policy for the classification of issued preference shares and the return that matures for these. See the section on parent companies in Note 2 Summary of significant accounting policies for further information.

Cash flow statement

SEK Million	Group		Parent company	
	2009	2008	2009	2008
Operating activities				
Earnings after financial items	-257.1	-188.9	-83.4	-113.1
Adjustments for items not included in cash flow	173.0	231.4	77.7	93.3
	-84.1	42.5	-5.7	-19.8
Taxes paid	-1.1	2.9	7.0	—
Cash flow from operating activities before changes in working capital	-85.2	45.4	1.3	-19.8
Cash flow from changes in working capital				
Increase(-)Decrease(+) in inventories	171.1	3.8	—	—
Increase(-)Decrease(+) in operating receivables	-21.0	60.7	0.0	2.4
Increase(+)Decrease(-) in operating liabilities	-68.2	-177.0	0.1	-0.9
Cash flow from operating activities	-3.3	-67.1	1.4	-18.3
Investing activities				
Acquisition of intangible fixed assets	-0.6	—	—	—
Acquisition of tangible fixed assets	-96.4	-59.3	—	—
Acquisition of financial assets	-1.0	—	—	—
Divestment of intangible fixed assets	—	—	—	—
Divestment of tangible fixed assets	41.1	15.3	—	—
Change in financial assets	—	99.5	—	—
Cash flow from investing activities	-56.9	55.5	0.0	0.0
Financing activities				
Loans assumed	82.3	2.3	—	—
Amortisation of borrowings	-12.5	-99.3	-19.3	-82.7
New issue, liquidity received	—	100.0	—	100.0
Group contributions	—	—	17.9	—
Cash flow from financing activities	69.8	3.0	-1.4	17.3
Cash flow for the year	9.6	-8.6	0.0	-1.0
Cash flow for the year	9.6	-8.6	0.0	-1.0
Exchange rate difference in cash and cash equivalents	0.6	1.6	—	—
Cash and cash equivalents at beginning of financial year	24.8	31.8	0.0	1.0
Cash and cash equivalents in divested operations	—	—	—	—
Cash and cash equivalents at end of the year	35.0	24.8	0.0	0.0

Additional disclosures for cash flow analysis

SEK Million	Group		Parent company	
	2009	2008	2009	2008
Adjustments for items not included in cash flow				
Expensed unpaid interest	83.0	93.3	77.7	93.3
Depreciation and impairment of fixed assets	88.5	137.1	—	—
Change in provisions	14.4	1.1	—	—
Income from sale of fixed assets	-15.2	-0.1	—	—
Unrealised exchange rate difference	2.3	—	—	—
	173.0	231.4	77.7	93.3
Interest paid and received				
Interest paid	22.4	-47.7	—	-15.2
Interest received	4.8	5.1	—	—

CHANGE IN NET LOAN LIABILITIES

SEK Million	Group	
	2009	2008
Change in net loan liabilities		
Net loan liabilities at beginning of the year	868.0	1,024.3
Raising of loans, including change in bank overdraft	63.3	2.3
Amortisation of interest-bearing liabilities	-12.5	-99.3
Change of finance lease liabilities	19.0	0.0
Shareholder's loans converted into equity	-367.9	-200.0
Capitalisation of interest costs	80.1	93.3
Unrealised exchange rate differences in interest-bearing liabilities	-3.8	0.0
Changes in provisions for pensions	0.3	-0.6
Change in interest-bearing assets	-1.4	41.0
Change in cash and cash equivalents	-10.2	7.0
Net loan liabilities at end of the year	634.9	868.0
Of which:		
Loans from shareholders	384.0	671.8
The remaining net debt	250.9	196.2

Notes

All amounts in SEK million unless otherwise stated. Figures in brackets refer to the previous year.

Note 1 | General information

Finnveden Holding AB (the parent company), Corp. Reg. No. 556668-2141 and its subsidiaries (jointly the Group) manufacture and distribute automotive components. The parent company conducts operations in the legal form of a limited liability company, with its registered office in Stockholm, Sweden. The company's postal address is c/o NC Advisory AB, SE-114 35 Stockholm, Sweden.

These consolidated financial statements were approved by the Board on May 11, 2010 for publication and will be presented to the general meeting of shareholders in June 2010.

Note 2 | Summary of important accounting policies

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and in accordance with the Council for financial reporting's recommendation RFR 1.2. Supplementary accounting rules for groups and the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method. The parent company's accounting policies correspond to those of the Group unless otherwise stated.

In addition to these standards, both the Swedish Companies Act and the Annual Accounts Act require certain supplementary disclosures to be made.

Preparing financial reports in accordance with IFRS requires important accounting estimates to be made. The management also needs to make certain assessments in applying the company's accounting policies. The areas subject to a high degree of assessment or complexity, or areas in which assumptions and estimates are of considerable importance to the consolidated financial statements, are described in Note 4. The estimates and assumptions are regularly reviewed, and the effect on the amounts recognised are accounted for in the income statement.

New accounting policies 2009

The following new accounting policies came into force on January 1, 2009 and have been applied by the Group during the year unless otherwise specified:

IFRS 8 Operating segments

The standard deals with the beginning of the company's operation in various segments. The standard states that the company takes its reference point from the internal reporting structure and determines reportable segments in line with this structure. Reporting in accordance with IFRS 8 is optional for companies whose securities are not publicly traded. The Group has elected not to apply IFRS 8.

IAS 23 Amendment, Borrowing Costs

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a significant time to get ready for use or sale, as part of the cost of the asset, in those cases the first time of capitalising is on January 1, 2009 or later. Previously, the Group immediately expensed borrowing costs. This change in accounting policy is a result of the application of all transitional provisions in IAS 23 Borrowing Costs (2007). Comparative information has therefore not been recalculated. The change in accounting policy has no material impact on the consolidated accounts. In 2009, no borrowing costs were capitalised.

IAS 1 Amendment, Presentation of Financial Statements

The amendment deals with the presentation of balance sheet, income statement and cash flow and requires the additional presentation of changes to net income attributable to non-owner related transactions. The Group has included the accounts for other comprehensive income in the financial

statements for 2009. In addition, the amendment had no material impact on the consolidated accounts.

IFRS 7 (Amendment) Financial Instruments-Disclosures

The change applies from January 1, 2009, and calls for more information on valuations at fair value and liquidity risk. This change has no effect on the consolidated financial statements other than additional disclosures.

IFRS 2 (Amendment) Share-based payments

The change applies from January 1, 2009 and the amended standard addresses vesting conditions and cancellations. It clarifies that vesting conditions only includes service conditions and performance conditions. Other elements of share-based payments constitute "non-vesting conditions" (conditions that are not defined as vesting conditions). These elements should be considered when the fair value per grant date is set for transactions with employees and others who provide similar services. However, they do not affect the number of options expected to be vested or the valuation of these after the grant date. All cancellations, whether by the company or other parties, should be handled in the same way in the accounts. The Group applies IFRS 2 (Amendment) from January 1, 2009, but it does not have any material impact on the consolidated financial statements.

In addition to the above, the following amendments to standards and statements from IFRIC are applicable to the Group from January 1, 2009 but have not had any material impact on the consolidated financial statements for the year.

- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of net investments in foreign operations
- IAS 32 and IAS 1 Amendment to redeemable financial instruments and obligations arising in the event of liquidation
- IFRS 1 and IAS 27 amendment to the cost of participations in subsidiaries, joint ventures and associated companies – the first application of IFRS
- IFRIC 9 and IAS 39 amendment embedded derivatives
- Annual improvement process

New accounting policies in 2010 and later

When preparing the consolidated accounts at December 31, 2009 a number of standards and interpretations have been published which are not yet in force. Below is a preliminary assessment of the possible impact of the introduction of these standards and the statements on the Group's financial statements:

Revised IFRS 3 Business Combinations*

The standard comes into force on July 1, 2009 and applies to the financial years that began on or after that date. The standard contains changes in the way in which future acquisitions are to be recognised, including with regard to accounting for transaction costs, any contingent purchase prices and successive acquisitions. The Group will be applying this standard from January 1, 2010. The application will affect the recognition of acquisitions made after the date it comes into force.

IAS 27 Amendment to Consolidated and Separate Financial Statements*

The amendment comes into force on July 1, 2009 as a consequence of the new IFRS 3 and applies to financial years beginning on or after that date. The amendment means changes to IAS 27 in terms of how changes in ownership must be recognised in cases where the parent company retains or loses control of the owned company. The Group will be applying this amendment from January 1, 2010. The application will affect the recognition of changes to holdings made after the date it comes into force.

cont. Note 2

IFRS 9 Financial Instruments*

IFRS 9 is published in three parts: Classification and Measurement, Impairment, and Hedge accounting, which will replace the current IAS 39 effective from January 1, 2013. Earlier application is voluntary following EU approval.

In addition to the above, the following amendments to standards and interpretations from IFRIC apply for the Group from January 1, 2010 or later, but they are not expected to have any material impact on the consolidated accounts.

- IFRIC 12 Service Concession Arrangements
- IFRIC 17 Value Transfer of non-cash assets by dividends to owner
- IAS 39 Amendment to financial instruments: Recognition and measurement:
 - Eligible Hedged Items
- Revised IFRS 1 First-time adoption of IFRS
- IFRIC 18 Transfer of assets from customers
- IFRS 1 Amendment to expanded exemption for first-time adopters*
- IAS 32 Amendment to classification of subscription rights etc.
- Annual improvement process*

* These standards/interpretations have not been adopted by the EU at this time. The specified date for the application can thus be modified as a result of any decision related to the EU's approval process.

Consolidated financial statements

Subsidiaries

A subsidiary is any company in which the Group is entitled to formulate financial and operational strategies in a way that usually accompanies a shareholding totalling more than 50% of the voting rights. The existence and effect of potential voting rights which are currently possible to use or convert, are taken into account in assessing whether the Group has a controlling influence over another company. Subsidiaries are included in the consolidated financial statements from the day on which controlling influence passes to the Group. They are excluded from the consolidated financial statements from the day on which this controlling influence ceases.

The purchase method is used in accounting for the Group's business combinations. The cost of an acquisition comprises the fair value of assets provided as remuneration, equity instruments issued and arisen or assumed liabilities on the transfer date, plus costs directly attributable to the acquisition. Identifiable acquired assets and assumed liabilities and contingent liabilities in a corporate acquisition are initially measured at fair value on the acquisition date regardless of the extent of any minority interest. The surplus comprising the difference between the cost and fair value of the Group's proportion of identifiable acquired net assets is recognised as goodwill. If the cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the income statement.

Transactions with minority shareholders

The Group applies the principle of treating transactions with minority interests as transactions with the Group's shareholders. For purchases from minority interests, the difference is recognised between the compensation that has been paid and the actual acquired share of the carrying value of the subsidiary's net assets in equity. Gains and losses on divestments to minority interests are also recognised in equity.

Associated companies

An associated company is any company in which the Group has a considerable but not controlling influence, which generally equates to shareholdings of between 20 and 50 % of the voting rights. Holdings in associated companies are recognised in accordance with the equity method and are initially measured at cost. The Group's carrying amount for holdings in associated companies includes goodwill (net after any accumulated depreciation) identified in the acquisition. The Group's share of revenues arising in the associated company following the acquisition is recognised in the income statement.

Joint Ventures

In terms of accounting, a joint venture is a company over which the company has a joint controlling influence through a business agreement. In the consolidated accounts, holdings in joint ventures are recognised in accordance with the proportional method. This means that the Group's share of the company's income, expenses, assets and liabilities is recognised as part of the consolidated total, item by item.

Elimination of transactions between Group companies

Intra-Group transactions and balance sheet items, as well as unrealised gains on transactions between Group companies, are eliminated. Unrealised losses are also eliminated, unless the transaction is proof of an impairment requirement for the transferred asset. Unrealised gains and losses arising from transactions between the Group and its associated companies and joint ventures are eliminated in relation to the Group's holding in those companies. The accounting policies for subsidiaries, associated companies and joint ventures have been changed where appropriate to ensure consistent application of the Group's policies.

Translation of foreign currencies

Items in the financial statements for the various Group units are measured in the currency used in the economic environment where each company primarily operates (the functional currency). In the consolidated financial statements the Swedish krona (SEK) is used, which is the parent company's functional and reporting currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rates in force on the transaction date. Exchange gains and losses arising from settlement of such transactions and recalculation of monetary assets and liabilities in foreign currencies at the closing day rate are accounted for in the income statement.

The results and financial position of all Group companies are translated into the Group's reporting currency. Assets and liabilities are translated at the closing day rate, income and expenses are translated at the average rate and any resulting exchange rate differences are recognised as a separate portion of equity. Fair value adjustments and goodwill arising from the acquisition of a foreign operation are recognised as assets and liabilities in that operation and translated at the closing day rate:

When translating amounts in foreign companies, the following exchange rates have been used:

	Average rate		Closing day rate	
	2009	2008	2009	2008
CNY	1.12	0.95	1.06	1.13
EUR	10.62	9.61	10.35	10.94
GBP	11.93	12.09	11.49	11.25
PLN	2.46	2.74	2.50	2.62
USD	7.65	6.58	7.21	7.75

cont. Note 2

Classification

Fixed assets and long-term liabilities consist essentially of only those amounts expected to be recovered or paid after more than 12 months of the balance sheet date. Current assets and current liabilities consist essentially of only those amounts expected to be recovered or paid within 12 months of the balance sheet date.

Non current assets (or divestment groups) held for sale and discontinued operations

Fixed assets (or divestment groups) are classified as non current assets held for sale and recognised at the lower of carrying amount and fair value less costs of sales if their carrying amount is recovered principally through a sale transaction and not through continuous use.

A discontinued operation is a component of the Group that has either been sold or classified as held for sale, and is an independent branch of the business or a significant activity that forms part of a single coordinated plan for divestment.

Intangible assets

Expenditure on research and development

The Group conducts no research and development of the kind that is to be capitalised as an intangible asset. Expenditure is written off as it arises. The Group only conducts development directly linked to customer orders. This process is preparatory in nature and is generally conducted ahead of planned production start-up.

Goodwill

Goodwill is the amount by which the cost exceeds the fair value of the Group's proportion of the subsidiary/associated company's identifiable net assets upon acquisition. Goodwill upon acquisition of subsidiaries is recognised under intangible assets. Goodwill upon acquisition of associated companies is included in the value of holdings in associated companies.

Goodwill is tested annually to identify any impairment requirement and is recognised at cost less accumulated impairments. Gains or losses from the sale of a unit includes the remaining carrying amount of the goodwill pertaining to the divested unit.

Goodwill is distributed between cash generating units upon testing to determine any impairment requirement. For business combinations where the cost is less than the net fair value of the acquired assets and assumed liabilities and contingent liabilities, the difference is recognised directly in the income statement.

Other intangible assets

Other intangible assets acquired by the company are recognised at cost minus accumulated depreciation and impairments. Expenditure for internally generated goodwill and trademarks is recognised in the income statement as an expense as it is incurred. The Group's intangible assets include acquired software licences, which are set up as assets on the basis of expenditure arising when the software in question was acquired and started up. The expenditure is capitalised to the extent that the probable economic benefits exceed the expenditure. This expenditure is amortised over the estimated useful life of up to five years.

Depreciation

Depreciation according to plan is based on the original purchase cost less any residual value. Depreciation is applied on a straight-line basis over the useful life of the asset and is accounted for as an expense in the income statement. Depreciation takes place from the accounting period in which the asset becomes available for use. For assets with an indefinite useful life, such as goodwill, no depreciation is recognised.

Tangible assets

Tangible fixed assets are recognised as assets in the balance sheet when, on the basis of available information, it is likely that the future economic benefit associated with its possession will accrue to the Group, and the cost of the asset can be reliably calculated.

Tangible fixed assets are recognised at cost less accumulated depreciation and any impairments.

The cost includes the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Also included are estimated costs for dismantling and removing the assets, as well as restoring the site or area where such costs are generated.

The cost of fixed assets manufactured in-house includes expenses for materials, remuneration to employees and direct manufacturing costs. From January 1, 2009 the cost of borrowing is included in the cost of an asset where a substantial period of time is needed to prepare it for its intended use.

The carrying amount for a tangible fixed asset is derecognised from the balance sheet on scrapping or sale, or when no future economic benefits are expected from its use. The net financial gain or loss from the sale or scrapping comprises the selling price and carrying amount of the asset less direct selling expenses. This is recognised as other operating income/expense.

Leasing – lessees

Leases are classified in the consolidated financial statements as either financial or operating leases. A financial lease is a lease whereby the economic risks and benefits associated with ownership are in all essentials transferred to the lessee; if this is not the case the lease is an operating lease. Assets leased in accordance with financial leases have been recognised as assets in the consolidated balance sheet. Obligations to pay future lease payments have been recognised as non-current and current liabilities. The leased assets are depreciated according to plan while the lease payments are recognised as interest and debt reduction. The interest expense is distributed over the lease term so that each accounting period is assigned an amount corresponding to a fixed interest rate for the liability recognised in the respective period. Contingent rents are charged as expenses in the periods in which they arise.

For operating leases the lease payment is expensed over the lease term starting from initial use, which may differ from what is de facto paid in leasing fees during the year.

Principles for depreciating tangible fixed assets

Depreciation according to plan is based on the original purchase cost less estimated residual value. Depreciation is carried out on a straight-line basis over the estimated useful life of the asset.

cont. Note 2

The following depreciation periods are applied:

Acquired tangible assets	Group	Parent company
Buildings	25–40 years	—
Plant and machinery	5–14 years	—
Equipment, tools, fixtures and fittings	3–10 years	3–10 years

Impairments

Assets with an indefinite useful life are not depreciated but tested annually to determine any impairment requirement. Assets which are depreciated are assessed in terms of decrease in value whenever an event or a change in circumstances indicates that the carrying amount may not be recoverable. An impairment is made for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less selling expenses, and value in use. On determining the impairment requirement, assets are grouped at the lowest levels at which there are separate, identifiable cash flows (cash generating units).

Inventories

Inventories are stated at the lower of cost and net selling price. Net selling price is the estimated sales price in the ordinary course of business, less estimated costs for completing and bringing about a sale. Valuation takes into account the risk of obsolescence. The cost for inventories is based on the first-in first-out principle (FIFO) and includes costs arising upon acquisition of the inventories and their transport to their current location and condition.

For manufactured goods and work in progress, the cost includes a reasonable proportion of indirect production costs. Valuation has taken into account normal capacity utilisation.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, other short-term investments maturing within three months, and bank overdraft facilities.

Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Transaction costs directly attributable to the issue of new shares or options are recognised net after tax in equity as a deduction from the issue settlement.

Accounts payable

Accounts payable are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if they fall due within one year or earlier (or during a normal business cycle, whichever is longer). If not, they are recognised as long-term liabilities.

Borrowing

Borrowing is initially recognised at fair value. Borrowing is subsequently recognised at the accrued cost, and any difference between the amount received and the repayment amount is recognised in the income statement over the borrowing term, using the effective interest method. Preference shares, which are mandatorily redeemable at a specific time, are classified as liabilities. Dividends from these are recognised in the income statement as interest expense.

Borrowing is classified as current liabilities unless the Group has an unconditional right to postpone payment of the liability for at least 12 months after the balance sheet date. Bank overdrafts are recognised as borrowing in current liabilities in the balance sheet.

Remuneration to employees

Pension obligations

The Group's companies have different pension systems in accordance with local terms and generally accepted practice in the countries where they operate.

The predominant form of pension is the defined-contribution plan. These plans mean that the company settles its undertaking continuously through payments to insurance companies or pension funds.

Pension plans, however, that are based on an agreed prospective pension right, known as defined benefit pension plans, mean that the company has a responsibility that extends beyond normal obligations and, for example, where assumptions about the future affect the company's recognised cost. The Group's net obligation is calculated separately for each plan by estimating the future remuneration the employees have earned through their employment both in current and previous periods; this remuneration is discounted to a present value. The Group has secured part of its commitment through a provision for a retirement benefit plan, and the fair value of the retirement benefit plan assets are deducted from the provision in the balance sheet.

The discount rate is the interest at the balance sheet date on a first-class company bond with a term equal to the Group's pension obligation; alternatively, government bonds with a corresponding term are used. The calculation is carried out by a qualified actuary using the projected unit credit method.

The commitment is calculated on the balance sheet date and if the calculated commitment deviates from the forecast commitment, actuarial gains or losses arise. In these cases the corridor rule is applied. This rule entails recognising the proportion of the accumulated actuarial gains or losses exceeding 10% of the higher of the obligations' present value and the plan assets' fair value, in the figure for the expected average remaining employment period of the employees covered by the plan.

Termination benefits

Termination benefits are payable when a position has been terminated by the Group before the normal pension age or when an employee accepts voluntary redundancy in exchange for such benefits. The Group recognises severance pay when it is demonstrably obliged either to terminate employees as part of a detailed formal plan without any possibility of revocation, or by providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Provisions

A provision is recognised in the balance sheet when the company has a formal or constructive obligation as the consequence of an event that has occurred, and it is likely that an outflow of resources will be required to settle the obligation, and that a reliable estimate of the amount can be made. When the effect of the timing of the payment is important, provisions are calculated by discounting the expected future cash flow at a pre-tax interest rate which reflects current market assessments of the time-related value of money and, if applicable, the risks associated with the liability.

A provision for restructuring is recognised when a detailed, formal restructuring plan has been established, and the restructuring has either begun or been publicly announced.

A provision for onerous contracts is recognised when the expected benefits are lower than the unavoidable costs for fulfilling the obligations in accordance with the contract.

cont. Note 2

Income

Income is recognised in the income statement when it becomes likely that the future economic benefits will accrue to the company and these benefits can be calculated in a reliable way. Income includes only the gross influx of economic benefits that the company receives or can receive for itself.

Income arising from the sale of goods is recognised as income when the company has transferred the essential risks and benefits associated with ownership of the goods to the purchaser, and the company no longer exercises any real control over the goods sold. Income is recognised at the fair value of what has been received or will be received with deductions for discounts granted. Remuneration is in the form of cash and cash equivalents and income consists of the remuneration. Amounts levied on behalf of another party are not included in the company's income. Income recognition of service assignments takes place when the economic outcome of the service assignment can be reliably calculated and the economic benefits pass to the company. Dividends are recognised when the shareholders' right to receive payment is deemed secure.

Costs

The income statement is structured according to function. The functions are as follows:

- Cost of goods sold comprises costs for goods management and manufacturing costs including salary and material costs, services bought, costs of premises and depreciation and impairment of tangible fixed assets.
- Administrative expenses refer to costs for Boards of Directors, executive management and corporate functions in the Group.
- Selling expenses comprise costs for the Group's own sales organisation.
- Other operating income and costs, relate to secondary activities, exchange rate differences for items related to operations and capital gains on the sale of tangible fixed assets. On selling subsidiaries, associated companies or joint ventures, the Group earnings are also recognised here.

Reporting by segment

IFRS 8 stipulates that the Group's operations must be divided into segments and the financial information specified in these segments. The standard states that the company takes its reference point from the internal reporting structure and determines reportable segments in line with this structure. Reporting in accordance with IFRS 8 is optional for companies whose securities are not publicly traded. The Group has elected not to apply IFRS 8.

Financial income and expenses

Financial income and expenses comprise interest income from bank funds and receivables, interest expenses on borrowing, dividend income and exchange rate differences.

The interest component of financial lease payments is recognised in the income statement in accordance with the effective interest method, whereby interest is divided so that each accounting period is charged with an amount based on the liability recognised during the period in question. Issue expenses and similar direct transaction costs for raising loans are included in the acquisition cost of the borrowing and are expensed in accordance with the effective interest method.

Taxes

Income tax consists of current tax and deferred tax. Income taxes are entered in the income statement except when the underlying transaction is recognised directly in equity, with the related tax effect recognised in equity.

Current tax is tax due for payment or receipt during the financial year in question. Adjustments to current tax related to earlier periods are also included in this item. Deferred tax is calculated in accordance with the balance sheet method, based on the temporary differences between the carrying amounts and the tax base of assets and liabilities. The amounts are calculated based on how the temporary differences are expected to be offset, and by applying the tax rates and tax regulations in effect or publicised on the balance sheet date. Deductible temporary differences are not taken into consideration with respect to consolidated goodwill nor, in normal cases, to differences attributable to participations in subsidiaries that are not expected to be taxed in the foreseeable future. Untaxed reserves including deferred tax liability are recognised in legal entities. In the consolidated financial statements, however, untaxed reserves are apportioned between deferred tax liability and equity. Deferred tax assets with respect to deductible temporary differences and loss carry-forwards are recognised only as far as it is likely that these items will lead to lower tax payments in the future.

Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. The recognised cash flow only covers transactions resulting in receipts or disbursements.

In addition to cash and bank balances, cash and cash equivalents also include short-term financial investments subject only to negligible risk of value fluctuation and which can be traded on an open market in known amounts, or have a remaining term of three months from the acquisition date.

Transactions with related parties

A negligible proportion of parent company purchases which affect operating profit pertain to transactions with other companies within the Group. There are also some internal sales within the Group, between the Group's various segments. See Note 5 for further information. Other transactions with related parties during the year are shown in Note 6 (Employees, personnel costs and fees to the Board of Directors) and Note 35 (Transactions with related parties). Transactions with related parties have taken place on terms equal to those which apply for transactions on business terms.

Financial assets and liabilities

Classification

The Group classifies its financial instruments into the following categories: financial assets at fair value through the income statement, loans and accounts receivable, and available-for-sale financial assets. The classification depends on the purpose of acquiring the instrument. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through the income statement

Financial assets that are measured at fair value through the income statement are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the near future. Derivatives are classified as held for trading unless they are designated hedges. Assets in this category are classified as current assets.

cont. Note 2

Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Characteristically they arise when the Group provides money, goods or services directly to a customer without the intention of trading the resulting receivable. They are included under current assets, with the exception of items maturing more than 12 months after the balance sheet date, which are classified as fixed assets. Where appropriate, loans and accounts receivable are included under accounts receivable and other receivables in the balance sheet.

Available-for-sale financial instruments

Available-for-sale financial assets are non-derivative assets that have either been assigned to this category or do not fall within any of the other categories. They come under fixed assets if the management does not intend to sell the asset within 12 months of the balance sheet date.

Recognition and measurement

Purchases and sales of financial instruments are recognised on the trade date, i.e. the date on which the Group undertakes to buy or sell the asset. Financial instruments are initially measured at fair value plus transaction costs, which applies to all financial assets not measured at fair value through the income statement. Financial assets measured at fair value through the income statement are initially recognised at fair value, while the related transaction costs are recognised in the income statement.

Financial instruments are derecognised from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and rewards associated with ownership. Available-for-sale financial assets and financial assets at fair value through the income statement are recognised after the acquisition at fair value. Loans and accounts receivable are recognised after the time of acquisition at accrued cost.

Gains and losses arising from changes in fair value with respect to the financial assets category are measured at fair value through the income statement and are included in the other net gains/losses item in the income statement.

When securities, that are classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments of equity are carried to the income statement as gains and losses from financial instruments.

Offsetting of financial instruments

Financial assets and liabilities are offset and recognised on a net basis in the balance sheet when there is a legal right to offset the carrying amounts and there is an intention to settle them on a net basis or to simultaneously realise the asset and settle the asset.

Impairment of financial assets

(a) Assets recognised at accrued cost

At the end of each reporting period, the Group assesses if there is objective proof of an impairment requirement for a financial asset or group of financial assets. A financial asset or group of financial assets is impaired and written down only if there is objective evidence of impairment as a result of one or more events that occurred after the asset has been recognised for the first time (a 'loss event') and that this event (or events) has an impact on the

estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The criteria used by the Group to determine whether there is objective evidence of impairment include:

- significant financial difficulty of the issuer or debtor,
- a breach of contract, such as default or delayed payments of interest or capital needs,
- Group grants, for economic or legal reasons related to the borrower's financial difficulties, a concession that the lender would not otherwise consider,
- it is probable that the borrower will enter bankruptcy or other financial reorganisation,
- termination of an active market for the asset because of financial difficulties, or
- observable data indicating that there is a measurable reduction in the estimated future cash flows from a portfolio of financial assets since these assets were recognised for the first time, although the decrease cannot yet be identified as relating to any of the individual financial assets in the portfolio, including:

- (i) adverse changes in the payment status for borrowers in the portfolio, or
- (ii) domestic or local economic conditions that have a bearing on non-payments in assets in the portfolio.

The Group first assesses whether there is objective evidence of impairment.

Impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is impaired and impairment charges are recognised in the consolidated income statement. If a loan or an investment that is held to maturity has a variable interest rate, the effective interest rate is used that is determined, as per the agreement, as the discount rate when the need for impairment is established. As a practical solution, the Group can determine the impairment based on the instrument's fair value using an observable market price.

If the impairment decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment is recognised (such as an improvement in the debtor's creditworthiness), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets are classified as available-for-sale financial assets

At the end of each reporting period, the Group assesses if there is objective proof of an impairment requirement for a financial asset or group of financial assets. For debt instruments the Group uses the criteria set out in (a) above. In the case of equity instruments that are classified as financial assets available-for-sale, a significant or prolonged decline in fair value of an instrument is considered at a level below its cost, which can be sold, the cumulative loss, measured as the difference between purchase price and current fair value, less any impairment losses previously recognised in the income statement are removed from equity and recognised in the income statement. Impairment of equity instruments, previously recognised in the income statement, are not reversed through the income statement. However, if the fair value of a debt-for-sale increases and this increase can be objectively related to an event after the impairment has occurred, the impairment loss is reversed through the income statement.

cont. Note 2

Parent company

The parent company applies the Council for financial reporting's recommendation RFR 2.2. Accounting for legal entities. The parent company has chosen to apply the amendment to RFR 2.2 for presentation of the statement of comprehensive income, applicable from 2010 in advance from January 1 2009. RFR 2.2 means that parent companies in Groups which have voluntarily chosen to apply IFRS/IAS in their consolidated financial statements should generally apply the IFRS/IAS applied by the Group. Consequently, the parent company applies the policies applied to the consolidated financial statements, as explained above, with the exceptions listed below. The policies have been applied consistently for all the years presented, unless otherwise indicated. Shares in subsidiaries are carried at cost less any impairment. Dividends received are recognised as financial income. Dividends in excess of the subsidiary's comprehensive income for the period or which mean that the book value of net assets' holding in the consolidated financial statements is below the book value of the shares, is an indication that there is an impairment requirement. When there is an indication that shares and participations in subsidiaries have decreased in value, an estimate is made of their recoverable amount. If this is lower than the carrying amount, an impairment is made. Impairment is recognised under Income from participations in Group companies.

Shareholders' contributions are entered directly against equity on behalf of the recipient and capitalised as shares and participations on behalf of the issuer, to the extent that impairments are not required. Group contributions are recognised according to their financial significance. This means that Group contributions granted with the aim of minimising the Group's total tax are recognised directly as earnings brought forward following deductions for their current tax effect. Group contributions paid in lieu of dividends are recognised as dividends. This means that Group contributions received and their current tax effect are recognised in the income statement. Group contributions paid and their current tax effect are recognised directly against earnings brought forward.

Group contributions paid in the form of shareholders' contributions are recognised, with due consideration to current tax effect, by the recipient directly against earnings brought forward. The issuer enters the Group contribution and its current tax effect as an investment in participations in Group companies, to the extent impairment is not required.

The parent company uses different grounds for calculating defined-benefit plans to those given in IAS 19. The parent company follows the Swedish Act on Income Security and the Financial Supervisory Authority's rules as this is a prerequisite for entitlement to tax deduction. The parent company has no pension commitments.

Preference shares are recognised in the consolidated financial statements as an interest-bearing liability as they do not meet the definition of equity as specified in IAS 32. Returns on the preference shares are recognised in the consolidated accounts as interest expenses. The application of RFR 2.2 for the parent company has meant a change in the accounting for preference shares and to the related returns, as FF 2.2 entails that the classification of financial instruments should be based on the instrument's legal effect. The parent company has retroactively reclassified preference shares from interest-bearing liability to equity. The return on preference shares are recognised in the parent company as dividends in accordance with its legal significance. The policy change implemented with retrospective effect has meant that equity as at Jan 1, 2008 has risen by SEK 8.7 million and that net income for 2008 has improved by SEK 4.9 million, compared with the adopted income statement for the financial year.

Note 3 | Risks and risk management

Financial risks

In its operations, Finnveden is exposed to various financial risks. Examples of these are currency, liquidity, interest rate, credit, capital, financing, pricing and market risks. It is the Board that sets policies for risk management. Financial activities in the form of risk management, liquidity management and borrowing are managed for the whole Group by the subsidiary Finnveden AB. The Group's overall risk management focuses on the unpredictability of the financial markets, and strives to minimise potential unfavourable effects on the Group's finances.

Currency risk

The Group operates internationally and is exposed to currency risks arising from various currency exposures, primarily for EUR, PLN and GBP. Currency risks arise from future commercial transactions, flow exposures in the form of deposits and payments in different currencies, recognised assets and liabilities, the translation of foreign subsidiary income and net investments in foreign operations.

Changes in currency exchange rates can also affect the Group's own or its customers' competitiveness and, indirectly, Group sales and earnings. The Group is exposed to changes in multiple currencies, where the change in EUR has the greatest impact on Group earnings. Since the Group has production facilities in Poland, there is also exposure to changes in PLN.

The Group has no explicit policy to hedge future currency flows with financial instruments but attempts primarily to manage currency risks by trying to change the operational conditions in the business by getting income and expenses in currencies other than SEK to match each other.

If the Swedish krona had weakened/strengthened by 10% against the EUR with all other variables constant, the change in gross profit would be around SEK 57.0 million.

Group currency flows were distributed as follows during the financial year:

Currency*	Purchases		Sales	
	2009	2008	2009	2008
EUR	1,346	1,745	1,913	2,294
JPY	207	209	—	—
GBP	109	110	30	56
USD	5	15	3	1
DKK	0	35	—	—
CNY	3	9	7	15
NOK	0	1	—	—
PLN	181	182	65	55
Total	1,851	2,306	2,018	2,421

* Expressed in SEK million. Currency flows relate to gross flows, including internal transactions between Group companies.

Finnveden has not hedged its assets against changes in value due to exchange rate fluctuations.

cont. Note 3

Liquidity risk

The liquidity risk is the risk that the company cannot make its payments due to insufficient liquid assets and/or difficulty in securing loans from external lenders. Liquidity risk is managed by the Group holding sufficient cash and cash equivalents and short-term investments with a liquid market, having financing available through the agreed credit facilities and the ability to close market positions. Management closely monitors rolling forecasts for the Group's liquidity reserve composed of unused credit lines and cash and cash equivalents based on the expected cash flows. This occurs at three levels in the Group; at a local level in the Group's operating companies, at a business area level and at Group level. At the end of 2009, the available liquidity reserve for the Group was SEK 192.0 million.

The Group's policy stipulates that the available resources, namely cash and cash equivalents and available credit, must exceed 5 % of net sales, and that the funds available at any time exceed 30 % of external loans that mature in the coming year.

The table below analyses the Group's financial liabilities broken down according to the time remaining until the contractual maturity date at the closing day (excluding any interest payments). The amounts indicated in the table are the contractual, undiscounted cash flows. The amounts that mature within 12 months match the carrying amounts because discounting is immaterial. Preference shares are classified as interest-bearing liabilities since they do not meet the definition of equity in IFRS.

As of December 31, 2009 (Excluding interest payments)	Less than 1 year	Between 1 and 5 years	More than 5 years
Bank loans and overdrafts	378.1	—	—
Shareholder loans	—	—	301.2
Preference shares issued	—	—	82.8
Accounts payable and other liabilities	430.0	—	—
Liabilities for finance leases	12.3	24.9	—
Total	820.4	24.9	384.0

As of December 31, 2008 (Excluding interest payments)	Less than 1 year	Between 1 and 5 years	More than 5 years
Bank loans and overdrafts	325.8	—	—
Shareholder loans	—	—	626.6
Preference shares issued	—	—	45.2
Accounts payable and other liabilities	557.1	—	—
Liabilities for finance leases	6.7	7.9	—
Total	889.6	7.9	671.8

Interest rate risk

The Group's interest rate risk arises from short and long-term borrowing. Borrowing made at variable interest rates exposes the Group to a cash flow interest rate risk. Borrowing made at fixed rates exposes the Group to an interest rate risk relating to fair value. The Group's policy to manage the interest rate risk reflects the rate of change in the Group's financing. In recent years this has meant a short lock-in period in addition to loans from shareholders, which run until the ownership structure changes.

The financial policy sets the fixed term of interest rates at six months, with the right to deviate if the market assessment changes. The fixed-rate term at December 31, 2009 was far longer than six months. The Group's fixed-rate term is strongly influenced by a loan from the shareholder which is subject to fixed interest for the entire term of the loan. The Group had, at the end of the financial year, no financial contracts for changing the interest rate risk in relation to what the existing loan agreement regulates.

If the interest rates on borrowing in Swedish kronor in 2009 were 1 % higher/lower with all other variables constant, after-tax earnings for the financial year would have been SEK 7.0 million lower/higher. However, only SEK 3.0 million of this amount relates to variable rate loans.

Credit risk

Credit risk is managed at a Group level. Credit risks arise from cash and cash equivalents and balances with banks and financial institutions and credit exposures, including outstanding receivables and agreed transactions.

Individual assessments of customer's creditworthiness and credit risk are made where the customer's financial position is taken into account, along with past experience and other factors. Management does not expect any losses due to default by counterparties in addition to what has been reserved as doubtful receivables, see Note 23.

Capital risk

The Group's objectives with regard to the capital structure is to secure the Group's ability to continue trading, so that it can generate returns to shareholders and benefits for other interested parties and to maintain an optimal capital structure in order to keep down the cost of capital.

On December 31, 2009, interest-bearing liabilities were SEK 806.3 (1,027.8) million including provision for pensions for which interest is calculated. After deduction of interest-bearing assets, the net debt was SEK 634.9 (868.0) million of which SEK 384.0 million relates to shareholder loans. The maturity structure for existing loans is shown in Note 29. At year end the capital employed (equity and interest-bearing net liabilities) was SEK 970.0 (1,107.3) million. In 2009, the return on capital employed was -14 %. The amounts also include the current portion. Overdraft facilities normally fall due within one year, but are usually extended on the due date. In accordance with Group policy, the average maturity for interest-bearing liabilities should exceed 2.5 years. At December 31, 2009 the average maturity for external financing was above five years, mainly as a result of loans from shareholders running until the ownership structure is changed.

The net debt/equity ratio at December 31, 2009 and 2008 was as follows:

Debt/equity ratio Group	2009	2008
Total borrowings	783.5	1,005.3
Provision for pensions	22.8	22.5
Less: Interest-bearing assets	-136.4	-135.0
Less: Cash and cash equivalents	-35.0	-24.8
Net debt	634.9	868.0
Total equity	335.1	239.3
Total capital	1,577.3	1,831.7
Debt/equity ratio (percent)	40	47

The net debt/equity ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing liabilities (including short-term borrowing and long-term borrowing, and interest-bearing pension liabilities in the consolidated balance sheet) minus cash and cash equivalents and interest-bearing assets.

Total capital is calculated as equity in the consolidated balance sheet plus total liabilities.

Fair value

In cases where fair value differs from book value, information is disclosed as fair value in each note.

cont. Note 3

Financial instruments by category

The tables below show how the financial instruments are allocated in the balance sheet at December 31, 2009 and December 31, 2008. For a definition of each category of financial instrument, see Note 2.

As of December 31, 2009	Loans and accounts receivable	Assets valued at fair value through the income statement	Financial assets that are saleable	Total
Assets in the balance sheet				
Other securities held as fixed assets	—	—	0.4	0.4
Other long-term receivables	2.9	—	—	2.9
Accounts receivable	354.4	—	—	354.4
Other receivables	177.8	—	—	177.8
Cash and cash equivalents	35.0	—	—	35.0
Total	570.1	—	0.4	570.5

As of December 31, 2009	Liabilities valued at fair value through the income statement	Other financial liabilities	Total
Liabilities in balance sheet			
Interest-bearing shareholder loans	—	384.0	384.0
Other interest-bearing liabilities	—	21.4	21.4
Interest-bearing liabilities	—	378.1	378.1
Accounts payable	—	267.9	267.9
Total	—	1,051.4	1,051.4

As of December 31, 2008	Loans and accounts receivable	Assets valued at fair value through the income statement	Financial assets that are saleable	Total
Assets in the balance sheet				
Other securities held as fixed assets	—	—	0.4	0.4
Other non-current receivables	76.5	—	—	76.5
Accounts receivable	360.1	—	—	360.1
Other receivables	106.6	—	—	106.6
Cash and cash equivalents	24.8	—	—	24.8
Total	568.0	—	0.4	568.4

As of December 31, 2008	Liabilities valued at fair value through the income statement	Other financial liabilities	Total
Liabilities in balance sheet			
Interest-bearing shareholder loans	—	671.8	671.8
Other interest-bearing liabilities	—	7.7	7.7
Interest-bearing liabilities	—	325.8	325.8
Accounts payable	—	347.4	347.4
Total	—	1,352.7	1,352.7

cont. Note 3

Operational risks

Market risk

Finnveden operates mainly in markets for commercial vehicles and passenger cars. Demand for the Group's products is dependent on transport demands, which in turn is driven by global trade and economic growth around the world. The Group's sales are diversified and spread over a number of customer brands, platforms, models and factory plants which usually dampens the effects of individual changes to demand. However, a marked decline in the production of some models may have a significant negative impact on individual production units. The use of production forecasts and close relationships with customers means that the Group is well informed about the customers' production schedules. Market risk is managed in the strategy process that involves all units within the Group.

Price reduction

Price pressure from customers is a natural part of the activities of suppliers in the automotive industry. The degree of price pressure varies from year to year and for the different products. In response to price reductions, the Group is working continuously on improvements to reduce costs and to offer customers added value through new products and services.

Competition

Finnveden operates as a supplier in the automotive industry which is a large but highly competitive market. The industry is characterised by overcapacity and high demands from customers for quality, reliable delivery, technology and overall customer service. The Group's long-term success is therefore dependent on a favourable market positioning, a good competitive position and high operating efficiency in all parts of the Group.

Raw materials and commodity prices

The Group is dependent on a number of raw materials and intermediate goods. Exposure is greatest in the different grades of steel, magnesium and aluminium. The price of raw materials is adjusted periodically to reflect current market levels based on price developments over the period. Changes in prices of raw materials could significantly affect the Group's earnings. The Group's strategy is to offset these risks by an active and professional purchasing process, with consolidation and standardisation of the volumes purchased and long-term relationships with suppliers through price compensation from the customers.

Product liability, warranty and recall

The Group is exposed to product liability and warranty claims in cases where our products cause injury to any person or damage to property. Finnveden is insured against damages applicable to product liability. No substantive claims concerning product liability have been made over the past decade. If a product is defective, the Group may have to participate in a recall. Finnveden has historically not been affected by any major recalls. Finnveden minimise risks related to product liability, warranty insurance and damages through extensive testing in the design and development phase as well as in production by continuously implementing quality management and control measures.

Suspension of operations and property damage

Damage to production equipment, as a result of factors like fire, may have a negative impact, both in direct property damage and in business interruption, which makes it harder to fulfil the Group's obligations to the Group's customers. This in turn could encourage customers to use other suppliers. The effect of such damage to production equipment can be characterised as high as the production equipment is very much associated with the customer's assembly with just-in-time deliveries. Continuous efforts are being made to improve the Group's forward planning and preventative security measures. The Group also has full insurance cover against business interruption such as property damage.

Legal risks

The Group is exposed to legal risks when the activity is influenced by a large number of commercial and financial agreements with customers, suppliers, employees and other parties, as well as licenses, patents and other intellectual property rights. This is normal for a business such as the Group's. Legal risks are managed as and when they arise, and at present there are no ongoing processes of any substantial nature.

Insurance

Finnveden insures its assets against property damage and losses due to stoppages. Finnveden's excess varies among the different assets, but totals a maximum of SEK 0.1 million for each incident of property damage and a maximum of SEK 1.0 million for stoppage-related losses. There is also insurance cover for liability damages where Finnveden's excess is higher. In certain cases the Group has taken out insurance for any environmental liabilities that may arise in connection with divestments.

Sensitivity analysis

Significant factors that affect Group earnings are presented below. The analysis is based on year end values and the assumptions that all other factors remain unchanged.

- Price fluctuations are the variable with the largest impact on earnings. A change of $\pm 1\%$ in prices to customers affects earnings by approximately SEK 20 (29) million.
- Development of raw material prices affects Finnveden's earnings. A change of 1 % to raw material prices, affects earnings by about SEK 11 (15) million.
- Payroll costs comprise a major share of Group expenses. An increase of 1 % affects earnings by approximately SEK 4 (6) million.
- In both 2009 and 2008 the Group's indebtedness dropped. A one percentage point change in interest rates on the closing net debt which is attributable to variable interest rates affects earnings by about SEK 3 (3) million. Of the net debt of SEK 634.9 (868.0) million, SEK 384 (672) million is subject to fixed interest and is not affected by increases in the market rates of interest.
- For a description of Finnveden's exposure against changes in currencies, we refer you to the section "Currency risk" on page 19.

Note 4 | Important estimates and assessments for accounting purposes

Estimates and assessments are evaluated continuously and based on historical experience and other factors, including expectations of future events considered reasonable under the prevailing conditions.

The Group makes estimates and assumptions about the future. The estimates for accounting purposes which result from these, by definition, will rarely equate to the actual result. The estimates and assumptions that involve a significant risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are shown below.

Assumptions are also necessary in calculating the present value of defined-benefit pensions. Note 26 describes the assumptions made. Note 26 also presents the results of the actuarial calculations which lead to the carrying amount entered in the balance sheet.

In Note 2, Summary of significant accounting policies, includes a description of how tax is recognised in the Group, which describes how the temporary differences in the form of tax losses are to be recognised. In this context it is important that management considers whether the business will recognise the excess close in time for the claim balance to be approved. The management of Finnveden has estimated that the Group will be able to take advantage of future lower tax payments in some countries. In countries where management believes that the Group can benefit from future lower tax receipts in the near future resulting from existing fiscal deficits, the receipts are recognised as deferred tax assets. In countries where the assessment is that the Group will not be able to benefit from the deficits, the deferred tax assets relating to these tax deficits will not be recognised either.

The plans for the future that form the basis for the management's position regarding tax assets, also constitute a basis for the impairment test of goodwill that is conducted at least once a year. When reviewing the value of goodwill at December 31, 2009 no impairment requirement was identified. No impairment requirement is deemed necessary for operations at Bulten. An impairment requirement for goodwill was identified in the previous year relating to Metal Structures, whereby goodwill of SEK 54 million attributable to this business area was impaired in its entirety.

Note 16 shows the assumptions made in connection with the impairment test on goodwill.

In connection with the Group having substantive leases, an assessment must be made as to whether the agreement is of a financial or operational nature. In the case where a lease means that the Group remains with the most significant risks and benefits that are associated with the ownership of the asset, the transaction is to be recognised as a financial transaction, to the effect that the asset must be recognised as a part of the Group's asset base. The future discounted minimum lease charges correspond to the Group's liability to finance the asset and are therefore recognised as an interest-bearing liability. If the most significant risks and benefits remain with the counterparty, the transaction is recognised as an operating lease. An assessment of whether the agreement should be classified as operational or financial is made in connection to the signing of the agreement and includes an analysis of key parameters such as discount rate, probability assessments of alternative future decisions and the asset's market value. Different assessments regarding these parameters may lead to different conclusions regarding the classification of the agreement. If significant changes are made to the terms of the agreement, company management makes an assessment as to whether these new conditions – if known at the start of the agreement – would mean a different classification of the agreement at the inception of the lease period. If this were the case the agreement is treated as a new agreement that may be tested using the updated parameters at the time of signing the new agreement.

In 2010, the lease on the Group's buildings has been subject to renegotiation. The agreements are also assessed with regard to the new conditions as operating leases.

The Group regularly transfers a share of outstanding accounts receivable to a third party. The divestments are based on framework agreements and conditions that have been assessed as a whole mean that the risks and benefits associated with the accounts receivable for the most part are transferred to the buyer, based on a review in accordance with IAS 39.

The Group is exposed to legal risks when the business is impacted by a large number of commercial and financial agreements with customers, suppliers, employees and other parties. This is normal for a business such as the Group's. Management assesses the expected outcome of compensation claims made against the Group on an ongoing basis. At the balance sheet date there were a few compensation claims against the Group, but management believes that it is unlikely that these will mean a substantial impact on the consolidated earnings and financial position. No provision is recognised at balance sheet date for these compensation claims.

Note 5 | Information on business segments and geographical markets

Product area sales are shown in the tables below.

Information on the Group's business segments

GROUP	Bulten		Metal Structures		Other/Elimination		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Income								
External sales	1,222.3	1,476.5	819.8	1,386.3	—	—	2,042.1	2,862.8
Internal sales	3.7	3.5	1.8	1.3	-5.5	-4.8	—	—
Total income	1,226.0	1,480.0	821.6	1,387.6	-5.5	-4.8	2,042.1	2,862.8

Information on the Group's geographical markets

	Sweden		Germany		England		Poland		Other countries		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
External sales	582.1	1,004.3	390.5	461.8	241.3	274.4	42.8	47.9	785.5	1,074.4	2,042.1	2,862.8

Internal pricing for the Group's various segments is based on the arm's-length principle, i.e. between parties that are independent of each other, well informed and with an interest in the transactions.

Bulten develops and manufactures fasteners for the automotive industry. Metal Structures develops and produces optimised multi-material interior and exterior structures for car and truck applications.

Note 6 | Employees, personnel costs and fees to the Board

AVERAGE NUMBER OF EMPLOYEES

	2009	2008	Of which men in percent	
			2009	2008
Parent company				
Sweden	—	—	—	—
Total	—	—	—	—
Subsidiaries				
Sweden	677	942	75	73
Germany	162	172	78	79
Poland	510	595	77	76
England	33	37	76	70
China	69	87	100	100
Other	—	—	—	—
Total in subsidiaries	1,451	1,833	78	76
Group total	1,451	1,833	78	76

GENDER DISTRIBUTION OF EXECUTIVE MANAGEMENT

	Women as a percentage	
	2009	2008
Group		
Board	—	13
Executive management	33	—

WAGES/SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

	Wages and remuneration		Social security costs	
	2009	2008	2009	2008
Parent company	—	—	—	—
(of which pension costs)	—	—	—	—
Subsidiaries	376.3	490.4	136.4	163.1
(of which pension costs)	—	—	32.6	42.1
Group total	376.3	490.4	136.4	163.1
(of which pension costs)	—	—	32.6	42.1

WAGES/SALARIES, OTHER REMUNERATION BY COUNTRY AND BETWEEN EXECUTIVE PERSONNEL AND OTHER EMPLOYEES

	Executive personnel ¹⁾		Other employees	
	2009	2008	2009	2008
Parent company				
Sweden	—	—	—	—
(of which bonus and similar)	—	—	—	—
Parent company total	—	—	—	—
Subsidiaries				
Subsidiaries in Sweden	6.8	6.9	230.2	308.7
(of which bonus and similar)	0.3	0.9	0.2	—
Subsidiaries abroad				
Countries in the EU	3.0	2.9	131.5	165.0
(of which bonus and similar)	0.1	0.1	—	—
Other countries	—	—	4.8	7.0
(of which bonus and similar)	—	—	—	—
Group total	9.8	9.8	366.5	480.7
(of which bonus and similar)	0.4	1.0	0.2	—

Pension costs for the Board and President are SEK 2.6 million in the Group.

¹⁾ Includes current and former Board members and their deputies, and current and former President and deputy President and directors of the parent company and its subsidiaries.

cont. Note 6

The Chairman of the Board and Board Members receive fees approved by the Annual General Meeting. The Annual General Meeting approved remuneration to the Board totalling SEK 0.8 (0.9) million which was distributed in accordance with the Board's decision. The Chairman of the Board received remuneration of SEK 0.1 (0.1) million. No Board fees are paid to employee representatives. Remuneration to the President and other senior executives consists of base salary, variable remuneration, other benefits and pension. Senior executives are defined as those individuals who are members of the executive management. For the President, remuneration is proposed by the remuneration committee and adopted by the Board, with the President determining remuneration for the other senior executives. For the President and other senior executives, the variable remuneration is a maximum of 40 % of base salary. The variable remuneration is based on the results achieved in relation to their set objectives. For 2009, the President earned a variable remuneration of SEK 0 (0.4) million. The President was paid a base salary of SEK 0.6 million in remuneration for the year. In addition, the President received benefits relating to a company car. The outgoing President has been paid a base salary in 2009 of SEK 1.1 (1.7) million with pension costs of SEK 0.4 (0.7) million. In addition, the President received benefits relating to a company car.

For 2009, other senior executives earned a variable remuneration of SEK — (1.2) million.

The Board, President and other senior executives have been offered the opportunity to acquire shares and options in the company on market terms. The shares have been acquired on the same terms as the terms of the main owner when investing in the company. The options, which entitle the holder to acquire shares when new shares are issued, have been offered at fair value based on an underlying Black & Scholes calculation. See Note 25 for further details of the option scheme.

The pension age for the President is 65 years. Pension costs are premium-based and are equal to 35 % of base salary. The pension is not guaranteed. For other senior executives the retirement age is 65 years and the commitment is also premium-based for these. There is a mutual period of termination notice of six months between the company and the President. Compensation in lieu of notice is set off against other income during this period. In the event of termination of employment initiated by the company, severance pay is 12 monthly salaries. Other income is not deducted from severance pay. There is a mutual period of termination notice of six months between the company and other senior executives. In the event of termination of employment initiated by the company, severance pay is 12 monthly salaries. Settlement is not made in relation to other income.

Sick leave

Information regarding sick leave is not reported as the number of employees in the Parent Company is less than 10.

Note 7 | Fees and reimbursement to auditors

	2009	2008
Group		
PricewaterhouseCoopers AB		
Audit assignments	2.3	3.4
Other engagements	3.4	2.9
Parent company		
PricewaterhouseCoopers AB		
Audit assignments	0.2	0.2
Other engagements	—	—

Audit assignments refer to the examination of financial statements and accounting records and President administration, other tasks that might be incumbent on the company's auditors, and advice and other assistance as a result of observations during the audit or the implementation of the other duties referred to. Everything else are secondary engagements.

Note 8 | Other operating income

	2009	2008
Group		
Exchange gains on receivables/liabilities relating to operations	—	17.2
Gain on sale of fixed assets	17.4	—
Other operating income	14.1	16.0
Total other operating income	31.5	33.2

Note 9 | Other operating expenses

	2009	2008
Group		
Exchange losses on receivables/liabilities relating to operations	-10.6	—
Loss on sale of fixed assets	-2.2	-0.2
Impairment of goodwill	—	-54.0
Restructuring charges	-40.1	—
Other operating expenses	-22.8	-22.1
Total other operating expenses	-75.7	-76.3

Note 10 | Depreciation and impairments of tangible and intangible assets

	2009	2008
Group		
Depreciation according to plan, by class of asset		
Intangible assets	-0.5	-0.2
Buildings	-1.1	-1.8
Plant and machinery	-65.2	-69.5
Equipment, tools, fixtures and fittings	-12.5	-11.6
Total depreciation	-79.3	-83.1
Depreciation according to plan, by function		
Cost of goods sold	-75.2	-78.9
Selling expenses	-1.2	-1.3
Administrative expenses	-2.9	-2.9
Total depreciation	-79.3	-83.1

cont. Note 10

	2009	2008
Group		
Impairments by type of asset		
Goodwill	—	-54.0
Plant and machinery	-8.0	—
Total impairments	-8.0	-54.0
Impairments by function		
Other operating expenses	-8.0	-54.0
Total impairments	-8.0	-54.0

The parent company recognises no tangible or intangible assets and therefore had no depreciation according to plan or impairments for these categories of assets. The assets consist essentially of machinery and other equipment.

Note 11 | Leasing fees relating to operating leases

	2009	2008
Group		
Assets held via operating leases		
Minimum lease fees	39.2	41.2
Variable lease fees paid	—	—
Total lease fees for the year	39.2	41.2
Contractual future minimum lease fees with respect to irrevocable contracts due for payment:		
Within one year	32.3	39.5
Between one and five years	98.4	102.3
Later than five years	87.8	106.3
Total	218.5	248.1

In 2006 the Group disposed of its buildings. These were then leased back with conditions which means the contracts are categorised as operational. The leases are subject to renegotiation in 2010. The contracts are also categorised with regard to the new conditions as operating leases. In addition, the Group's operating leases mainly include cars and some machines.

Note 12 | Financial income

	2009	2008
Group		
Interest income, other	4.8	5.1
Total	4.8	5.1

Note 13 | Financial expenses

	2009	2008
Group		
Interest expenses, other ^{*)}	-100.8	-130.0
Exchange rate differences on loans	-10.3	-4.4
Other	-3.7	-10.9
Total	-114.8	-145.3
Parent company		
Interest expenses, other ^{*)}	-74.8	-88.4
Interest expenses, Group companies	-4.9	-15.2
Other	-2.9	-2.9
Total	-82.6	-106.5

^{*)} The interest expenses include interest on shareholder loans at SEK 74.6 (88.4) million that has been added to the loan amount.

Note 14 | Exchange rate differences affecting earnings

	2009	2008
Group		
Exchange rate differences affecting operating profit/loss	-10.6	17.2
Exchange rate differences on financial items	-10.3	-4.4
Total	-20.9	12.8

Note 15 | Tax on income for the year

	Group		Parent company	
	2009	2008	2009	2008
Current tax				
Current tax for the year	-10.1	-1.0	—	7.0
Total current tax	-10.1	-1.0	—	7.0
Deferred tax expense (-)/tax income (+)				
Deferred tax on temporary differences	2.5	-30.2	—	—
Total deferred tax	2.5	-30.2	—	—
Recognised tax	-7.6	-31.2	—	7.0

Reconciliation of effective tax, amount	2009	2008
Group		
Earnings before tax	-257.1	-188.9
Tax according to applicable tax rate for parent company	67.6	52.9
Effect of other tax rates for foreign subsidiaries	0.5	-0.3
Impairment of goodwill	—	-15.1
Tax losses for which no deferred tax is recognised	-70.7	-45.6
Impairment of deferred tax assets	-2.5	-20.4
Other non-deductible expenses	-3.1	-3.8
Non-taxable income	0.6	1.1
Tax on income for the year according to income statement	-7.6	-31.2
Parent company		
Earnings before tax	-83.4	-108.3
Tax according to applicable tax rate for parent company	21.9	31.7
Tax losses for which no deferred tax is recognised	-23.0	-24.7
Other non-deductible expenses	1.1	—
Non-taxable income	—	—
Recognised effective tax	—	7.0

Note 16 | Tangible and intangible fixed assets

GROUP	31/12/2009					31/12/2008				
	Goodwill	Other intangible assets	Land and buildings	Plant and machinery	Equipment, tools, fixtures and fittings	Goodwill	Other intangible assets	Land and buildings	Plant and machinery	Equipment, tools, fixtures and fittings
Accumulated cost										
At beginning of year	301.5	3.0	44.0	717.7	90.7	301.6	3.1	47.8	685.6	85.1
Acquisitions for the year	—	0.6	0.7	56.8	16.4	—	—	14.7	37.3	7.3
Divestments and disposals	—	—	-23.2	-43.3	-14.4	—	—	-23.2	-32.9	-7.2
Exchange rate differences for the year	—	-0.3	-2.3	-24.5	-3.6	-0.1	-0.1	4.7	27.7	5.5
At year end	301.5	3.3	19.2	706.7	89.1	301.5	3.0	44.0	717.7	90.7
Accumulated depreciation according to plan										
At beginning of year	—	-1.6	-10.7	-325.5	-56.9	—	-1.4	-27.8	-259.0	-45.1
Divestments and disposals	—	—	8.2	31.1	15.8	—	—	20.2	23.0	5.9
Depreciation according to plan	—	-0.5	-1.1	-65.2	-12.5	—	-0.2	-1.8	-69.5	-11.6
Exchange rate differences for the year	—	—	0.5	13.0	3.7	—	—	-1.3	-20.0	-6.1
At year end	—	-2.1	-3.1	-346.6	-49.9	—	-1.6	-10.7	-325.5	-56.9
Accumulated impairments										
At beginning of year	-120.0	—	—	-36.0	—	-66.0	—	—	-36.0	—
Impairments for the year	—	—	—	-8.0	—	-54.0	—	—	—	—
At year end	-120.0	—	—	-44.0	—	-120.0	—	—	-36.0	—
Carrying amount at beginning of period	181.5	1.4	33.3	356.2	33.8	235.6	1.7	20.0	390.6	40.0
Carrying amount at end of period	181.5	1.2	16.1	316.1	39.2	181.5	1.4	33.3	356.2	33.8
Tax assessment value, buildings (in Sweden)										
			0.0					0.0		
Tax assessment value, land (in Sweden)										
			0.0					0.0		
Book value, properties in Sweden										
			0.0					0.0		

Impairment test for goodwill

Goodwill has been distributed between the Group's cash generating units as follows:

Group	31/12/2009	31/12/2008
Bulten	181.5	181.5
Metal Structures	0.0	0.0
Carrying amount	181.5	181.5

Finnveden carries out an impairment test each year to determine any impairment requirement for goodwill. The recoverable amounts for cash generating units have been established by calculating the value in use. Calculations are based on estimated future cash flows from financial plans approved by management, and covering a period of five years. Cash flows beyond the five year period are extrapolated using an estimated growth rate resulting from the assumption of inflation at 2.0 (2.0)%. The forecast cash flow has been calculated at present value using a discount rate of 8.1 (7.8)% before tax.

In both 2008 and 2009 the estimated recoverable amount for Bulten has exceeded the book value which is why no impairment requirement has been identified. In 2008, an impairment was made on the remaining goodwill (SEK 54 million) related to Metal Structures. The impairment of SEK 54 million is recognised in the income statement for 2008 among other operating expenses.

Alternative calculations were made by changing the assumptions concerning the discount interest rate and sustainable operating margin. A change in these individual assumptions of two percentage points would not result in any impairment requirement for goodwill related to Bulten.

Note 17 | Construction in progress and advanced payments for tangible assets

Group	31/12/2009	31/12/2008
At beginning of year	42.5	52.7
Reclassifications during the year	-37.1	-66.2
Less divestments	-0.1	-5.2
Impairment	-1.2	-0.4
Acquisitions during the year	59.6	61.6
Carrying amount at end of period	63.7	42.5

Note 18 | Financial leases

Group	Acquisition values		Accumulated depreciation	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Plant and machinery	54.3	22.8	-12.0	-6.3
Equipment, tools, fixtures and fittings	4.5	7.6	-2.8	-3.5
Total financial leases	58.8	30.4	-14.8	-9.8

Future minimum lease fees have the following due dates:

Group	Nominal values		Present values	
	2009	2008	2009	2008
Within one year	12.3	6.7	11.4	6.1
Later than one year but within five years	24.9	7.9	21.4	7.7
Later than five years	—	—	—	—
Total future lease fees	37.2	14.6	32.8	13.8

The present value of future minimum lease fees is recognised as an interest-bearing liability. Group earnings do not include variable fees for financial leases. Financial leases refer to production equipment.

Note 19 | Participations in Group companies

	31/12/2009	31/12/2008
Parent company		
At beginning of year	1,281.2	1,281.2
Carrying amount at end of period	1,281.2	1,281.2

SPEC OF PARENT COMPANY AND GROUP HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

Subsidiary/Corp ID No./Registered office	Participa-	Carrying amount
	tion, %	31/12/2009
Finnveden AB, 556224-0894, Gothenburg	100	1,281.2
Bulten AB 556010-8861, Gothenburg	100	
Bulten Sweden AB, 556078-3648, Gothenburg	99.2	
Bulten Hallstahammar AB, 556261-2506, Hallstahammar	100	
Bulten i Kalix AB, 556250-9579, Kalix	100	
Bulten Ltd., Edinburgh, UK	100	
Bulten Polska S.A., Bielsko-Biala, PL	100	
Bulten GmbH, Bergkamen, DE	100	
Finnveden Micro Fasteners AB, 556039-4180, Gothenburg	100	
Bulten Apac Company Limited, Hong Kong, CN	100	
Bulten Fasteners (China) Co Ltd, Beijing, CN	100	
Finnveden, Inc., S:t Louis, US	100	
Finnveden Metal Structures AB, 556502-8338, Gothenburg	100	
Finnveden Metal Structures Spzoo Bielsko-Biala, PL	100	
Finnveden GMF AB, 556248-3452, Mora	100	
Finnveden Trading AB, 556201-4570, Gothenburg	100	
Finnveden Gjutal AB, 556429-2380, Hultsfred	100	
BBB Service Ltd, London, UK	60	
Finnveden IT AB, 556245-8702, Gothenburg	100	
Carrying amount at end of period		1,281.2

Note 20 | Receivables from Group companies

	31/12/2009	31/12/2008
Parent company		
Accumulated cost		
At beginning of year	24.9	0.0
Additional receivables for Group contributions	—	24.9
Settled claims during the year	24.9	—
Total	0	24.9

Note 21 | Other long-term securities

	Group		Parent company	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Accumulated acquisition values				
At beginning of year	0.4	0.4	—	—
Less divestments	—	—	—	—
Carrying amount at year end	0.4	0.4	—	—

Note 22 | Other long-term receivables

	Group		Parent company	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Accumulated costs				
At beginning of year	76.5	176.0	—	—
Amortisation, outgoing receivables	—	-44.4	—	—
Reclassification	-74.6	-58.5	—	—
Any other additional receivables	1.0	3.4	—	—
Carrying amount at year end	2.9	76.5	—	—

Reclassification to current receivables in 2008 relates to restricted funds attributable to the divestiture of the Powertrain business area.

Note 23 | Accounts and other receivables

	Group	
	31/12/2009	31/12/2008
Accounts receivable	362.7	378.9
Less: provision for doubtful accounts receivable	-8.3	-18.8
Accounts receivable net	354.4	360.1
Prepayments and accrued income	51.3	98.7
Total	405.7	458.8

Sale of accounts receivable:

The Group regularly transfers a share of outstanding accounts receivable to a third party. The divestments are based on framework agreements and the conditions, that have been assessed as a whole, mean that the risks and benefits associated with the accounts receivable for the most part are transferred to the buyer, based on a review in accordance with IAS 39 – Financial instruments; Recognition and measurement. At December 31, 2009 the value of the transferred accounts receivable was SEK 53.3 (122.9) million.

At December 31, 2009 the accounts receivable were SEK 56.6 (129.5) million due without any impairment requirement considered necessary. These concern a number of independent customers who previously had no payment difficulties. The age analysis of these receivables are as follows:

	Group	
	31/12/2009	31/12/2008
Less than 3 months	46.2	89.4
3 to 6 months	5.0	8.4
More than 6 months	5.4	31.7
Total	56.6	129.5

At December 31, 2009 the Group recognised accounts receivable where the impairment requirement was SEK 8.3 (18.8) million, which corresponds to the reserve for doubtful accounts receivable. The age analysis of these is as follows:

	Group	
	31/12/2009	31/12/2008
Less than 3 months	1.5	0.1
3 to 6 months	0.1	0.4
More than 6 months	6.7	18.3
Total	8.3	18.8

Carrying amounts as per the currency for the Group's accounts receivable are as follows:

	Group	
	31/12/2009	31/12/2008
SEK	87.0	87.2
EUR	233.5	255.0
GBP	20.9	12.0
PLN	10.5	5.4
Other	2.5	0.5
Total	354.4	360.1

Change in reserve for doubtful accounts receivable is as follows:

	Group	
	31/12/2009	31/12/2008
At January 1	18.8	24.1
Provision for doubtful receivables	1.4	4.9
Receivables written off during the year that are non-recoverable	-6.0	-8.9
Reversal of unused amounts	-5.9	-1.3
Total	8.3	18.8

Provision for, or reversals of reserves for doubtful accounts receivable, is included in the Selling expenses in the income statement item.

The maximum exposure to credit risk at the balance sheet date is the fair value of each category of receivable mentioned above.

Note 24 | Deferred expenses and accrued income

	Group		Parent company	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Prepaid rents	11.8	11.5	—	—
Prepaid licenses	10.3	3.6	—	—
Pre-paid staff costs	0.3	0.3	—	—
Prepaid loan transaction costs	—	2.9	—	2.9
Accrued income	11.6	34.6	—	—
Other deferred expenses	17.3	45.8	0.2	0.2
Carrying amount at year end	51.3	98.7	0.2	3.1

Note 25 | Share capital and other contributed capital

	Ordinary shares	Preference shares	Total number of shares
Number of shares outstanding at December 31, 2008	679,000	321,000	1,000,000
Registered new share issue at January 27, 2009	3,000,000	—	3,000,000
Number of shares outstanding at December 31, 2009	3,679,000	321,000	4,000,000

The total number of ordinary shares at December 31, 2009 is 3,679,000.

The quotient value of the share is SEK 0.50. All issued shares have been paid in full. An offset issue is being implemented on the balance sheet date, where SEK 400 million is converted from shareholder loans. In connection with the issue, the number of ordinary shares registered will be raised from 3,679,000 to 11,037,000.

In addition to the issued ordinary shares, the company had 321,000 preference shares outstanding at balance sheet date, which will increase to 963,000 in connection with the ongoing share issue being registered. Preference shares entitle the holder to a dividend, with priority over ordinary shares, corresponding to 12 % per year based on the average issue price of the preference shares. The nominal value of the preference shares and the excess amount from the issue are classified in accordance with IAS 32 as non-current interest-bearing liabilities in the consolidated financial statements. In the parent company the preference shares are recognised as equity in accordance with RFR 2.2 Accounting for Legal Entities.

Share options

In 2008 the Boards, Presidents and senior executives were invited to take out call options issued by Bulten AB and Finnveden Metal Structures AB. There is an outstanding purchase-option scheme from last year with options issued by the parent company. The main terms of the three current share option schemes are as follows:

Options issued by	Finnveden Holding AB
Number of allocated options	30,464
Fair value of the options	SEK 13.43
Exercise price	SEK 100
Annual determination of the exercise price	10 % from October 1, 2005
Date of maturity	September 30, 2010
Options issued by	Bulten AB
Number of allocated options	9,915
Fair value of the options	SEK 28.20
Exercise price	SEK 186.40
Annual determination of the exercise price	10 % from September 1, 2008
Date of maturity	August 31, 2013
Options issued by	Finnveden Metal Structures AB
Number of allocated options	240,000
Fair value of the options	SEK 0.47
Exercise price	SEK 3.55
Annual determination of the exercise price	10 % from September 1, 2008
Date of maturity	August 31, 2013

All schemes are subject to the Board and management being invited to subscribe to stock options at a price equal to fair value at grant date. The fair value of the options is determined using the Black-Scholes option pricing model. This will have no impact on earnings in the Group. During the year no options have been forfeited, exercised or lapsed.

Note 26 | Provisions for pensions

Remuneration to employees after completed employment is chiefly made through payments to insurance companies or authorities which thereby assume the obligations in relation to the employees, known as defined contribution pensions. Other schemes take the form of defined benefit plans where the obligations remain within the Finnveden Group. The largest defined benefit plans are in Sweden (FPG/PRI). For defined benefit plans the company's costs are calculated and the value of the outstanding obligation using actuarial calculations, which aim to determine the present value of the obligations issued.

Interest is classified as a financial expense.

Other cost items are distributed among operating profit/loss under cost of goods sold, selling expenses or administrative expenses depending on the employee's function.

	31/12/2009	31/12/2008
Group		
FPG/PRI	17.9	17.5
Other retirement pensions in Swedish companies	2.1	2.2
Retirement pensions in foreign companies	2.8	2.8
Total	22.8	22.5

Pension obligations relating to defined benefit pension plans are valued based on the assumptions shown in the table below.

Pension obligations	Sweden	
	2009	2008
Group		
Discount rate	3.5	3.75
Rate of pay increases	—	—
Inflation	2.0	2.0

There is no further vesting in the defined benefit system. Consequently, the Group's pension commitment is based on an unchanged rate of pay increase.

Defined benefit obligations and value of plan assets	31/12/2009	31/12/2008
Group		
Present value of defined benefit obligations	26.1	26.7
Accumulated non-recognised actuarial gains and losses	-3.3	-4.2
The net obligation's carrying value in the consolidated balance sheet	22.8	22.5
Reconciliation of change in pension liability	31/12/2009	31/12/2008
Opening net debt	22.5	23.1
Net pension expense (+) income (-)	1.8	1.1
Pension payments	-1.5	-1.7
Closing net debt	22.8	22.5

Specification of total costs for remuneration after completed employment as recognised in the income statement (SEK million)

	31/12/2009	31/12/2008
Costs relating to defined benefit plans:		
Income item of actuarial gain (+)/loss (-) for the period	-1.0	-0.3
Interest on obligations	-0.8	-0.8
Costs relating to defined benefit plans	-1.8	-1.1
Costs relating to defined contribution plans	-32.6	-42.0
Total costs recognised in income statement	-34.4	-43.1

	31/12/2009	31/12/2008
Group		
Assets pledged for pension commitments		
Endowment insurance ¹⁾	35.5	31.8
Group	35.5	31.8
Amount by which provision item is expected to be paid after more than 12 months	35.5	31.4

¹⁾ The lion's share of the Group figures relate to pension obligations to former CEO. The commitment is reinsured, and both the commitment and the insurance are reported as memorandum items.

Note 27 | Deferred tax liabilities and tax assets

	Deferred tax assets		Deferred tax liability	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Group				
Land and buildings	—	—	—	—
Machinery and equipment	—	—	4.0	2.7
Loss carry-forwards in foreign Group companies	1.5	2.8	—	—
Pensions	—	—	—	0.4
Other	5.0	1.6	1.8	0.5
Total	6.5	4.4	5.8	3.6
Parent company				
Loss carry-forwards	—	—	—	—
Total	—	—	—	—

Deferred tax assets are recognised for tax loss carry-forwards to the extent that it is likely they can be benefited from through future taxable surpluses. As of Dec 31, 2009 the accumulated tax losses in the Swedish company, for which no deferred tax asset is recognised, are SEK 575 (398) million.

In a review decision, certain deductions have been denied. Finnveden maintains its belief which has the support of leading tax experts and has been appealed to the administrative court. If the company should be ultimately denied the deduction, it would mean an additional tax expense of approximately SEK 28.5 million. No provision has yet been made.

Note 28 | Other provisions

	31/12/2009	31/12/2008
Group		
Costs for restructuring programmes	16.5	3.9
Total	16.5	3.9
Carrying amount at start of period	3.9	2.2
Provisions made during the period ¹⁾	16.5	2.2
Amounts utilised during the period	-1.8	-0.5
Reversal of unused amounts	-2.1	—
Carrying amount at end of period	16.5	3.9

¹⁾ Including increases in existing provisions.

Group		
Amount by which provision item is expected to be paid after more than 12 months	0.0	3.9

Note 29 | Interest-bearing liabilities

Interest-bearing long-term liabilities	31/12/2009	31/12/2008
Group		
Interest-bearing shareholder loans	301.2	626.6
Issued preference shares – interest-bearing ¹⁾	82.8	45.2
Total interest-bearing shareholder loans	384.0	671.8
Liabilities for finance leases	21.4	7.7
Other interest-bearing liabilities	21.4	7.7
Which mature between 1–5 years	21.4	7.7
Of which mature after more than five years	384.0	671.8
Total	405.4	679.5

¹⁾ Issued preference shares which give the holder the right to redemption.

Interest-bearing current liabilities	31/12/2009	31/12/2008
Group		
Liabilities to credit institutions	156.7	155.8
Bank overdraft facilities	210.0	163.9
Liabilities for finance leases	11.4	6.1
Total	378.1	325.8

Interest-bearing long-term liabilities	31/12/2009	31/12/2008
Parent company		
Interest-bearing shareholder loans	301.2	626.6
Liabilities to group companies	138.0	157.1
Total	439.2	783.7
Of which mature between 1–5 years	138.0	157.1
Of which mature after more than five years	301.2	626.6
Total	439.2	783.7

Long-term interest-bearing liabilities include loans from shareholders of SEK 301.2 (626.6) million. Long-term interest-bearing liabilities in the Group also include issued preference shares of SEK 82.8 (45.2) million in respect of what the holder has a right to redeem at any given time.

Note 30 | Pledged assets for liabilities to credit institutions

	31/12/2009	31/12/2008
Group		
Real estate mortgages	0.0	8.0
Business mortgages	384.4	428.8
Shares in subsidiaries	714.8	908.0
Pledged additional receivables	58.9	—
Other	3.5	3.5
Total	1,161.2	1,348.3
Parent company		
Shares in subsidiaries	1,281.2	1,281.2
Total	1,281.2	1,281.2

Note 31 | Bank overdraft facilities

	31/12/2009	31/12/2008
Group		
Approved overdraft facilities	367.0	349.4
Unutilised portion	157.0	185.5
Credits utilised	210.0	163.9
Parent company		
Approved overdraft facilities	—	—
Unutilised portion	—	—
Credits utilised	—	—

Note 32 | Accrued expenses and deferred income

	31/12/2009	31/12/2008
Group		
Accrued wages/salary inc. holiday pay	34.7	49.1
Accrued social security costs	33.9	39.7
Other accrued expenses	37.0	45.3
Total	105.6	134.1
Parent company		
Other accrued expenses	0.4	0.2
Total	0.4	0.2

Note 33 | Contingent liabilities

	31/12/2009	31/12/2008
Group		
Pension commitments in addition to those accounted for as liabilities or provisions ¹⁾	35.5	31.7
Taxes	28.5	27.3
Other contingent liabilities	29.6	83.8
Total	93.6	142.8
Parent company		
Guarantees on behalf of Group companies	29.6	79.4
Taxes	28.5	27.3
Other contingent liabilities	0.3	0.4
Total	58.4	107.1

¹⁾ The main part of the Group figures relate to pension obligations to former CEO. The commitment is reinsured, and both the commitment and the insurance are reported as memorandum items.

Note 34 | Investments in joint venture

The Group has a shareholding of 60 % in a joint venture, BBB Service Ltd., which supplies fasteners to a major project within the Ford Group. The holding is recognised as a joint venture under the "proportional method", given that no party can make significant business decisions without the consent of the other party and the risks and responsibilities are related to and connected with each party's deliveries and products. The following amounts are included in the consolidated income statement and balance sheet and represent the Group's share of sales and earnings, assets and liabilities.

	31/12/2009	31/12/2008
Assets		
Current assets	28.1	21.1
Total	28.1	21.1
Liabilities		
Current liabilities	27.3	20.8
Total	27.3	20.8
Net assets	0.8	0.3
Earnings after tax	0.6	-0.9

Note 35 | Transactions with related parties

After completion of the issue, Finnveden S.á.r.l owns 48.6 % and Finnveden Ltd. 51.4 %. There are also the following borrowing conditions with Finnveden S.á.r.l:

	Group		Parent company	
	2009	2008	2009	2008
Group				
Interest-bearing liability	301.2	626.6	301.2	626.6
Preference shares issued	82.8	45.2	—	—
Total	384.0	671.8	301.2	626.6

Finnveden Ltd.	Group		Parent company	
	2009	2008	2009	2008
Borrowing raised	626.6	740.4	626.6	740.4
Transferred from Finnveden S.á.r.l	-194.4	—	-194.4	—
Loans repaid	—	-2.2	—	-2.2
Current issue	-205.6	-200.0	-205.6	-200.0
Interest charged	74.6	88.4	74.6	88.4
Total	301.2	626.6	301.2	626.6

Finnveden S.á.r.l	Group		Parent company	
	2009	2008	2009	2008
Transferred from Finnveden Ltd.	194.4	—	194.4	—
Current issue	-194.4	—	-194.4	—
Total	0.0	0.0	0.0	0.0

The interest-bearing liability is subject to 12 % interest. The interest expense for the liability was SEK 80.1 (93.3) million during the financial year. The accrued interest is added to the loan amount annually. The loan is subordinate to other borrowings.

Internal pricing is based on the arm's-length principle, i.e. between parties that are independent of each other, well informed and with an interest in the transactions.

See Note 5, Information on business segments and geographical markets, for details about intra-Group sales between other Group segments.

Information about remuneration to senior executives is provided in Note 6 Employees, personnel costs and fees to the Board of Directors.

Note 36 | Reconciliation between IFRS and used key concepts

Term used	Group	
	2009	2008
Operating income (EBIT)	-147.1	-48.7
Depreciation and impairments	87.3	137.1
Operating income excl depreciation (EBITDA)	-59.8	88.4

Term used	Group	
	2009	2008
Equity	335.1	239.3
Interest-bearing loans from principal owner	384.0	671.8
Adjusted equity	719.1	911.1

In calculating the adjusted equity/assets ratio, the term adjusted equity defined above is used in relation to total assets.

Term used	Group	
	2009	2008
Long-term interest-bearing liabilities	405.4	679.5
Provision for pensions	22.8	22.5
Current interest-bearing liabilities	378.1	325.8
Financial interest-bearing receivables	-136.4	-135.0
Cash and cash equivalents	-35.0	-24.8
Net debt	634.9	868.0
Interest-bearing loans from principal owner	-384.0	-671.8
Net debt to credit institutions	250.9	196.2

Proposed disposition of earnings

The following profit in the Parent Company (SEK) is at the disposal of the Annual General Meeting:

Share premium	694,500,000
Profit brought forward	41,629,701
	<hr/>
	736,129,701

The Board of Directors and the President propose that these funds be distributed as follows (SEK):

To be carried forward to new account	736,129,701
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Gothenburg, 11 May 2010

Ulf Rosberg
Chairman of the Board

Johan Westman
President

Roger Holtback

Hans Gustavsson

Adam Samuelsson

Our audit report was submitted on 11 May 2010
PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant
Auditor in charge

Fredrik Göransson
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Finnveden Holding AB, corporate identification number 556668-2141.

We have audited the annual accounts, the consolidated accounts, the accounting records and administration of the Board of Directors and the President of Finnveden Holding AB for the year 2009. It is the Board of Directors and the President who are responsible for the accounting records and administration of the company and for ensuring the annual accounts are prepared in accordance with the Annual Accounts Act and the consolidated accounts are prepared in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

The audit was conducted in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain a high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining a selection of the evidence supporting the amounts and other disclosures in the accounts. An audit also includes assessing the accounting policies used and their application by the Board of Directors and President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts, as well as evaluating the overall presentation of information in the annual accounts and consolidated

accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the articles of association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's earnings and financial position in accordance with generally accepted accounting policies in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act, and provide a true and fair view of the Group's earnings and financial position. The Board of Directors' Report is consistent with other parts of the annual accounts and consolidated accounts.

We recommend to the Annual General Meeting that the income statement and balance sheet of the parent company and the Group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the Board of Directors' Report and that the Board of Directors and the President be discharged from liability for the financial year.

Gothenburg May 11, 2010

PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant
Auditor in charge

Fredrik Göransson
Authorised Public Accountant

Definitions

Return on equity

Income for the year divided by average equity.

Return on capital employed

Income after net financial items plus financial expenses divided by the average capital employed.

Return on capital employed before goodwill

Earnings for the year after financial net plus financial expenses and goodwill depreciation in relation to the average capital employed excluding goodwill.

Gross margin

Net sales less cost of goods sold in relation to net sales.

Equity

Reported shareholders' equity

Shareholders' equity per share

Shareholders' equity divided by the number of shares at year end.

Capital turnover

Net sales divided by average capital employed.

Cash flow

Cash flow before changes in working capital and investments.

Cash flow per share

Cash flow before changes to working capital and investments divided by the number of shares at year end.

Net debt

Interest-bearing liabilities, less interest-bearing assets, everything calculated at year end.

Net debt to credit institutions

Interest-bearing liabilities excluding interest-bearing loans from principal owner less interest-bearing assets.

Net margin

Earnings before tax as a percentage of net sales.

Net debt/equity ratio

Interest-bearing net liabilities divided by shareholders' equity.

OEM

Original Equipment Manufacturer, vehicle manufacturer.

Earnings per share after tax

Income for the year divided by the average number of shares.

Interest-coverage ratio

Income after net financial items, plus financial expenses, divided by financial expenses.

Operating margin

Operating income as a percentage of net sales.

Operating margin before goodwill

Operating income before goodwill depreciation as a percentage of net sales.

Equity/assets ratio

Shareholders' equity divided by total assets.

Capital employed

Total assets, less interest-free liabilities, including deferred tax employed.

Tier 1 supplier

A supplier that delivers directly to vehicle manufacturers.

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