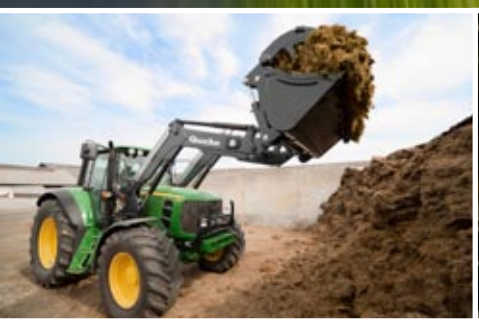
STRONG RECORD YEAR

THE BASIS FOR CONTINUED ADVANCES



ANNUAL REPORT 2008

Ålö's business concept is to develop, produce and globally market front loaders with accessories to maximise the utility of tractors in agriculture, industry and the public sector, based on customer needs.

Under the leadership of the Group MD, two independent business areas – Production and Marketing & Sales – are responsible for all activities in thirteen production and sales companies in eight countries.

Ålö is the world's leading supplier of front loaders and is ranked first or second in the world's most important markets. Ålö's most important growth market is North America. Ålö's products are distributed via a network of dealers in more than 40 countries.

Ålö is represented by three brands: Quicke, Trima and Veto.

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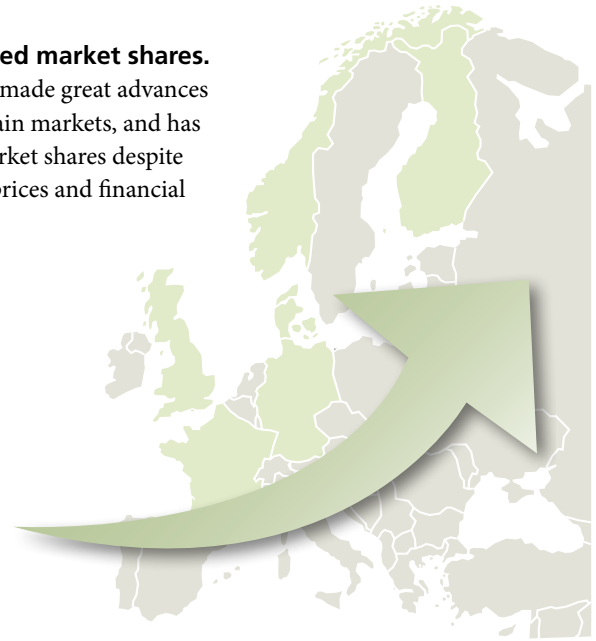
ÅLÖ 2008

Increased market shares. Ålö has made great advances in its main markets, and has won market shares despite higher prices and financial unrest.



All time high. An all time high was reached in the beginning of July with orders for 36,600 loaders received over a 52 week period.

Steel price increase. The year was characterized by cost increases concerning appreciable wage increases in several production countries and runaway steel prices. Thanks to the success of the ongoing efficiency and cost-cutting programme, the effects on earnings were mitigated.

Financial crisis and a weakening market. The fall of 2008 was characterized by the American financial crisis and financial unrest on top of an already worsening business cycle. The market declined rapidly in the last quarter and as a result Ålö was forced to issue redundancy notices.

Loader number 100,000. An important milestone in Ålö's history was passed in 2008 when number 100,000 of the new loader generations Quicke Dimension and Trima Plus was shipped from the factory in Brännland, an event that highlights the fact that the company celebrates 60 years as a leading front loader supplier in 2009.

A record year. Efforts to trim production in Brännland in 2007 paid off in increased efficiency and stability during 2008, which made both production and sales records possible.

MX deal called off. The agreed deal with the French company MX was not carried through during the year as intended. A weakening market, dramatic financial unrest and doubts on the part of competition authorities meant that both companies agreed mutually to call off an otherwise interesting business deal.

HISTORY

1940s

Ålö front loader

1947 Karl-Ragnar Åström designs the first Swedish front loader.

1949 Small-scale series production begins and AB Ålö-Maskiner is registered.

1950s

Quicke

1958 The world's first drive-in loader, Quicke, is introduced.

Quicke

1959 The first Quicke front loader is exported.

1960s

Hydro-Quicke

1965 The competitor Modig is acquired.

1967 More loaders are exported than sold in the Swedish market.

At this time most of Ålö's front loaders were made for 40–60 hp tractors.

1970s

Quicke series

1977 New factory opens in Brännland, Sweden.

1980s

Quicke Q500 series

1985 Ålö's first sales company, Ålö Norge, is formed.

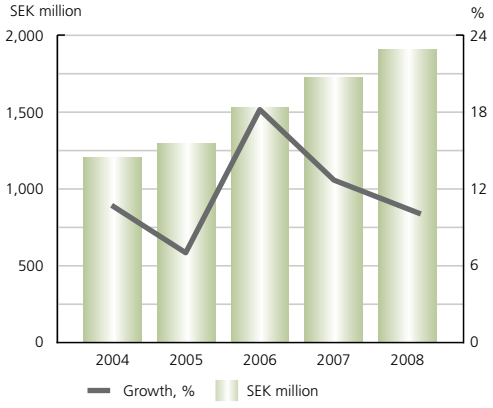
1988 KMW is acquired. The company is later renamed Alo North America.

2008 IN FIGURES

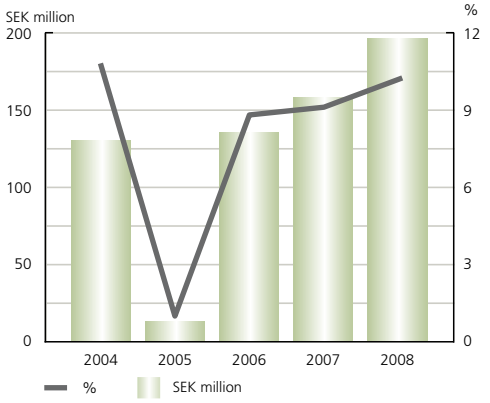
Key ratios

	2008	2007
Orders received, SEK million	1,918	1,777
Sales, SEK million	1,911	1,728
EBITDA, SEK million	196	158
EBITDA, margin, %	10.2	9.1
EBITA, SEK million	161	122
EBITA, margin, %	8.4	7.1
Operating cash flow, SEK million	67	10
Return on capital employed, %	14.8	11.6
Productivity	1.51	1.40

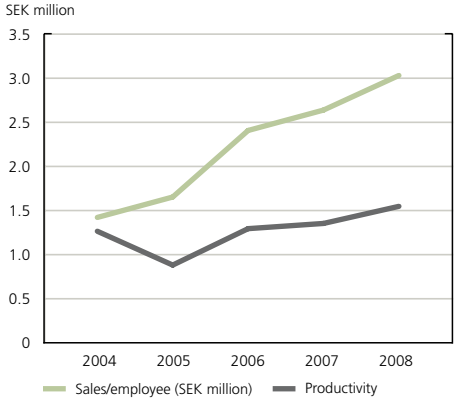
Sales and growth, SEK million, 5 years



EBITDA, SEK million and as percentage of sales, 5 years



Sales per employee and productivity, 5 years



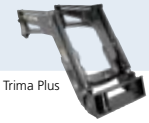
1990s

Veto

1992 The French company Agroma is acquired and the sales company Agram Manutention is formed (later named Alo France).

1999 Danish competitor VETO is acquired and Alo Danmark is formed. A British importer is also acquired and Alo UK is formed.

2000s



Trima Plus

2000 Swedish competitor Trima is acquired.

2004 Ålö launches the new generation of loaders, Quicke Dimension and Trima Plus.

2005 A new production facility comes on stream in Brännland.

2009

Ålö – 60 years of front loaders

2009 Ålö celebrates 60 years as a company. Karl-Ragnar Åström's first front loader sketch has developed into a loader that is produced in 34,000 units per year.

1949 60 2009 ålö YEARS OF PROGRESS

A RECORD YEAR

DESPITE THE GLOBAL CRISIS

For many, 2008 will be remembered as the year when a global financial crisis paralyzed the world economy. But, happily for us at Ålö, we will remember it more for its successes, records and increased market shares.

Let me say straight away, 2008 was Ålö's best year. Ever.

Increase in orders received – 2 per cent.

Increase in sales – 11 per cent.

Increase in numbers of loaders produced – 10 per cent.

Increase in earnings – 24 per cent.

After the summer we reached the dizzying all-time-high in our rolling 12-month orders received of 37,000 loaders.

Another milestone was passed on November 6, 2008, when we shipped our 100,000th loader of the new loader generations Quicke Dimension and Trima Plus from our factory in Brännland.

Looking back on 2008 it is impossible not to note that the records were in part achieved against strong headwinds.

Earnings reached all-time-high despite significantly increased materials costs, above all for steel.

Earnings reached all-time-high despite the fact that we were not able to gain from improved exchange rates during the year because of currency hedges.

But above all, we had a good year despite our entering a deep recession, made worse by a financial crisis, in the second half of the year.

All this shows that our hard work in streamlining the production and our focused cost-cutting projects had the desired results.

The work on tuning production in Brännland begun in 2005 and concluded in 2007 made it possible for us to work at top speed and achieve a high, stable production level with few disruptions in 2008.

Ålö was also able – which is extremely gratifying – to further strengthen its position in its main markets.

Unfortunately, we were not able to conclude our deal with MX during 2008 as planned. As the process began to drag on and business conditions worsened dramatically, both company managements decided to call off the merger. The deal was fundamentally and industrially sound, but market conditions made it impossible, and in hindsight we can see that it was a good decision to focus on our existing business.

During the year group management developed a strategy entitled "Vision 2011". It lays down Ålö's goal of becoming a market-leading, full-range supplier. This means that during 2009 Ålö will move into two new segments where it has hitherto not been active – not only compact loaders for small tractors, but also the purely low-price utility segment where, through innovative products and production solutions, we will be able to deliver high-quality products at extremely competitive prices.

We envisage great growth potential for Ålö products in these two segments and are confident that – despite the current recession – there is an underlying demand that will remain strong for a long time to come.

There will quite simply be more people around, and more mouths to feed.

The coming establishment of a purchasing office in China is another step forward for our ability to compete in an increasingly price-sensitive market. It will allow us to actively benefit from cost advantages in the Asian market.

So not only is Ålö well equipped to face the future, it is also making bold investments to further strengthen its position. Together with continued successful cost-cutting efforts and the development of new and existing products, this will ensure our continued ability to shift gears quickly when demand picks up speed again.

Ålö will be 60 years old in 2009.

A company founded by a farmer from Umeå in Northern Sweden has, through 60 years of organic growth and business acquisitions, developed into a world-beating industrial group.

A truly fantastic story.

But this is just the beginning …

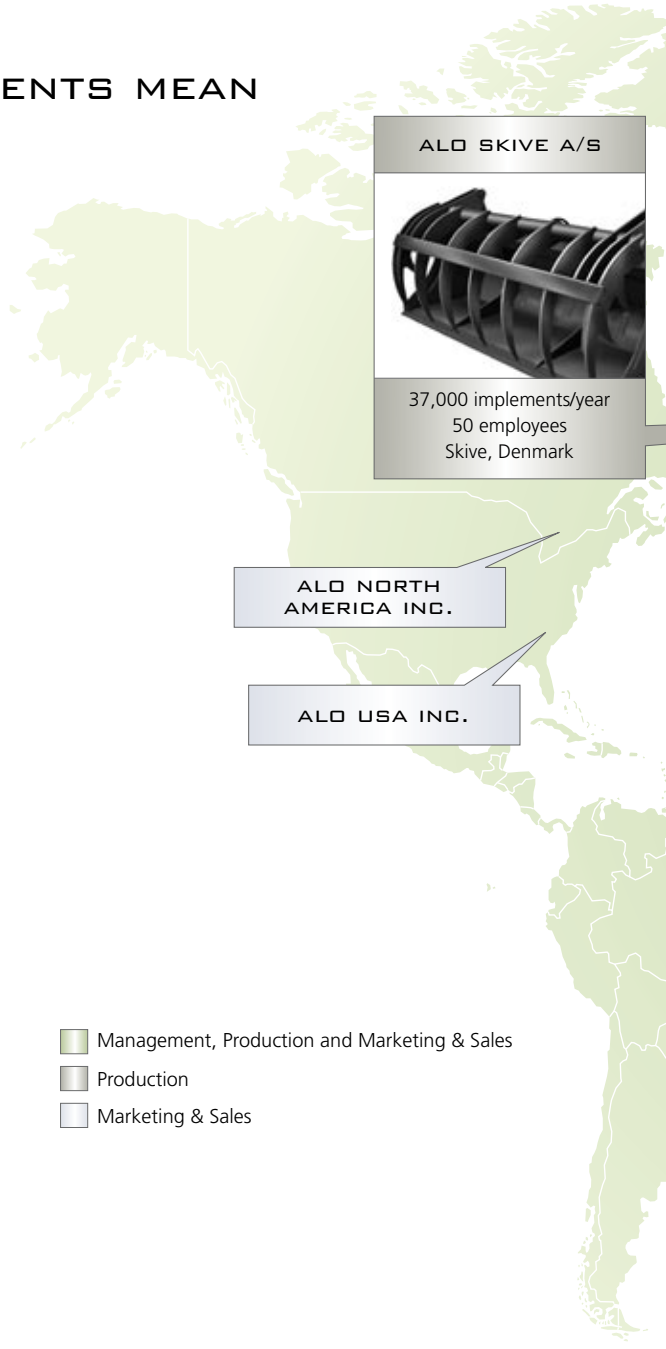
Olle Pehrsson, MD

BOLD TECHNOLOGICAL DEVELOPMENTS MEAN

MARKET-LEADING GLOBAL POSITION

Today Ålö is a world-leading manufacturer of front loaders with associated implements, and has around 25 per cent of the global market in the segment agricultural tractors with engines of more than 50 hp. Around 90 per cent of total production is exported. The company is currently represented in more than 40 countries, in which it enjoys a leading position in more than 15. In 2008, sales amounted to 33,500 loaders, 53,000 implements and 35,000 subframes.

Ålö has adopted the aggressive objective of establishing itself as a market-leading, full-range supplier through its two new product lines for compact loaders and low-price utility loaders. The launch of the new products will take place in 2010.



ÅLÖ'S BRANDS

Quicke

The first Quicke loader was presented in 1958. The loader has been continually improved over the years through several generations leading to today's product family. For several decades, Quicke has been associated with leading technology, high quality and great design.

TRIMA®

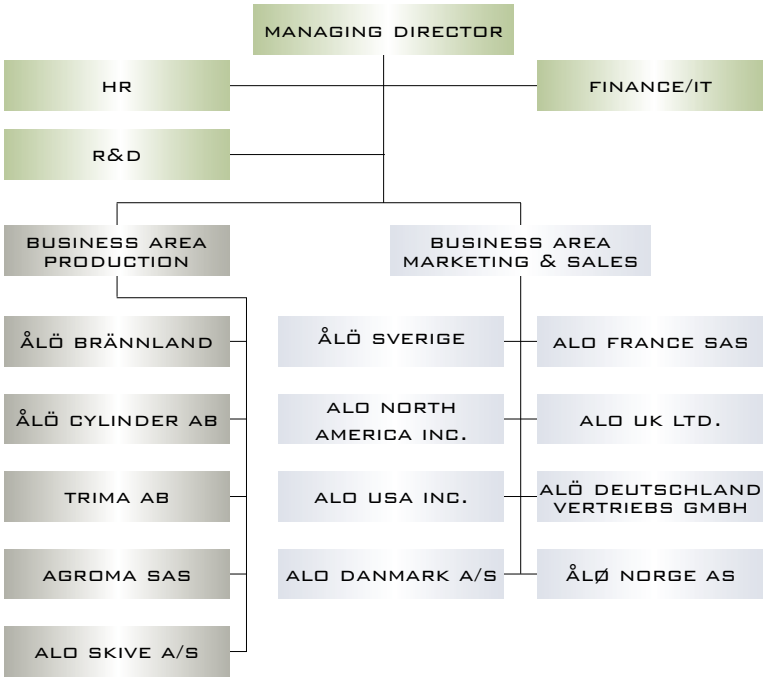
The predecessor to the Trima loader was first produced in 1956 by Bergsjöverken. It has been produced under the Trima name since 1963. Today the former competitor is one of Ålö's two main brands. Trima is associated with leading technology, high quality and excellent reliability.

VETO

Veto was acquired in 1999 from Nordsten A/S. Today the Veto loader enjoys the same basic design as Trima.

NEW SALES COMPANY BRINGS
INCREASED MARKET FOCUS TO SWEDEN

ORGANIZATION



In addition to the parent company, the Ålö Group comprises twelve sales and production companies in eight countries.

The parent company's role is, by means of an efficient organization and strategic guidelines, to coordinate and direct activities in two business areas: Production and Marketing & Sales. Group management comprises the Managing Director, the Business Area Directors, the R&D Director and the Directors of the staff organizations Finance/IT and HR. The Group's sales and marketing organization is represented in Canada, Denmark, France, Germany, Great Britain, Norway, Sweden and the USA. In 2008 Ålö had five manufacturing facilities – three in Sweden (Umeå and Bergsjö), one in Denmark (Skive) and one in France (Matha).

One change to Group structure was the establishment of a sales company in Sweden, the reason being to treat the Swedish market structurally in the same way as other regions, thus creating increased market focus. Efforts to incorporate Business Area After Sales into Business Area Marketing & Sales were concluded and thereby Ålö has today a more logical and efficient organization with two business areas: Production and Marketing & Sales.

ÅLÖ'S PRODUCTS

Front loaders
Front loaders carry implements. Front loaders are moving toward an increased level of sophistication in step with the trend toward bigger and more technically advanced agricultural tractors. Generally speaking, most of the loaders on the market fulfil the basic requirements for strength and lift-heights. Differences are to a greater extent inherent in such qualities as manoeuvrability, flexible subframes and tool carriers, and dampening.

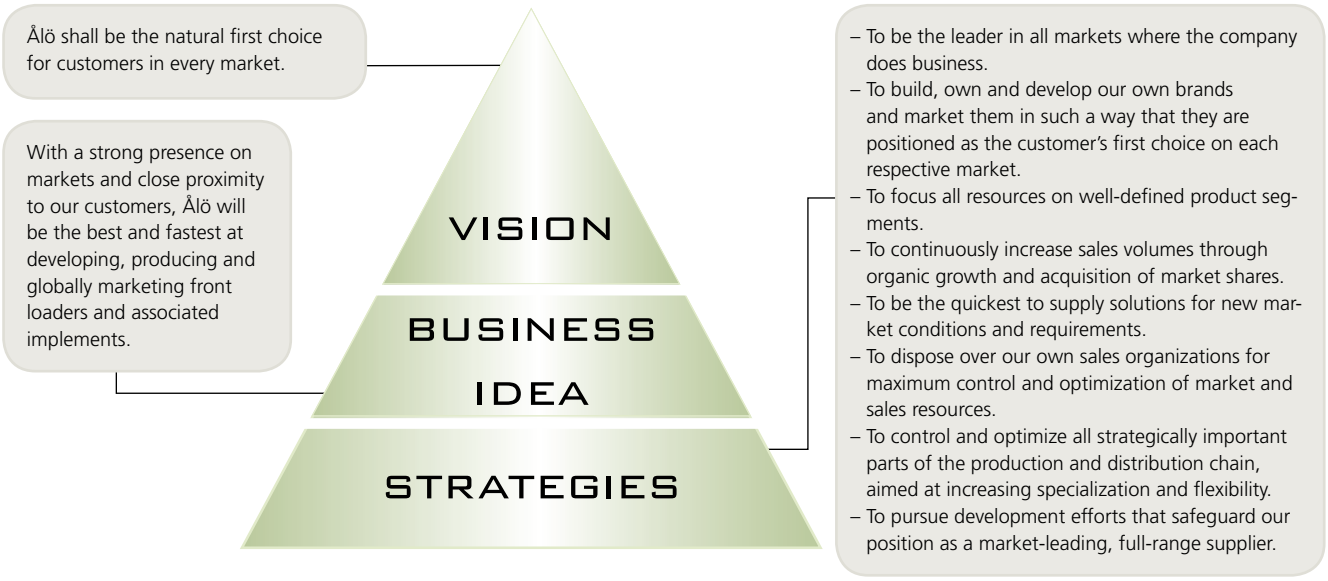
A front loader is tasked with providing an implement with maximum functional suitability, flexibility and utilization.

Over the past decades, both Ålö and Trima have been at the front line of developments, which has resulted in functions such as parallel lifting, load dampening and hydraulic implement locking. These solutions have also become trend setters and have in later years made significant breakthroughs in North America, Oceania and Japan.

Implements
The bucket was the dominant front loader implement for a long while, but advances in agriculture have led to new implements being developed. Today, flexibility and utility are the two most important competitive factors.

An important task for Group R&D is, in close cooperation with end-users, to provide new functions through new, improved implements.

Subframes
A subframe is a structure for attaching the front loader to the tractor. It is the most inconspicuous, and at the same time one of the strategically most important parts of a front loader. Ålö has a mutually significant relationship to tractor manufacturers, which involves early access to design documentation. In this way, Ålö is able to offer front loaders at the same time as a tractor is released onto the market. With easily the market's largest range of subframes Ålö is currently able to provide front loaders for more that 1,000 tractor models.



NATURAL CUSTOMER CHOICE

AS A FULL-RANGE SUPPLIER

As a market-leading, full-range supplier, Ålö has the objective of dominating the position as the customer's natural first choice.

Optimizing competitive advantage

Ålö's objective is to control all strategically important aspects of operations in which competitive advantage is influenced by access to unique expertise and resources. This applies to the entire process, from the supply of materials and standard components to interaction with dealers. The intention is to focus on, and optimize, every detail that affects Group competitiveness.

Focus on customer value

In ever-keener competition, tractor manufacturers rival each other with new models, continuous improvements and successively shorter product life cycles. Thanks to our position as market leader, tractor manufacturers are happy to cooperate with Ålö. This guarantees us early access to the technical documentation necessary for parallel development efforts. Ålö currently has the market's widest range of front loaders and subframes for more than 1,000 tractor models. Development of a front loader is ultimately dependent on the final customer – the end users within agriculture, industry and various community sectors. We must therefore have at our disposal detailed knowledge of market trends and changes which affect the needs of dealers, importers and customers alike. This is essential not just for continued product development, but also for successful marketing and sales efforts.

Strong proprietary brands

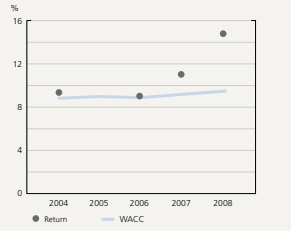
In a market where many products are perceived to be alike, a strong brand can be the deciding factor in a customer's distinguishing one product from the others. Ålö's ambition is, on the basis of a strong, underlying, unified message, to own and actively develop three of the industry's world-beating brands: Quicke, Trima and Veto.

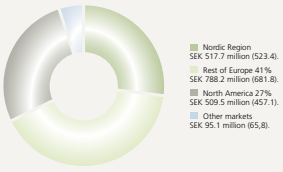
FINANCIAL TARGETS

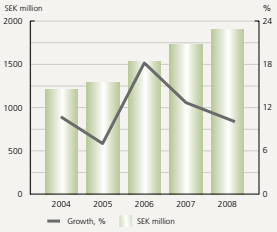
Ålö's Board directs business with the help of four financial targets. The overall objective for Ålö is to achieve a return on capital employed that always exceeds the Group's total weighted average cost of capital (WACC) parallel with growth.

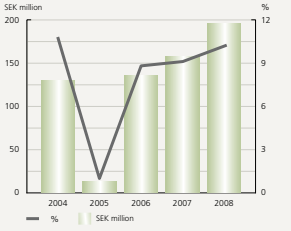
All in all, this will enable Ålö to continually increase shareholder value. The strategy used to achieve these targets follows a model that applies to all operational units within the Group; first stability, then profitability, and finally, growth. Profitable growth is Ålö's highest priority. Such growth will be achieved through organic expansion and by means of acquisitions.

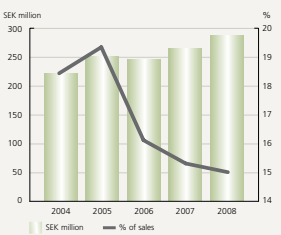
TARGET	OUTCOME
To achieve a return on capital employed that always exceeds the Group's total weighted average cost of capital (WACC).	Return on capital employed, %, 5 years
To achieve an annual growth that exceeds 10%.	Sales (SEK million); Sales and growth, SEK million, 5 years
To achieve an EBITDA margin that persistently exceeds 15%.	EBITDA, SEK million and as percentage of sales, 5 years
To continuously improve the efficiency of working capital, i.e. inventories, receivables, accounts payable and other current liabilities/assets to a target level of max 20% of net sales. *) Average for the year.	Inventories*; Accounts receivable*; Working capital*

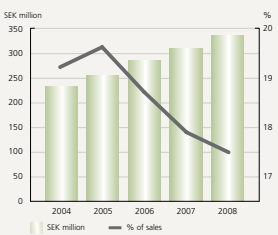


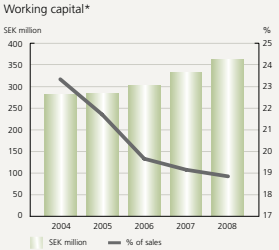












INNOVATIVE INVESTMENTS THAT BRING RESULTS

Cooperation is the key word in the development of the Ålö of tomorrow, not only through cost savings via coordinated purchasing, but also through increased quality in development efforts by means of cross-functional work groups that make use of the entire company's expertise in the innovation process.

Following the sweeping changes in the company which took place during 2005, the years that followed came to be characterized by consolidation, cost reductions and a focus on increasing capacity in the production units. 2008 was not only a record year in respect of orders received and the number of loaders produced, but was also a year of high strategic activity. During 2008, a new R&D organization, increased resources and a new development model with cross-functional groups were all decided upon and became reality. The restructuring of the R&D organization has brought product development, subframe development and technical support under the same leadership in order to coordinate resources and exploit each other's resources better, all in order to improve the impact of Ålö's development endeavours.

3 QUESTIONS

R&D

Tomas Nygren,
R&D director

What did you develop during 2008?
"We carried out a significant preliminary study that has resulted in an entirely new loader concept – a product family that is aimed at semi-professional customers. In part a new customer group, cost sensitive, but one that wants good performance. Judging from the reaction we had at the SIMA exhibition in February, we are undoubtedly right on target."

There will be more new Ålö products.
"We worked hard on a new control system in 2008 and we are planning the launch during 2009. We will once again be setting a new industry standard. We will deliver improved ergonomics, lower energy consumption and increased efficiency at work."

You are also working on further production efficiencies.
"We have developed a new subframe system – the Two Piece System. It provides advantages for some of our OEM-customers which install the subframes directly at the factory, where one part can be installed early in the production line and the other at the end. For Ålö, this means that we have improved component coordination."

PRODUCTION

Jan Sandsjö, production director

What are you most proud of regarding 2008?
"The volume increase we succeeded in reaching. We achieved both production and sales records during the year. We produced 800 loaders a week at a stable rate and this is easily the highest level we have been at. We worked systematically to get rid of production losses in the facilities, and in parallel we also reduced production times and became more efficient."

What changes would you like to highlight?
"We have begun to map out problems in a completely different way, we also get to the bottom of them and solve the ones we find. The systematic working method really makes a difference, and it is something we kept our focus on all the way from management to the factory floor."

What strategy is worth particular mention?
"Our resource-efficient, flexible supply-chain that also makes it easy to switch suppliers, and which will now be rolled out successively throughout the Group."

PURCHASING

Niklas Åström, purchasing manager

What was your greatest challenge in 2008?
"A steel price increase of around 20 per cent was certainly one. Our focus was on minimizing the effects by working intensively on reviewing contracts and price levels in order to get the best possible deals. And our work on redistributing purchases gave good results."

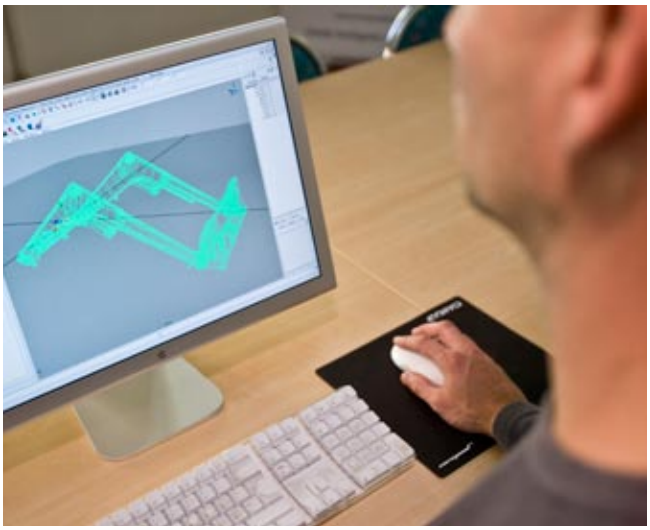
Which of your own investments would you like to highlight?
"Our new digital order management system. We have created a system in which the supplier owns and plans our inventory, which is advantageous for us as it reduces capital tied up. We also made the order system globally accessible as it is internet based."

You have shown some interest in China during the year …
"Yes. We are busy establishing a purchasing office in China in order to gain benefit from the cost advantages available in the Asian market. We see great potential for cost efficiencies there; if we are able to reduce costs by one or two per cent it has a direct effect on earnings."

New products bring new growth

2009 will see the launch of a new trail-blazing control system, a new two-piece subframe system that will provide great advantages to customers and Ålö alike through the component coordination that will be possible, and two new product lines aimed partly at markets for compact loaders, and partly at the low price segment – two segments where Ålö has not been active previously which will provide new growth opportunities in North America and other important markets.

Other products developed during the year are for example Powergrab, a device for silage handling, and various versions of tool carriers. These versions have led to an expanding market chiefly in the USA, where Ålö's products become compatible with more common implement ranges and ERC.



AREA	TODAY	TOMORROW
R&D R&D resources are separate from the factory organizations and are held by a common staff organization. The objective is to coordinate and take advantage of common resources in a manner optimal for the Group.	Implement flexibility and usefulness are two of the most important competitive factors. The objective is to supply new functions through new, improved products in close dialouge with the users. An essential task in product development is therefore to develop products that maximize an agricultural tractor's usefulness and utility.	Ålö's assessment is that technological development will entail the halving of a product generation's lifetime, from around 10–15 years today to less than half that time. This circumstance favours Ålö, which has the resources to shoulder the development costs in a scenario with shorter product life cycles and demands for more technologically-refined products.
Production Ålö's production units are organized under the Business Area Production and are specialized for their respective products. They are dimensioned to take full responsibility for day-to-day production, but are supported by functions overarching the business area regarding purchasing, production engineering and planning.	Significant efforts are under way in the production units to further improve efficiency, quality and delivery assurance in the framework of the Alo Manufacturing System project. The project embraces improvement to set-up times, a reduction in batch sizes, increased preventive maintenance and the implementation of continuous improvements as a fundamental working method.	Ålö is developing new planning and control functions based on a higher level of production coordination in the different factories. The effects will be improved delivery assurance and shorter lead times. We will also continue with the roll out of projects in the context of the principles we have established in the Alo Manufacturing System.
Purchasing Purchasing is centralized within Business Area Production and all purchasing activities within Ålö are controlled by a team of eight employees. Through coordination in the global market, the team shall provide the most cost-effective materials supply for all Group factories.	60 per cent of Ålö's total costs comprises purchase of raw material and components, and so there is naturally great focus on cost reductions via group cooperation and a global market presence.	With new product segments aimed at low-price markets, new demands will be placed on purchasing to develop more efficient solutions by e.g. purchasing more complex components from low-cost countries. Increased flexibility in order to follow the market and exploit the advantages on offer are essentials.

Profitability ensured

Ålö's new product development model was introduced during 2008, and is based on products being developed cross-functionally right from the concept stage in order to shorten time-to-market and to ensure that products are introduced into production safely and well.

The project model builds on clearer project management with different phases, checks and balances that provide direction to the work process and place higher demands on all concerned.

Continual product costing calculation efforts at every level ensure a profitable end product. And when everyone is involved from the start, the end result is better.

In the final product development phase, technical investments in the new laboratory in Brännland have been able to reduce the often time-consuming field tests with farmers that can today largely be replaced by advanced systems for the simulation of strength and durability tests.

Better and less expensive

Over the past few years the Group has invested great resources into reducing the costs of existing products. In 2006 and 2007, our product developers went through the existing loader range with the aim of reducing costs, and now these efforts have moved on to implements and subframes.

The work involves optimizing the usage of materials and adapting materials to provide improved functionality. It also involves adapting products for automated production, the coordination of component selection and facilitating the negotiation of good prices in purchasing. The project was thus able to eliminate

FOCUS AREAS, 2009

R&D	**Low-cost loader** – Our two new product lines – utility loaders and compact loaders. We plan on launching in 2010 and the series will probably comprise eight models.	**Energy efficiency** – The new control system will continue to be a priority; we know that our customers place renewed emphasis on reducing energy consumption, and our new control system offers great advantages in this area. We will systematically seek ever more energy efficient solutions for all our products.	**Investing in the future** – Ålö will continue to invest in strategic product development in order to ensure we can meet an increasing demand for new solutions and products in the market once market conditions again take a turn for the better.
PRODUCTION	**Streamlining** – To continue developing and streamlining the production apparatus, and to make such work a natural everyday occurrence. A part of Ålö's company culture.	**Delivery assurance** – To improve delivery assurance. Ensuring that we meet delivery times in 95 per cent of cases is the goal. Today we are around 70–75 per cent. It is extremely important for us to deliver on time.	**Coordination** – Rolling out the global purchasing organization throughout the Group so that all production units are coordinated regarding purchasing.
PURCHASING	**Start-ups** – The establishment of a purchasing office in China should be completed at the end of the first half of 2009; it will create new opportunities for Ålö by creating a continuity of presence as a purchaser in what is right now the world's hottest low-price market.	**Excess capacity** – Exploit the excess capacity prevailing in the materials market owing to the global economic downturn for steel, and draw cost advantages from it through an ever more active strategy of continually reviewing contracts and suppliers.	**Coordination** – Ålö must further increase its coordination gains within the Group by taking advantage of Ålö's collective purchasing volumes.

product problems and improve products for the customer, at the same time as reducing costs.

Improved stability and flexibility

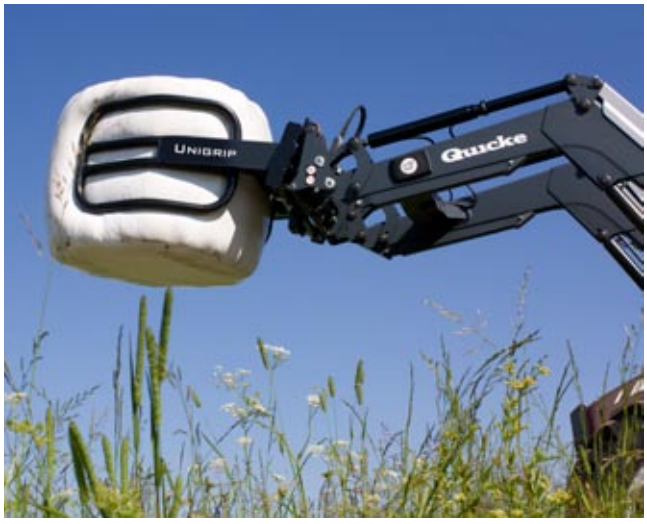
Great efforts were also made to improve the logistical flow to factories in order to reduce costs through simplified goods reception and also to increase flexibility by making it possible to switch suppliers without disrupting production. The selection strategy developed by Ålö places high demands on supplier quality and logistics in order to ensure that low prices are not transformed into high costs.

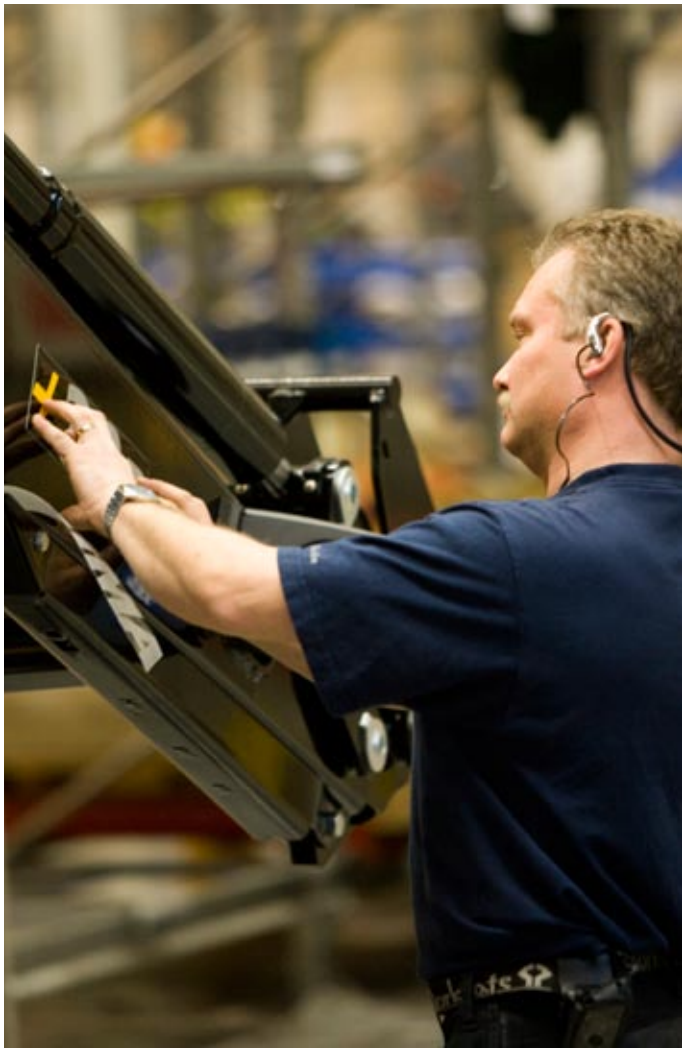
The importance of having a stable and flexible supply chain is decisive in being able to quickly respond to changes in demand.

Our new internet-based order handling system has provided the company with the tools necessary for coordinating Group purchases and supporting the strategy of optimizing and redistributing contracts. Purchase of raw material and components comprise around 60 per cent of Ålö's total costs, our focus continues to be on the development of the advantages of purchasing more complex products from low-cost countries, and not just simpler components. The establishment of a purchasing office in China is yet another piece in a puzzle, which when completed will bring significant savings and increased profitability.

Reduced capital tied up

Ålö's efforts to continually develop the company resulted in 2008 in a more efficient logistics system that reduces capital tied up. The concept is based on suppliers owning and managing inventories at Ålö's factories.





PHENOMENAL 2008 PAVES THE WAY FOR AGGRESSIVE NEW INVESTMENTS

Strong growth in our main markets and increased market shares characterized a record 2008.

Demand began to pick up as early as the autumn of 2007 and for the first half of 2008 the trends pointed dramatically north in practically every market. Despite record high production the short term effects were a growing order backlog and long delivery times. The financial instability that began with the subprime crisis in the USA afflicted the industry during the second half of the year and had a significant impact on Group order entry during the last four months. At that time Ålö still had full order books that despite a weakening market made strong annual earnings and record high invoicing possible.

Invoicing in the Nordic region ended up on a level with 2007, and our market shares are estimated to be largely unchanged.

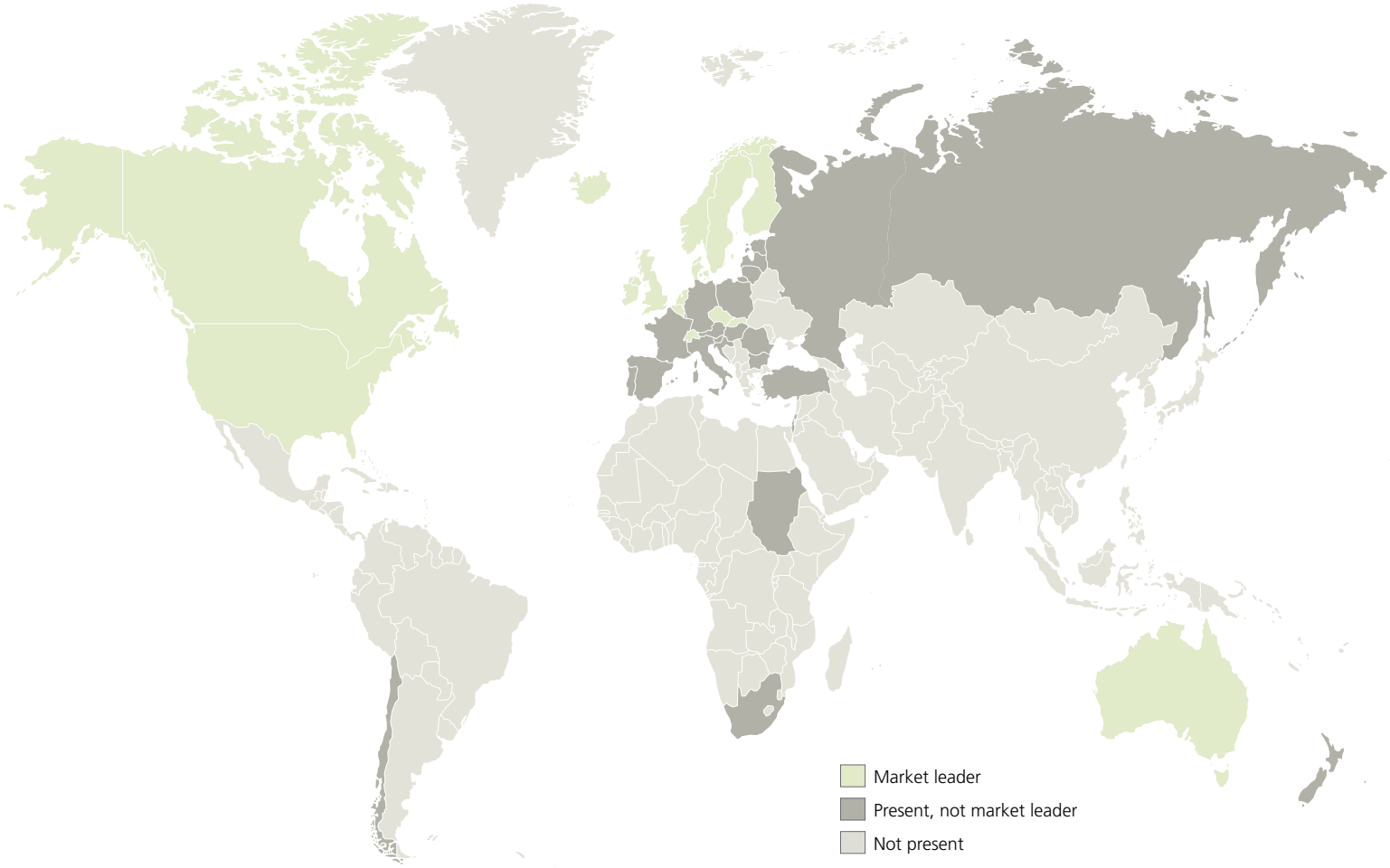
Growth in North America continues to be strong. Invoicing amounted to SEK 509 million, which corresponds to an increase of 11 per cent compared to 2007. We estimate we increased our North American market share from 27 per cent to 30 per cent in the market segment concerned. It is also worth mentioning here that Ålö has increased its market share in the USA from 9 per cent in 2005 to 23 per cent in 2008.

Invoicing in the rest of Europe increased from SEK 682 million to SEK 788 million, equivalent to an increase of 16 per cent compared to 2007. We estimate a market share increase of two percentage points from 38 to 40 per cent over the year. This is explained by strong growth in Austria, France, Germany and Switzerland. It was especially satisfying to note the positive development in former Eastern Europe, where above all Poland has taken off after a couple of years of marketing efforts. As an individual market, Poland can boast an increase of 20 per cent over the past three years. Strong sales growth was also noted in Hungary and the Baltic states.

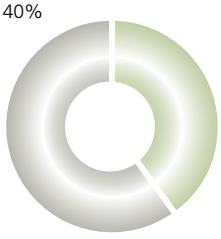
Other markets increased by 45 per cent from SEK 66 million to SEK 95 million as a result of high growth rates in the Australian and New Zealand markets.

Branding project

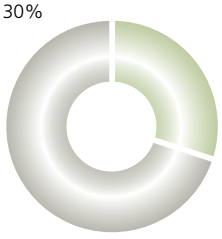
During 2008 we began a reorganization of business activities in Sweden, and a Swedish "sales company" (Ålö Sverige) was formed. The company includes functions covering marketing & sales, order & logistics, invoicing and technical support. The objective of the reorganization is to focus on the Swedish market



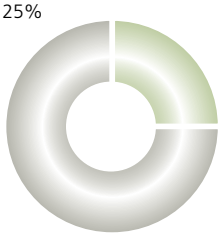
Market share, Europe
40%



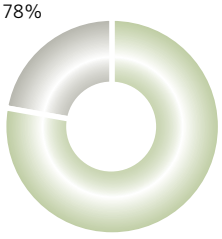
Market share, North America
30%



Market share, Global
25%



Market share, Nordic Region
78%



and to treat the market in the same way as other Group sales companies treat theirs.

A review (Branding Project) of Ålö's brands was completed during the year. The project provided improved understanding of the market and competitor branding strategies, and it laid the foundation for continued efforts to review the product brands Quicke and Trima and Ålö's graphic profile. The overarching objective is to achieve a distinct, uniform message through all channels.

2008 did not bring many new product launches, but was instead characterized by intensive internal product development endeavours across a broad front, the results of which will be presented in 2009 and 2010.

Our broad, strong product range will become broader and stronger yet with the launch of products in two new segments – smaller loaders for compact tractors and simpler, cheaper loaders for the low-price segment. Ålö's rate of investment and its product development plans will remain the same despite prevailing market conditions.

Cheaper, better transport

Over the past few years Ålö has worked hard to develop a future logistics strategy, which will result in better, more efficient transport. There is little doubt that in the not-too-distant future, transport will become a cost that grows in step with increasing fuel costs, and we will be faced with entirely new demands to find more cost-effective solutions. One example of how we have acted to meet this development is the opening of a direct connection from the port of Umeå to Antwerp. The advantages are not just economic, but also environmental in that ocean freight is a very energy efficient mode of transport.

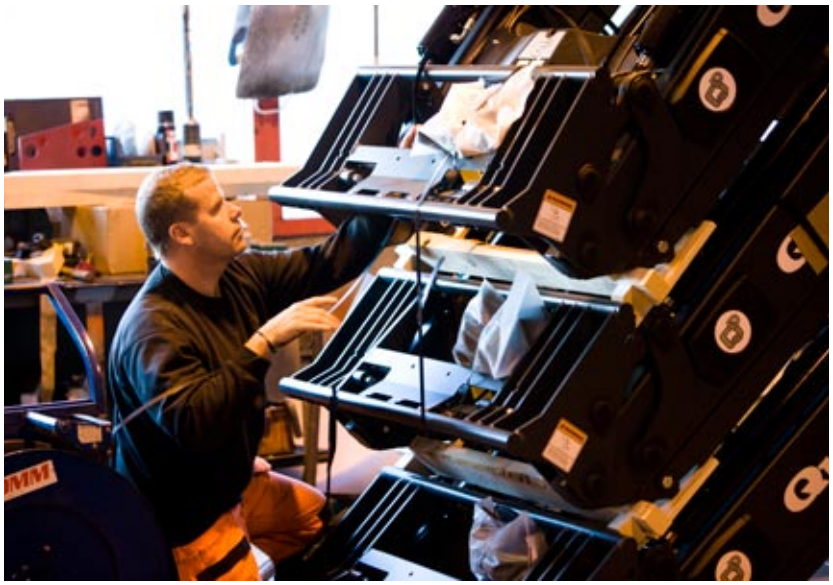
During the year we established a distribution centre in Germany, which has provided more efficient handling and shorter delivery times. We are also looking into the possibility of setting up a distribution centre in Sweden.

Overall, our efforts to find more efficient logistics have been successful, and have meant that Ålö was able to counter increasing costs.

Remaining the first choice

In many ways 2009 will be an extremely important year strategically, one where the challenge will lie in continuing to grow in a market that remains temporarily weak, through aggressive marketing and the introduction of new products.

Ålö aims to be the natural first choice in several new markets.



TOGETHER WE'RE DEVELOPING
THE COMPANY OF TOMORROW

Systematic, sustained efforts to increase participation and responsibility strengthen Ålö's development.

Efficiency and creativity increase through the results cross-functional, mixed-skill groups provide.

Cooperation and participation are key words in Ålö's personnel policy. "I can and will take responsibility" is the spirit that must characterize Group employees.

In order to achieve this goal, Ålö strives for a company culture that is less formal and where there is an openness regarding information, which in itself creates participation.

We have a flat organization that focuses on systematic work with cross-border projects that involve employees from different parts of the organization. A concrete example of this is in product development where efforts were made to mix skills for increased participation, resulting in more effective total solutions.

Sustained effort provides results

Today Ålö comprises five manufacturing companies, three in Sweden, one in Denmark and one in France, and a further eight sales companies in Canada, Denmark, France, Germany, Great Britain, Norway, Sweden and the USA. In other words, Ålö is a Group spread across various parts of the world with several different cultures and attitudes.

Creating a homogenous Group identity with a common company culture based on responsibility through increased participation therefore requires great clarity and perseverance.

Responsibility and participation are things the HR staff organization prioritized during 2008, and their efforts provided concrete results that can be seen in the annual employee surveys.

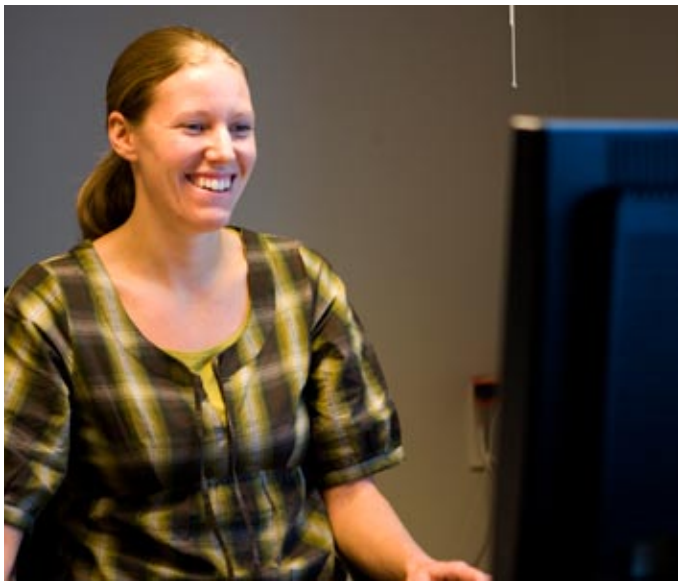
In 2007, employees judged the opportunities for responsibility and participation to be 3.1 on a scale of 1–5 where 5 is the best; the corresponding grade for 2008 was 3.4.

One activity designed to improve employee participation is the annual performance appraisal discussion. In 2007 62 per cent of employees took part in such discussions, while the corresponding figure for 2008 was 67 per cent.

The goal is clear: Everyone must participate in the development of the company.

In order to create a common value base, Ålö puts effort into great openness of information to its employees. For example, the MD writes a letter to everyone once a month to inform about how things are going for the company, provide management thoughts on current events and describe goals for the immediate future.

The MD and other Group management members are active in the field and meet Group employees through informal meetings and dialogues held at least twice a year.



Recruiting and development

The HR Director and the Company Manager concerned are involved in all recruitments to executive positions according to the so-called "grandfather" principle whereby the MD/HR Director take responsibility for recruitments falling in line with the group's overarching objectives and management and employee profiles.

Tests are carried out that provide support documentation not only for recruiting decisions but also for the individual development plan that is subsequently worked out for the newly recruited manager. This may lead to hands-on training in areas where the individual needs to improve, supporting training or simply mentoring in everyday activities.

Ålö works actively toward strengthening its management staff and improving competence through a focus on individual leadership development.

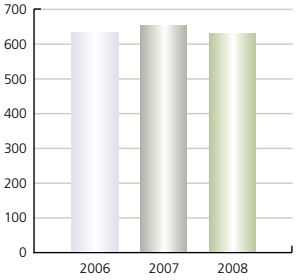
An undertaking that was started in 2007, but which seriously picked up speed in 2008, involves identifying potential management and project leader candidates – so-called young potentials. Reviews take place in connection with HR unit visits and dialogues with Group company managers. The candidates may then be involved in projects where they are allowed to grow and develop through challenges whose results are often beneficial to the company.

Another innovation during the year was a new appraisal template for senior management designed and implemented to follow management development based on parameters such as performance, working methodology and goal achievement, an undertaking in which the MD, the HR Director and the respective business area managers participate.

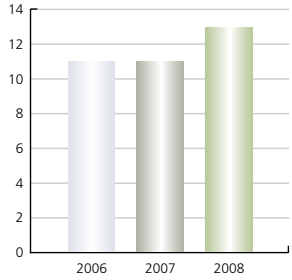
Strategic investments bring strength

During 2008, great attention was paid to the strategically important areas of product development and purchasing, and a number of new employees were therefore recruited to these areas.

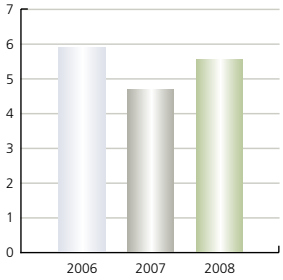
Average number of employees



Gender distribution, women, per cent



Total sick leave, per cent*



In a more local context a project was carried out intended to increase awareness about Ålö in the Umeå region.

The campaign "Ålö Boosts Umeå" was tasked with raising Ålö's profile as a large, international, world-leading group with its head office in Umeå, and to foster local pride and strengthen Ålö's brand and appeal on its home turf and thus facilitate the future supply of expertise.

The project included an acclaimed outdoor tractor ballet with professional artists from Cirkus Cirkör, a regional advertising campaign with our own employees in the ads, and a choral contest in which other local industries were challenged to a singing competition involving thousands from the region.

Responsible cutbacks

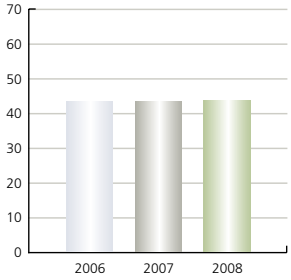
The global crisis in the financial markets that afflicted the world during the autumn of 2008 did not pass Ålö idly by. A weakening market and falling orders received during the last quarter forced the company to issue redundancy notices in Sweden and to announce lay-offs in other manufacturing units.

In situations like these Ålö generally endeavours to help its employees find new challenges, based on the legislation and opportunities in the countries concerned. This may for example take place through the engagement of an employment agency that focuses on an individual's opportunities for moving on.

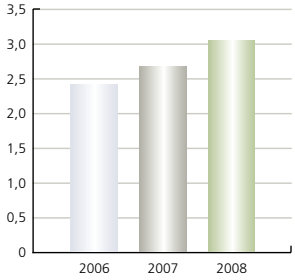
In order to avoid personnel cutbacks in Sweden if at all possible, negotiations have been entered into with IF Metall, the Swedish workers union. The proposed solution is for everyone to have a reduction in working hours and wages, and receive training and economic compensation through the union, a solution whose initial phase may get under way towards the end of the first half of 2009.

Ahead lays great focus on managing the recession through cost efficiencies and using every method available to us to maintain company expertise in order to stand ready on the day things take a turn for the better.

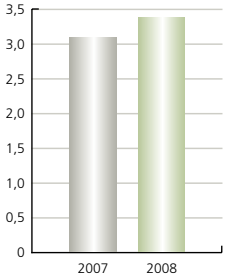
Average age*



Sales per employee, SEK million



Responsibility and participation**



*) Sick leave data and average ages refer to the Group's Swedish companies. Sick leave for the group's other companies remains unchanged at 1–4% for 2008.

**) Employees required to grade opportunities for responsibility and participation on a scale of 1–5 where 5 is the best.

FINANCIAL OVERVIEW AND ANALYSIS

Key ratios

	2008	2007
Orders received, SEK million	1,918	1,777
Sales, SEK million	1,911	1,728
EBITDA, SEK million	196	158
EBITDA, margin, %	10.2	9.1
EBITA, SEK million	161	122
EBITA, margin, %	8.4	7.1
Operating cash flow, SEK million	67	10
Return on capital employed, %	14.8	11.6
Productivity	1.51	1.40

Group structure (comparative year)

In connection with the change in ownership of Ålö AB in 2002, a new group structure was established. A NewCo, Ålö Intressenter AB, was created to acquire all shares in Ålö AB. Financing of the acquisition increased the Group's net debt significantly, and in addition a considerable goodwill item arose. The new group structure, together with the Group's new financial situation, should be considered when comparisons are made with previous years.

Orders received and invoicing

Group orders received amounted to SEK 1,918 million in 2008, which is equivalent to an increase of SEK 141 million or 8 per cent compared to the previous year. Orders received measured by the number of loaders reached 33,183 (32,441) in 2008, an increase of 2 per cent compared to the previous year.

Group net sales amounted to SEK 1,911 million in 2008, which is equivalent to an increase of SEK 182 million or 11 per cent compared to the previous year. Adjusted for exchange rate effects, invoicing increased by SEK 152 million (9 per cent) The number of loaders invoiced in 2008 increased to 33,513 (31,573). The number of implements invoiced increased by 6 per cent from 50,100 to 53,000. After Sales accounting and reporting have changed. From and including 2008 only spare parts ("Parts") are included in the business area. The business area's invoicing during 2008 amounted to SEK 110 million, equivalent to an increase of 14 per cent compared to 2007. The After Sales share of the group's total sales amounted to 6 per cent (6).

Invoicing in North America amounted to SEK 509 million in 2008, equivalent to an increase of 11 per cent compared to the previous year. Invoicing in the Nordic region fell marginally from SEK 523 million (2007) to SEK 518 million (2008). Invoicing in the rest of Europe increased from SEK 682 million to SEK 788 million, equivalent to an increase of 16 per cent compared to the previous year. The increase is explained by strong growth in Germany, France, Poland, Switzerland and Austria. Other markets increased by 45 per cent from SEK 66 million to SEK 95 million as a result of high growth rates in the Australian and New Zealand markets. Continued average growth for the period 2003–2008 amounted to 12 per cent per year.

Manufactured volume in 2008 reached 34,439 (31,303) loaders, an increase of 10 per cent compared to the previous year.

Earnings

The first six months were characterized by very strong demand, a growing order backlog, long delivery times and a focus on increasing capacity in the manufacturing units. The factor prices of steel, oil and energy increased greatly and in order to compensate for this customer prices were raised on two occasions during the year. The significant slow-down in the global economy in connection with the financial crisis that began in the summer of 2008 did not manifest itself in group orders received until the last four months. There has since followed an unusually rapid weakening of the business climate. The fall in demand meant that we took the decisions to implement measures necessary when facing a market downturn by early autumn. Around 70 employees were given notice in the manufacturing units, and throughout the group a cost-cutting programme aimed at successively adapting the cost structure to a lower production rate was initiated.

Group earnings (EBITDA) increased from SEK 158 million to SEK 196 million and the EBITDA-margin increased from 9.1 per cent to 10.2 per cent. Profit/loss for the year includes costs of SEK 15 million for the stalled acquisition of MX (reported as an item affecting comparability).

In comparison to the previous year, earnings were affected positively by higher volumes, high capacity utilization in the manufacturing plants, a positive market mix and improved price realization (in terms of higher prices). A project was initiated in the beginning of 2006 with the objective of reducing costs per manufactured loader by SEK 2,500 during 2006 and 2007. The project was a success and established savings objectives were accomplished. The effect on 2008 earnings is estimated to be SEK 25 million. In 2008 a further cost-cutting project was started, this time with the focus on implements and subframes. The goal is to save SEK 35 million during the period 2008–2009. The effect on 2008 earnings is estimated to be around SEK 5 million.

In comparison to the previous year, earnings were influenced

negatively by exchange rate changes both in relation to translation differences and by net foreign currency exposure in trade. The influence on earnings (EBITDA) is calculated to be around SEK 30 million. Costs for raw materials (principally steel) have continued to rise, with negative effects on earnings. The negative effect of the raw material price increases is calculated to be around SEK 60 million. Price increases implemented during the year have not completely compensated for the above-mentioned cost increases.

Earnings before goodwill amortization (EBITA) increased from SEK 122 million to SEK 161 million for the reasons described above. Depreciations according to plan for the year are SEK 68.2 million (69.1), of which buildings and machinery/equipment constitute SEK 32.6 million (33.5) and intangible assets SEK 35.6 million (35.6). Ålö applies, from and including 2003, an amortization period of twenty years to goodwill.

Net financial income/expense

The Group's net financial income/expense for the year (including exchange rate differences) amounted to SEK –78.0 million (–69.3), of which interest expenses and similar income statement items were SEK –79.8 million (–74.3). During the year the Group's long-term debt was reduced by SEK 50.9 million, compared to a reduction of SEK 29.4 million the previous year. Senior debt, i.e. long-term debt excluding convertible loans and loans from shareholders, was reduced by SEK 79.1 million during the year, compared to a reduction of SEK 55.4 the previous year. Net financial income/expense was affected negatively by higher interest levels in the Group's main currency (Group financing is principally in SEK), together with the effect of accrued interest on convertible loans and loans from shareholders being added to the principal.

Profit/loss after financial items

Profit after financial items increased from SEK 19.7 million to SEK 49.5 million. Return on capital employed, i.e., EBITA including interest income in relation to the average capital employed, was 14.8 per cent (11.6). The return on capital employed exceeds the Group's total, weighted, average cost of capital (WACC).

Taxes

Tax expenses for 2008 were reported at SEK 22.3 million compared to SEK 20.5 million for the previous year. The year's tax expenses include a deferred tax expense of SEK 4.8 million (6.0). Tax expense in relation to earnings, i.e. tax expense for the year divided by earnings before tax plus goodwill amortizations, amounts to 26.9 per cent (38.6). Losses carried forward for which a deferred tax asset are not accounted, amount to SEK 53.7 million.

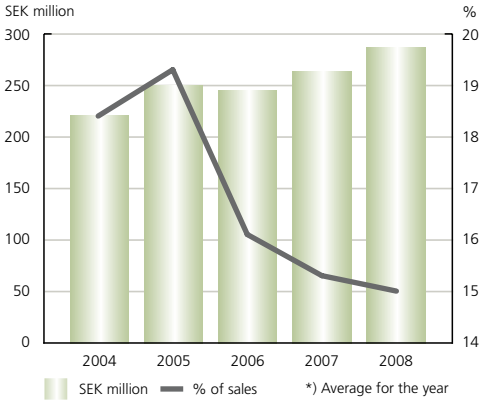
Assets

During the year the Group's total assets increased by SEK 63.8 million to SEK 1,519.9 million. The capital turnover rate, i.e. sales divided by the balance sheet total (average for the year), increased from 1.20 to 1.30.

Inventories

Inventory value was SEK 299.2 million (251.8) at the end of the year. In relation to net sales, inventory value (average for the year) fell to 15.0 per cent (15.3). Improvements in the key ratio are due in part to further fine-tuning of the Group's new order-to-delivery system, and also to a number of successfully implemented actions, among others a VMI set-up with vendor managed and owned inventory was introduced during the year, which freed significant capital.

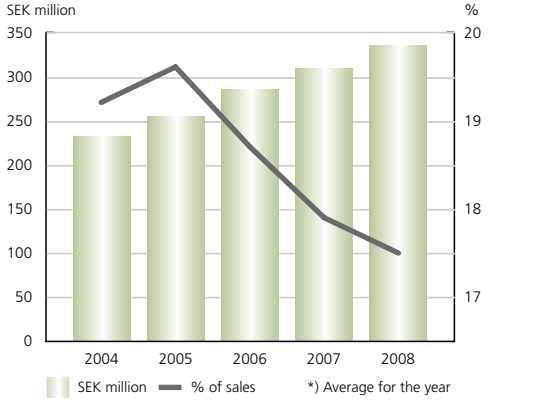
Inventories*, SEK million and % of sales, 5 years



Accounts receivable

Accounts receivable for the Ålö Group amounted to SEK 403.2 million on December 31, 2008, which represents an increase of SEK 31.8 million compared to 2007. In relation to net sales, accounts receivable (average for the year) amount to 17.5 per cent (17.9). An increasing OEM share of total sales and improvements in customer credit management affected the key ratio positively.

Accounts receivable*, SEK million and % of sales, 5 years

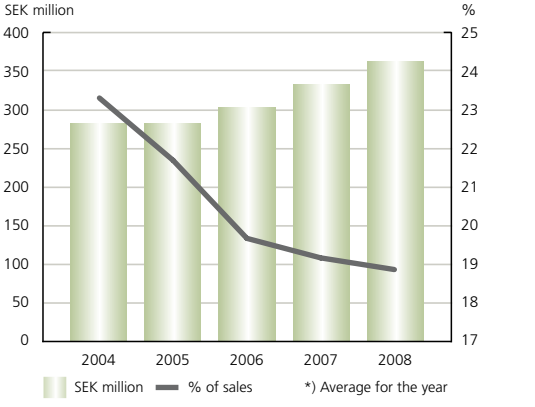


Net working capital

The Group's net working capital, i.e. the Group's inventory, accounts receivable, accounts payable and other current liabilities and assets, amounted to SEK 417,6 million on December 31, 2008, which corresponds to an increase of SEK 44.0 million compared to 2007 (373.6). In relation to net sales, working capital (average for the year) amounts to 18.9 per cent (19.2).

Increased capital efficiency is a crucial, prioritized area. In a weakening business cycle it is extremely important to act quickly to reduce group cost levels, manage customer credit risks and ensure that too large an inventory is not built up. In the prevailing circumstances it is also important to continue reducing capital tied up and to work toward creating cash flows that contribute to the group's freedom of action. Seen in a wider perspective the efforts to improve this key ratio have been very successful. In 2002, Group net working capital (average for the year) amounted to 28.5 per cent of net sales. In connection with the revised financial targets for the Group an objective was established whereby working capital efficiency would be continually improved to reach a sustainable level of 20 per cent of net sales. The key ratio has improved six years running, and the Group's financial objectives were achieved for the financial years 2006, 2007 and 2008.

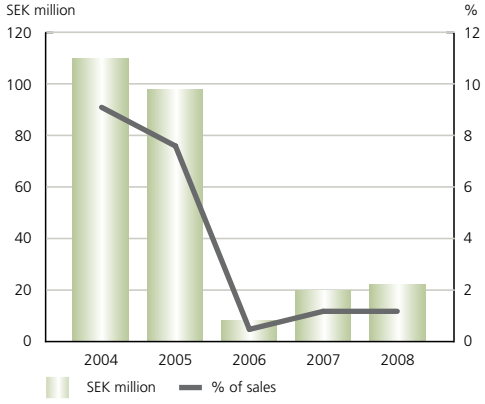
Net working capital, SEK million and % of sales, 5 years



Capital expenditures

Investments in tangible and intangible fixed assets amounted to SEK 22.3 million (20.0) which corresponds to 1.2 per cent (1.2) in relation to net sales. Investments refer mainly to tools for the Group's implement production, increased automation in the subframe manufacturing and a changed manufacturing set-up for the production of hydraulic and hose kits.

Capex, SEK million and % of sales, 5 years



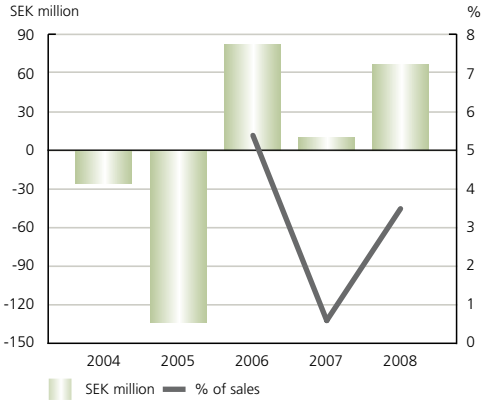
Statements of cash flow

Liquid assets at year end amounted to SEK 66.3 million (33.1), equivalent to 3.5 per cent (1.9) in relation to net sales. Ålö Group operating cash flow (i.e. cash flow from operating activities with deductions for net investments in tangible and intangible fixed assets) amounted to SEK 67 million, compared to an operating cash flow of SEK 10 million the previous year. The increase in operating cash flow can be attributed chiefly to improved earnings. Dividends paid out to shareholders during the year amounted to SEK 0 (0).

Cash flow statement

	2008	2007
Cash flow from operating activities before changes in working capital	141	99
Change in working capital	–52	–73
Cash flow from operating activities	**89**	**26**
Acquisition of tangible assets	–22	–14
Sales of tangible assets	0	0
Acquisition of companies	-	–4
Acquisition of intangible assets	-	–2
Cash flow from investment activities	**–22**	**–20**
Paid dividends	-	-
Increase/decrease in long term liabilities	–90	–55
New share issue	50	-
Other financial activity	0	0
Cash flow from financing activities	**–40**	**–55**
Changes to liquid assets	**26**	**–49**

Operating cash flow, SEK million and % of sales, 5 years



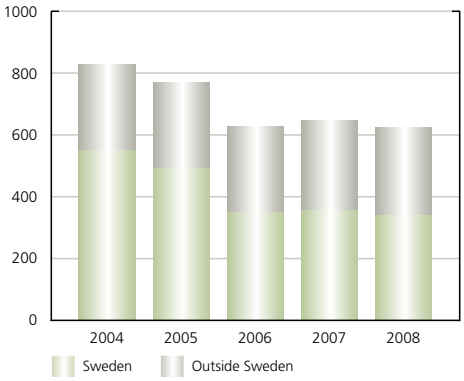
Equity and liabilities

The Group's net debt, i.e., the difference between senior interest-bearing liabilities (not including convertible loans and loans from shareholders) and liquid assets, amounted to SEK 407 million (519) at year end. Group equity increased by SEK 88 million during the year and on December 31, 2008, amounted to SEK 179 million (90), corresponding to an equity/assets ratio of 12 per cent (6). A decision was taken in 2003 to issue options within the framework of an options programme aimed at company employees and board members (key personnel). During 2008 option holders subscribed to 770,054 shares in accordance with the conditions of the options programme, whereby shareholder's equity rose from SEK 2,532 thousand to SEK 3,302 thousand. Non-restricted equity rose by SEK 48,837 thousand.

Number of employees

The average number of employees in the Ålö Group decreased during 2008 by 22 to 627 (649), which is a reduction of 3 per cent. Sales per employee amounted to SEK 3.1 million, an increase of 15 per cent compared to the previous year. The number of employees outside Sweden decreased by 4 during the year to 287 (291). Productivity, i.e. the value added divided by total payroll expenses, including payroll overheads, increased by 8 per cent to 1.51 (1.40).

Average number employees, 5 years



ADMINISTRATION REPORT

The Board and the Managing Director of Ålö Intressenter AB submit herewith the annual report for the year January 1, 2008 to December 31, 2008.

All amounts, except where otherwise stated, are presented in thousands, Swedish kronor (SEK thousand). The previous year's figures are shown in parentheses.

Information concerning business activities

History

Ålö Intressenter AB was formed in 2002 in connection with the restructuring of the ownership of Ålö AB. At the time of the restructuring, 3i and Balticgruppen AB formed a new company together (Ålö Intressenter AB) and entered into an agreement to acquire all shares in Ålö AB.

Ownership relations

3i Group plc owns 38.3 per cent of the company with an option to increase its share to 69.3 per cent. Balticgruppen AB (556197-8734) owns 37.8 per cent of the company; the remaining shares being owned by the company's board and management.

New share issue

A decision was taken in 2003 to issue share options within the framework of an options programme aimed at company employees and board members (key personnel). During 2008 option holders subscribed to 770,054 shares in accordance with the conditions of the options programme, whereby shareholder's equity rose from SEK 2,532 thousand to SEK 3,302 thousand. Non-restricted equity rose by SEK 48,837.

Current activities

The company

Ålö Intressenter AB's aim and purpose is to own and manage, either directly or via subsidiaries, shares in commercial subsidiaries and associated companies and to carry out the manufacture and sale of machinery and transport equipment accessories and other compatible activities. The Ålö Group Management is employed by Ålö Intressenter AB.

Group

The activities of the Ålö Group consist of the manufacture and sales of front loaders for mounting on tractors, mainly for use within the agricultural, industrial and municipal sectors. Sales in foreign markets are carried out by importers, our own sales companies and by a number of tractor manufacturers through OEM agreements. Ålö AB sells its products primarily in the European market. The markets in North America and Central and Eastern Europe are increasingly important.

Group relations and associated companies

Ålö Intressenter AB is the parent company in a Group comprising the subsidiaries and associated companies per note 13.

Ålö Intressenter AB owns 100 per cent of Ålö AB (556081-0482).

The Ålö AB Group includes the subsidiaries Agroma SAS and Alo France SAS, which operate in France. The subsidiaries Alo North America Inc. and Alo USA Inc. carry out activities in Canada and the USA respectively. Alo Skive A/S operates in Denmark and Alo UK Ltd. is active in Great Britain. In Sweden, cylinder manufacturing is performed by Ålö Cylinder AB. The subsidiary company Ålø Norge AS pursues business in Norway. All of the companies mentioned above are wholly owned by Ålö AB.

The subsidiary Alo Component S.R.O (Czech Republic) is dormant.

The Trima Group is also part of the Ålö AB Group, and operates as a subordinate to the parent company. The Trima Group comprises – in addition to the parent company Trima AB in Bergsjö – the subsidiaries Alö Deutschland Vertriebs-GmbH in Germany, and Alo Danmark A/S in Denmark.

Development during the financial year

On the whole 2008 was a good year in the majority of our markets. Following the sweeping changes in the company which took place during 2005, the 2008 financial year, like those of 2006 and 2007, came to be characterized by consolidation, cost reductions and a focus on increasing capacity in the production

units. The efforts panned out well and record sales and record production were reported.

In December 2007 Ålö signed an agreement to acquire all shares in the French loader manufacturer MX. However, in October 2008 the owners of Ålö and MX reached a mutual agreement to break off the planned merger of the two companies. The chief reasons behind the decision were the low probability of obtaining approval from the competition authorities concerned, and the prevailing global situation.

Group net sales amounted to SEK 1,911 million in 2008, which is equivalent to an increase of SEK 182 million or 11 per cent compared to the previous year. Sales increased by 6 per cent measured by the number of sold front loaders. The increase is explained mainly by continued strong growth in North America, and in our main European markets (Germany, France and Great Britain). Additional high growth figures were reported for the Australian and New Zeeland markets, which have both recovered after a number of years of subdued demand.

Group earnings before interest, tax, depreciation and amortization (EBITDA) in 2008 amounted to SEK 196 million, which represents an increase of SEK 38 million in comparison to the previous year. The profit/loss includes costs of SEK 15 million for the acquisition of MX (reported as an item affecting comparability). Group earnings were influenced positively by higher volumes and improved realized prices (in terms of higher prices). The Group's earnings were negatively affected by price increases on materials purchased (primarily steel) and currency changes.

Capital expenditures

Group capital expenditures on fixed assets amounted to SEK 22,318 thousand (19,973), and SEK 0 thousand (1,371) in the parent company. Investments refer among other things to tools for the Group's implement production, and capacity-augmenting and rationalization investments in the Group's implement and subframe manufacturing.

Environmental report

The Group's Swedish companies Ålö AB, Ålö Cylinder AB and Trima AB carry out reportable and licensable activities as per the Swedish Environmental Code. The operations affect the environment in the form of noise pollution, discharges of solvents and a limited amount of particulates. We are required to report any changes or increases in the manufacturing process regarding discharges to water or atmosphere. Paint shops require approvals for wastewater discharges and solvent emissions to atmosphere. Since all of our products are painted, we are dependent on these approvals to a high degree.

Future developments

Coordination between Group companies will continue to focus on strengthening the Group's competitiveness. Efforts regarding the development of products, production and markets will continue, with the objective of entrenching the Group's position as world leader in front loader manufacturing.

Proposed allocation of profits

As reported in the prepared consolidated balance sheet, non-restricted equity amounts to SEK 132,050 thousand. No transfer to restricted equity is proposed.

Parent company

The following earnings were placed at the disposal of the annual general meeting:

Non-restricted reserves	234,166
Profit/loss for the year	–2,358
Total disposable funds	231,808

The board proposes that disposable funds of SEK 231,807,766 be retained in the business.

Concerning the company's results and financial position in other respects, we refer to the following income statements and balance sheets and their accompanying comments.

INCOME STATEMENT GROUP

Amounts in KSEK	Note	01/01/2008 12/31/2008	01/01/2007 12/31/2007
Net sales	1	1,910,522	1,728,076
Cost of goods sold		–1,381,810	–1,278,707
Gross profit		**528,712**	**449,369**
Selling expenses		–244,207	–224,560
Administration expenses		–108,729	–102,331
Items affecting comparability	25	–14,871	–
Goodwill amortization		–33,438	–33,473
Operating profit/loss	**2,3–4**	**127,466**	**89,005**
Financial income and expenses			
Interest income and similar income statement items	5	1,863	5,013
Interest expenses and similar income statement items		–79,827	–74,295
Profit/loss before tax		**49,503**	**19,723**
Tax on current year's earnings	6	–22,277	–20,537
Minority share of current year's earnings		–	–426
Profit/loss for the year		**27,225**	**–1,240**

BALANCE SHEET GROUP

Amounts in KSEK	Note	31/12/2008	31/12/2007
ASSETS			
Fixed assets			
Intangible assets			
Work in progress and similar brought forward	7	7,444	9,681
Goodwill	8	461,667	495,141
Advance payments re intangible fixed assets		2,000	2,000
		471,111	506,822
Tangible assets			
Buildings and land	9	53,691	53,541
Machinery and other technical facilities	10	132,306	135,892
Inventory, tools and installations	11	25,815	27,077
Fixed assets under construction and advance payments in respect of fixed assets	12	5,083	6,009
		216,895	222,519
Financial assets			
Other long–term receivables	14	22	24
		22	24
Total fixed assets		**688,028**	**729,365**
Current assets			
Inventories etc.			
Raw materials and consumables		66,818	63,602
Work in progress, unfinished goods		26,118	27,180
Finished products and goods for sale		206,237	161,005
		299,173	251,787
Current receivables			
Accounts receivable		403,203	371,401
Tax assets		13,407	21,656
Other receivables		37,873	33,359
Prepaid expenses and accrued income	15	11,938	15,469
		466,421	441,885
Cash and bank balances		66,316	33,137
Total current assets		**831,910**	**726,809**
TOTAL ASSETS		**1,519,938**	**1,456,174**

BALANCE SHEET GROUP

Amounts in KSEK	Note	12/31/2008	12/31/2007
EQUITY AND LIABILITIES			
Equity/assets	***16***		
Restricted equity			
Shareholder's equity		3,302	2,532
Restricted reserves		43,279	41,608
		46,581	44,140
Non–restricted equity			
Non-restricted reserves		104,825	47,326
Profit/loss for the year		27,225	–1,240
		132,050	46,086
		178,631	90,226
Provisions			
Provisions for taxes	17	3,060	4,575
Negative goodwill	18	382	403
Other provisions	19	30,572	30,661
		34,014	35,639
Long-term liabilities	**20–23**		
Convertible loans	20	202,468	202,468
Bank overdraft	23	52,944	62,103
Other liabilities to credit institutions		419,888	489,739
Other liabilities		284,033	255,916
		959,333	1,010,226
Current liabilities			
Accounts payable		204,884	192,131
Tax liability		8,341	5,505
Other liabilities		15,753	13,725
Accrued expenses and deferred income	24	118,982	108,722
		347,960	320,083
TOTAL EQUITY AND LIABILITIES		**1,519,938**	**1,456,174**
PLEDGED ASSETS AND CONTINGENT LIABILITIES – GROUP			
Pledged assets			
For own liabilities and provisions			
Property mortgages		58,668	57,777
Floating charges		219,525	219,525
Other pledged assets		25,210	26,377
Total pledged assets		**303,403**	**303,679**
Contingent liabilities			
Contingent liabilities		2,000	2,989
		2,000	2,989

SEK 259,525 derived from floating charges and property mortgages has been pledged as security for loans taken out by Ålö Intressenter AB. However, in accordance with agreement with the lenders, these securities may only be asserted up to an amount limited by the rules in ABL 17:3 and ABL 21:3.

STATEMENTS OF CASH FLOW

	Group		Parent company	
Statements of cash flow, KSEK	**01/01/2008 12/31/2008**	**01/01/2007 12/31/2007**	**01/01/2008 12/31/2008**	**01/01/2007 12/31/2007**
Operating activities				
Operating profit/loss	127,466	89,005	–10,847	–7,904
Adjustment for items not included in cash flow				
Depreciation	68,237	69,093	2,303	2,303
Other items not included in cash flow	2,751	5,886	1,371	–
	198,454	163,984	–7,173	–5,601
Interest received	1,863	5,013	431	293
Interest paid	–46,992	–47,108	–40,177	–34,977
Taxes	–12,459	–23,272	–	–1,088
Cash flow from operating activities before changes in working capital	**140,866**	**98,617**	**–46,919**	**–41,373**
Change in working capital				
Increase/decrease in inventories	–47,386	–21,922	–	–
Increase/decrease in receivables	–32,785	–36,415	–74,760	51,259
Increase/decrease in accounts payable	12,753	–7,812	231	1,172
Increase/decrease in other current liabilities	15,487	–6,752	3,557	–1,038
Cash flow from operating activities	**88,935**	**25,716**	**-117 891**	**10,020**
Investment activities				
Acquisition of subsidiaries	–	–4,013	–	–
Acquisition of intangible assets	–	–1,621	–	–1,371
Acquisition of tangible assets	–22,318	–14,339	–	–
Sales of fixed assets	215	224	–	–
Cash flow from investment activities	**–22,103**	**–19,749**	**0**	**–1,371**
Financing activities				
Payments to options programme	–	420	–	420
Increase/decrease in long term liabilities	–90,152	–55,419	–80,000	–54,900
New share issue	49,607	–	49,607	–
Group contribution received/made	–	–	74,192	65,084
Cash flow from financing activities	**–40,545**	**–54,999**	**43,799**	**10,604**
Increase/decrease in liquid assets	26,287	–49,032	–74,092	19,253
Liquid assets at beginning of year	33,137	81,503	–35,681	–54,934
Exchange rate differences in liquid assets	6,892	666	–	–
Liquid assets at year end	66,316	33,137	–109,772	–35,681

Liquid assets with the parent company at year end constitute the parent company's liability to the Group account.

INCOME STATEMENT PARENT COMPANY

Amounts in KSEK	Note	01/01/2008 12/31/2008	01/01/2007 12/31/2007
Net sales	1	11,332	9,869
Gross profit		**11,332**	**9,869**
Administration expenses		–17,852	–15,471
Items affecting comparability	25	–2,024	–
Goodwill amortization	8	–2,303	–2,303
Operating profit/loss	**2,3–4**	**–10,847**	**–7,904**
Financial income and expenses			
Interest income and similar income statement items	5	431	293
Interest expenses and similar income statement items		–66,135	–59,609
Profit/loss after financial items		**–76,551**	**–67,220**
Appropriations			
Group contributions received		74,192	65,084
Profit/loss before tax		**–2,358**	**–2,136**
Tax on current year's earnings	6	–	–
Profit/loss for the year		**–2,358**	**–2,136**

BALANCE SHEET PARENT COMPANY

Amounts in KSEK	Note	31/12/2008	31/12/2007
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	8	33,770	36,073
Advance payments in respect of tangible assets		–	1,371
		33,770	37,444
Financial assets			
Shares in Group companies	13	933,858	933,858
		933,858	933,858
Total fixed assets		**967,628**	**971,302**
Current assets			
Current receivables			
Receivables, Group companies		171,086	96,373
Tax assets		1,088	1,089
Other receivables		64	–
Prepaid expenses and accrued income	15	3	19
		172,241	97,481
Cash and bank balances		**–**	**–**
Total current assets		**172,241**	**97,481**
TOTAL ASSETS		**1,139,869**	**1,068,783**

BALANCE SHEET PARENT COMPANY

Amounts in KSEK	Note	01/01/2008 12/31/2008	01/01/2007 12/31/2007
EQUITY AND LIABILITIES			
Equity/assets	**16**		
Restricted equity			
Shareholder's equity (3,302,489 à nominal SEK 1)		3,302	2,532
Statutory reserve		3,022	3,022
		6,324	5,554
Non–restricted equity			
Profit/loss brought forward		234,166	187,465
Profit/loss for the year		–2,358	–2,136
		231,808	185,329
		238,133	190,883
Long-term liabilities	**20–23**		
Long-term interest-bearing liabilities			
Convertible loans	20	202,468	202,468
Other liabilities to credit institutions		203,700	373,700
Other liabilities		283,583	255,466
		689,751	831,634
Current liabilities			
Liabilities to credit institutions	22	90,000	–
Accounts payable		2,269	2,038
Liabilities to Group companies		109,772	35,682
Other liabilities		660	545
Accrued expenses and deferred income	24	9,284	8,001
		211,985	46,266
TOTAL EQUITY AND LIABILITIES		**1,139,869**	**1,068,783**
PLEDGED ASSETS AND CONTINGENT LIABILITIES - PARENT COMPANY			
Pledged assets		None	None
Contingent liabilities		None	None

NOTES, ACCOUNTING PRINCIPLES AND COMMENTS

Amounts in KSEK unless otherwise specified

General accounting principles
The Annual Report has been prepared in accordance with the regulations in the Swedish Annual Accounts Act and the general advice of the Swedish Accounting Standards Board. The income statement is classified by function. Exchange rate differences related to operations are reported under net sales.

Valuation of assets and liabilities, etc.
Assets, provisions and liabilities have been stated at their acquisition values, unless otherwise specified below.

Intangible assets
Other intangible assets
Other intangible assets that have been acquired by the Company are reported at acquisition value minus accumulated depreciation and write-downs. Expenditures for internally generated goodwill and brands are reported in the Income Statement and are expensed in the period in which they are incurred.

Expenditures for research are expensed in the period in which they are incurred. Research expenditures are recognised as expenses for research of which the aim is to produce new scientific or technical knowledge. The Company recognises development expenditures as expenses for research of which the results or other knowledge is applied to realise new or improved products or processes. Development expenditures are only reported as intangible assets, aside from the above requirements, under the condition that it is technically and financially possible to complete the asset, the asset is intended to be used and can be used in the Company's operations, or can be sold, and that its value can be calculated in a reliable way. The reported value includes expenditure on materials and indirect expenditure that can be classified as an asset in a reasonable and consistent manner. Other expenditures for development are expensed when they are incurred.

Additional expenditures
Additional expenditures for an intangible asset are added to the acquisition value only to the extent that they will in all probability lead to future economic advantages for the company. All other expenditures are expensed when they are incurred.

Depreciation
Depreciation/amortization according to plan is based on acquisition values (historic costs). The assets are depreciated/amortized over their useful life down to their calculated residual value and are reported in the Income Statement. The economic life span for achieved goodwill is estimated according to financial position and potential, etc. Acquired goodwill is estimated to have an economic life span of 20 years.

The following depreciation principles are applied:	**Group**	**Parent Company**
Acquired intangible assets		
Acquisition fee, switchgear	10.0%	
Loader G2	14.3%	
Goodwill	5.0%	5.0%

Depreciation principles for tangible assets
Depreciation according to plan is based on acquisition values (historic costs). The assets are depreciated over their useful life down to their calculated residual value.

Buildings and land	0–5%
Machinery and other technical facilities	4–60%
Inventories, tools and installations	10–33%

Receivables
Receivables have been entered at the amount they are expected to bring in.

Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies have been valued at the closing day rate or at the forward rate where a forward agreement has been concluded. The company has secured parts of its future currency flows in EUR, GBP, NOK, DKK, CAD and USD up to and including 2010. As of the year end, there was a non-accounted, unrealized exchange loss that amounted to KSEK 48,803.

Inventories
Inventories valued in accordance with the Swedish Accounting Standards Board's recommendation BFNAR 2000:3 are stated, according to the first-in first-out principle, at the lower of historic cost or fair value. Necessary provision has been made for obsolescence risks. In the case of manufactured and semi-manufactured inventories, cost consists of direct manufacturing costs and a reasonable portion of indirect costs. Normal capacity utilisation has been taken into account in valuation.

Remuneration to employees after retirement
Parent Company
Defined contribution plans: The company's obligation for each period comprises the amounts the company must contribute for the period in question. Consequently, no actuarial assumptions for calculating the obligation or expenses are required and there is no opportunity for actuarial gains or losses. The obligations are calculated without discounting, except in cases where they are not due for payment in their entirety within 12 months of the end of the period during which the employees perform the related services.

Group
Defined contribution plans: The Group's subsidiaries (and associated companies) report pension plans according to local rules and regulations in each respective country. Costs and provisions are expensed, without conversion, in the Group accounts.

Taxes
The Parent Company and Group apply the Swedish Accounting Standards Board's recommendations (BFNAR 2001:1) concerning reporting of income taxes. Total tax comprises current tax and deferred tax. Taxes are reported in the income statement unless the underlying transaction is reported directly against equity, whereby the associated tax effect is reported under equity. Current tax is tax due for payment or receipt during the financial year in question. Adjustment of current tax related to earlier periods is also included in this item. Deferred taxes are calculated using the balance sheet method based on temporary differences between the values reported in the accounts and the tax effective values of assets or liabilities. The amounts are calculated based on how the temporary differences are expected to be evened out, and by applying the tax rates and regulations approved or announced at the accounting yearend in each particular country. Temporary differences are not considered in goodwill or in differences relating to shares in subsidiaries and associated companies which are not expected to be taxed in the foreseeable future. Untaxed reserves including deferred tax liability are reported in legal entities. In the consolidated accounts however, untaxed reserves are divided into deferred tax liability and equity. Deferred tax benefit in tax-deductible temporary differences and deductible deficiencies is reported only as far as it is likely that these items will produce lower tax payments in the future.

Provisions (apart from negative goodwill and deferred tax)
A provision is reported in the Balance Sheet when the company has a formal or informal obligation as a consequence of an event and when it is probable that an outflow of resources is required to settle the obligation and a reliable estimate can be made of the amount.

Guarantee reserve
A provision is reported when the underlying product or service has been sold.

Revenue recognition
Revenues are recognized in accordance with the Swedish Accounting Standards Board's recommendation BFNAR 2003:3, Revenue. As such, the company recognizes revenue at its nominal value (invoiced value) if the company receives payment in liquid assets at the time of delivery. Deductions are made for provided discounts. Income from the company's sale of goods is recognized as revenue when the following conditions are met: the essential risks and benefits associated with ownership of the goods have been transferred to the buyer, the company no longer has any commitments for the continued administration of the sold goods and no longer exercises any real control over the sold goods, the revenue can be calculated reliably, it is probable that the financial payment to the company resulting from the transaction will in fact
be received, and the resulting or expected resulting expenses from the transaction can be reliably calculated.

Leasing
The Swedish Accounting Standards Board's recommendation BFNAR 2000:4 is applied. All leases are classified as operating leases.

Consolidated accounts
The consolidated financial statements have been prepared using the Swedish Financial Accounting Standards Council's recommendation RR 1:00.

Subsidiaries
By subsidiaries is meant those companies in which the Parent Company holds more than 50 per cent of the shares' voting rights, or otherwise exercises a controlling influence over the company's operational and financial management. Subsidiaries are normally accounted for in accordance with the purchase method. The purchase method entails that a purchase of a subsidiary is regarded as a transaction whereby the Parent Company indirectly acquires the subsidiary's assets and assumes its liabilities. As of the time of acquisition, the acquired company's revenues and expenses, identifiable assets and liabilities, as well as any goodwill or negative goodwill arising in connection with the acquisition, are included in the consolidated accounts.

Goodwill
Goodwill arises when the acquisition value of shares in a subsidiary exceeds the fairvalue of the acquired company's identifiable net assets. Goodwill is reported at its acquisition value less accumulated amortization and write-down, if any.

Associated companies
Shares in associated companies in which the Group holds at least 20 per cent and not more than 50 per cent of the votes, or otherwise exercises a significant influence over the company's operational and financial management, are reported in accordance with the equity method. The equity method entails that the value of shares in the associated companies reported in the consolidated accounts corresponds to the Group's share in the equity of associated companies and any residual value in consolidated surplus or deficit values. In the consolidated profit and loss account, the Group's share in profit/loss after financial income and expense – adjusted for any depreciation or utilisation of acquired surplus or deficit values – is reported under "earnings from shares in associated companies". The Group's share in the reported taxes of associated companies is included in the Group's tax expenses. Participations in profits arising after the acquisition of associated companies, and which have not been realised through dividends, are allocated to the restricted reserves, which is part of the Group's restricted equity.

Elimination of transactions between Group companies
Intra-Group receivables and liabilities, as well as transactions between companies in the Group and unrealized profits associated therewith, are eliminated in their entirety. Unrealized profits arising from transactions with associated companies and joint ventures are eliminated to the extent when the Group owns shares in the company. Unrealized profits arising from transactions with associated companies and joint ventures are eliminated against "Shares in associated companies". Unrealized losses are eliminated in the same way as unrealized profits, provided there is no write-down requirement.

Translation of the financial statements of foreign subsidiaries or other foreign businesses
The current rate method is used for translation of the financial statements when the operations of the foreign subsidiaries are unrelated. The current rate method entails that all assets, provisions and liabilities are translated at the closing rate, and that all items in the Income Statement are translated at the average rate. Resulting exchange differences are posted directly to equity. On the disposal of an unrelated foreign entity, the accumulated translation differences attributable to the enterprise are recognised in the consolidated Income Statement, after deduction for hedging (if any).

Group data
Of the Parent Company's total purchases and sales measured in Swedish kronor, 0 per cent of the purchases and 100 per cent of the sales relate to other companies in the Group to which the company belongs.

Statement of cash flow
The Statement of Cash Flow has been prepared according to the indirect method. The reported cash flow includes only those transactions that produce in and outgoing payments. Liquid assets, in addition to cash and bank balances, also include current financial investments that on the one hand are only exposed to a negligible risk for value fluctuations, and on the other hand
– are traded on an open market for known amounts or
– have a remaining duration of less than three months from the date of acquisition.

Note 1 Net sales per market

	01/01/2008 12/31/2008	01/01/2007 12/312007/
Group		
Net sales per geographical market		
Nordic Region	517,670	523,382
Europe	788,238	681,805
North America	509,478	457,113
Other markets	95,136	65,776
	1,910,522	1,728,076
Parent company		
Net sales per geographical market		
Nordic Region	6,956	7,066
Europe	3,273	2,226
North America	1,103	577
	11,332	9,869

Note 2 Employees, salaries and remunerations to the board and auditors

Average number of employees	01/01/2008 12/31/2008	of whom men	01/01/2007 12/31/2007	of whom men
Parent company				
Sweden	7	71%	7	71%
Total in parent company	7	71%	7	71%
Subsidiaries				
Sweden	333	88%	351	91%
France	138	90%	144	91%
Denmark	58	91%	61	92%
Norway	11	55%	11	55%
UK	13	92%	13	92%
Germany	18	83%	17	88%
USA	14	93%	13	92%
Canada	35	67%	32	66%
Total in subsidiaries	620	87%	642	89%
Total, Group	**627**	**87%**	**649**	**89%**

Gender distribution among management positions	12/31/2008 Women	12/31/2007 Women
Parent company		
Board	0%	0%
Other management positions	17%	17%
Total, Group		
Board	0%	0%
Other management positions	8%	8%

Salaries, other remunerations and payroll overhead

	01/01/2008--12/31/2008		01/01/2007--12/31/2007	
	Salaries and remunerations	Payroll overhead	Salaries and remunerations	Payroll overhead
Parent company	8,928	5,026	7,733	4,841
(of which pension costs)	[1]	*(1,501)*	[1]	*(1,733)*
Subsidiaries	229,730	73,866	218,628	74,950
(of which pension costs)		*(10,138)*		*(12,313)*
Total, Group	238,658	78,892	226,361	79,791
(of which pension costs)		*(11,639)*		*(14,046)*

[1] Of the Parent Company's pension costs KSEK 619 (456) refers to the Board and Managing Director.

Salaries and other remunerations distributed by country, and between board members etc. and other employees

	01/01/2008–12/31/2008		01/01/2007–12/31/2007	
	Board of Directors and MD	Other employees	Board of Directors and MD	Other employees
Parent company				
Sweden	2,990	5,938	3,083	4,650
(of which commissions etc.)	*(1,060)*	*(797)*	*(–)*	*(518)*
Total, Parent company	2,990	5,938	3,083	4,650
(of which commissions etc.)	*(1,060)*	*(797)*	*(–)*	*(518)*
Subsidiaries in Sweden	40	124,159	42	120,307
(of which commissions etc.)	*(–)*	*(–)*	*(–)*	*(–)*
Subsidiaries in foreign countries				
France	2,354	35,475	2,891	32,762
Denmark	2,184	28,061	1,885	23,897
Norway	977	4,218	915	3,708
UK	1,074	3,711	1,050	4,277
Germany	1,306	8,318	1,202	8,564
USA	–	4,817	–	4,479
Canada	1,064	11,972	1,105	11,544
Subsidiaries total	8,999	220,731	9,090	209,538
(of which commissions etc.)	*(–)*	*(–)*	*(–)*	*(–)*
Total, Group	11,989	226,669	12,173	214,188
(of which commissions etc.)	*(1,060)*	*(797)*	*(–)*	*(518)*

Severance pay

The Managing Director of the Parent Company will receive one year's salary if the termination is on the part of the company, together with an amount equivalent to the average of the two previous year's bonuses, calculated from the date of termination.

Fees and remunerations to auditors	Group	Parent company
KPMG		
Audit assignment	1,776	266
Other assignments	2,213	1,834
Other auditors		
Audit assignment	419	–

Note 3 Depreciation according to plan on fixed assets

	01/01/2008 12/31/2008	01/01/2007 12/31/2007
Group		
Depreciation according to plan per function		
Cost of goods sold	32,102	32,624
Selling expenses	1,341	1,378
Administration expenses	1,356	1,618
	34,799	35,620

Not 4 Leasing fees related to operational leases

Group		
Assets held through operational leasing agreements		
Leasing expenses for the financial year, excluding rent for properties	10,652	10,043

Note 5 Interest income and similar income statement items

	01/01/2008 12/31/2008	01/01/2007 12/31/2007
Group		
Interest income, other	1,863	5,013
	1,863	5,013
Parent company		
Interest income, other	431	293
	431	293

Note 6 Tax on current year's earnings

	01/01/2008 12/31/2008	01/01/2007 12/31/2007
Group		
Income tax	–17,477	–14,531
Deferred tax	–4,800	–6,006
	–22,277	–20,537
Parent company		
Income tax	–	–
	–	–

Note 7 Work in progress and advanced payments in respect of intangible assets

	Group	Parent company
Accumulated acquisition values		
At beginning of year	15,821	–
	15,821	–
Accumulated depreciations according to plan		
At beginning of year	–6,140	–
Depreciation according to plan for the year	–2,238	–
	–8 378	–
Reported value at year end	**7,444**	**–**

The Group applies RR15, Intangible Assets.

Not 8 Goodwill

	Group	Parent company
Accumulated acquisition values		
At beginning of year	662,112	46,052
Translation differences	–58	–
	662,054	46,052
Accumulated depreciations according to plan		
At beginning of year	–166,971	–9,979
Depreciation according to plan for the year	–33,459	–2,303
Translation differences	43	–
	–200,387	–12,282
Reported value at year end	**461,667**	**33,770**

Note 9 Buildings and land

	Group	Parent company
Accumulated acquisition values		
At beginning of year	65,957	–
New acquisitions	1,019	–
Translation differences	2,711	–
	69,687	–
Accumulated depreciations according to plan		
At beginning of year	–12,416	–
Depreciation according to plan for the year	–2,785	–
Translation differences	–795	–
	–15,996	–
Reported value at year end	**53,691**	**–**
Tax value, buildings (in Sweden)	23,688	–
Tax value, land (in Sweden)	3,200	–

Note 10 Machinery and other technical facilities

	Group	Parent company
Accumulated acquisition values		
At beginning of year	221,042	–
New acquisitions	11,822	–
Disposals and retirements	–988	–
Reclassifications	7,748	–
Translation differences	12,653	–
	252,277	–
Accumulated depreciations according to plan		
At beginning of year	–80,839	–
Disposals and retirements	968	–
Depreciation on acquisition values according to plan for the year	-26,274	–
Translation differences	–9 515	–
	–115,660	–
Accumulated write-downs		
At beginning of year	–4 311	–
	–4 311	–
Reported value at year end	**132,306**	**–**

Note 11 Inventories, tools and installations

	Group	Parent company
Accumulated acquisition values		
At beginning of year	50,214	–
New acquisitions	977	–
Disposals and retirements	–170	–
Reclassifications	509	–
Translation differences	3,137	–
	54,667	–
Accumulated depreciations according to plan		
At beginning of year	–23,137	–
Disposals and retirements	164	–
Depreciation on acquisition values according to plan for the year	–3,502	–
Translation differences	–2,377	–
	–28,852	–
Reported value at year end	**25,815**	**–**

Note 12 Fixed assets under construction and advanced payments in respect of fixed assets

	Group	*Parent company*
At beginning of year	6,009	–
Reclassifications	–8,257	–
New acquisitions	8,500	–
Disposals and retirements	–1,559	–
Translation differences	390	–
Reported value at year end	**5,083**	**–**

Not 13 Shares in group companies

	12/31/2008	*12/31/2007*
Accumulated acquisition values, Parent company		
At beginning of year	933,858	933,858
Reported value at year end	**933,858**	**933,858**

Shares in group companies				
Subsidiaries	*Dom*	*Quantity shares*	*Share in %*	*Reported value*
Ålö AB, 556081-0482, Umeå	Sweden	12,255	100,0	933,858
Trima AB	Sweden			
Alö Deutschland GmbH	Germany			
Alo Danmark A/S	Denmark			
Ålö Cylinder AB	Sweden			
Agroma S.A.S.	France			
Alo North America Inc.	Canada			
Alo USA Inc.	USA			
Ålö Norge A/S	Norway			
Alo Skive A/S	Denmark			
Alo France S.A.S.	France			
Alo UK Ltd.	UK			
Alo Component S.R.O	Czech Republic			
				933,858

Note 14 Other long-term receivables

	Group	*Parent company*
Accumulated acquisition values		
At beginning of year	54	–
	54	–
Accumulated write-downs		
Reclassifications	–30	–
Translation differences	–2	–
	–32	–
Reported value at year end	**22**	**–**

Note 15 Prepaid expenses and accrued income

	Group	*Parent company*
Accrued contribution	3,838	–
Prepaid rent	1,455	–
Prepaid insurance	635	–
Prepaid leasing	828	–
Other items	5,182	3
	11,938	3

Note 16 Equity

Group	*Share-capital*	*Restricted reserves*	*Non-restricted equity*
At beginning of year	2,532	41,608	46,086
New share issue	770	–	48,837
Displacement of restricted and non-restricted equity		1,671	-1,671
Net profit/loss for the year			27,225
Translation differences			11,573
At year end	**3,302**	**43,279**	**132,050**

Parent company	*Share-capital*	*Statutory reserve*
Balance carried forward according to the previous year's balance sheet	2,532	3,022
New share issue	770	–
At year end	**3,302**	**3,022**

Parent company	*Revaluation reserve*	*Non-restricted equity*
At beginning of year	–	185,329
New share issue		48,837
Net profit/loss for the year		–2,358
At year end	**–**	**231,808**

Note 17 Tax allocation reserves

	Group	*Parent Company*
Deferred tax regarding temporary differences	3,060	–
	3,060	–

Note 18 Negative goodwill

	Group	*Parent Company*
Accumulated negative goodwill from acquisitions		
At beginning of year	419	–
At year end	419	–
Accumulated utilization		
At beginning of year	–16	–
The year's utilizations – negative goodwill attributable to future losses/expenses[1)]	–21	–
At year end	–37	–
Reported value at beginning of year	**403**	**–**
Reported value at year end	**382**	**–**
[1)] The year's utilizations are reported under goodwill amortization in the income statement:	–21	–
	–21	–

Note 19 Other provisions

	Group	*Parent Company*
Provisions for pension obligations	13,111	–
Warranty commitments	13,659	–
Other	3,802	–
	30,572	–

Note 20 Convertible loans

The Group has outstanding loans that are convertible or associated with options rights on new share issues. There are seven (7) convertible loans, totaling KSEK 202,468. The convertible loans fall due on 31 July 2012, unless converted prior to that date. As per the date of the Swedish Companies Registration Office's registration of a share issue and up until 31 July 2012, the convertible loans can be converted to 7,467,565 shares in Ålö Intressenter AB. The convertible loans bear interest at a rate of 0–7 per cent per annum. Most of the accrued interest is added to the principal.

Note 21 Long-term liabilities

	Group	*Parent company*
Due date, 1–5 years from balance sheet date	959,333	689,751
Due date, later than 5 years from balance sheet date	–	–
	959,333	689,751

Note 22 Assets pledged for liabilities to credit institutions

	Group	*Parent company*
Property mortgages	46,668	–
Floating charges	219,525	–
Other	25,210	–
	291,403	–

Note 23 Bank overdraft

	Group	*Parent company*
Overdraft facilities granted	134,795	50,000
Unutilized	–81,851	–25,000
Utilized credit	52,944	25,000

Pledged assets are reported in Note 22 "Assets pledged for liabilities to credit institutions"

Note 24 Accrued expenses and deferred income

	Group	*Parent company*
Salary and holiday pay liabilities	37,810	2,005
Payroll overhead liability	18,352	1,181
Accrued interest expense	3,320	2,227
Other items	59,500	3,872
	118,982	9,284

Note 25 Items affecting comparability

	01/01/2008 12/31/2008	*01/01/2007 12/31/2007*
Group		
Acquisition costs reported as expenses for terminated acquisition	–14,871	–
	–14,871	–
Parent company		
Acquisition costs reported as expenses for terminated acquisition	–2,024	–
	–2,024	–

Umeå, February 20, 2009

Stelio Demark
Chairman

Krister Olsson

Bo Ulván

Lars Erik Blom

Olle Pehrsson
Managing Director

Our Audit Report was submitted on February 23, 2009

Birgitta Gustafsson
Authorized Public Accountant

AUDIT REPORT

To the Annual General Meeting of Ålö Intressenter AB
Corp. ID No. 556622-5917

We have audited the annual accounts, the consolidated accounts and the accounting and administration of the Board of Directors and the Managing Director of Ålö Intressenter AB for the year 2008. These accounts and the administration of the company are the responsibilities of the Board of Directors and the Managing Director. 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 auditing standards generally accepted in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts; an audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director and significant estimates made by them when preparing the annual accounts, and also includes the evaluation of information prepared 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 Managing Director. We also examined whether any board member or the Managing Director 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 and consolidated accounts were prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair reflection of the company's and Group's financial position and earnings in accordance with accounting principles generally accepted in Sweden. The administration report is consistent with the rest of the annual report and the consolidated accounts.

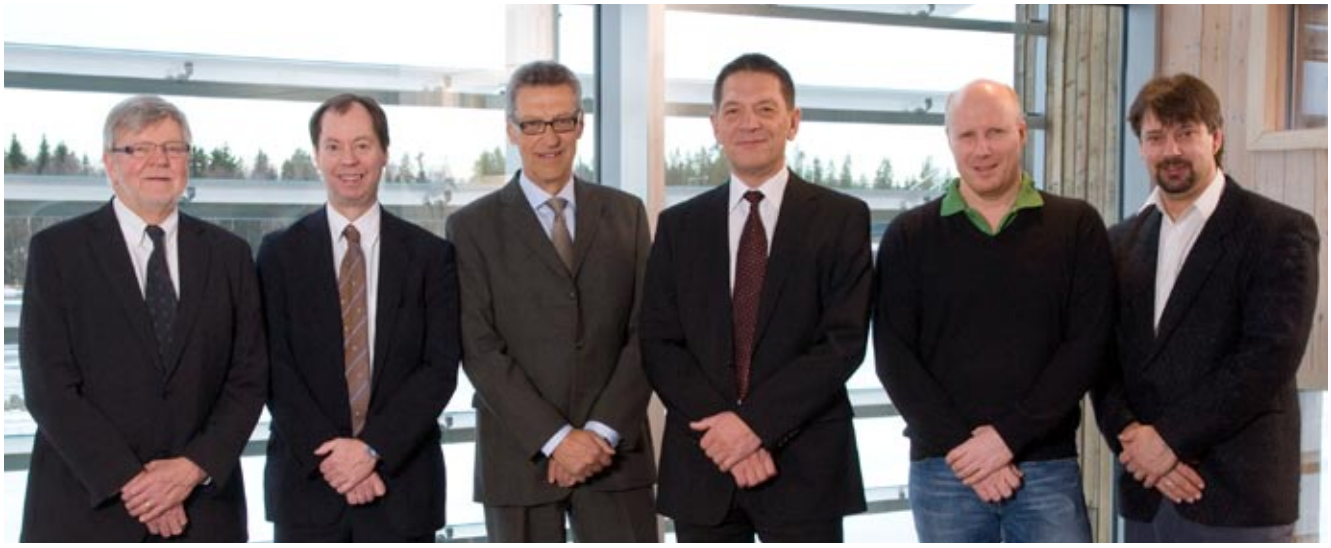
We recommend to the Annual General Meeting of shareholders that the income statement and balance sheet for the Parent Company and the Group be adopted, that the profit in the parent company be dealt with in accordance with the proposal in the administration report and that board members and the Managing Director be discharged from liability for the financial year.

Umeå, February 23, 2009
KPMG AB

Birgitta Gustafsson
Authorized Public Accountant

BOARD, MANAGEMENT AND AUDITOR

BOARD OF DIRECTORS



Krister Olsson
Member of the Board

Lars Erik Blom
Member of the Board

Bo Ulván
Member of the Board

Stelio Demark
Chairman

Hans Andersson
Member of the Board
(Employee representative)

Lennart Engström
Member of the Board
(Employee representative)

MANAGEMENT GROUP

Olle Pehrsson
Managing Director
Born: 1949
Employed: 1998

Urban Hadarsson
Sales Director
Born 1966
Employed 1988

Jan Sandsjö
Production Director
Born 1963
Employed 2003

Tomas Nygren
R&D Director
Born 1966
Employed 2005

Lena Rydström
HR Director
Born 1953
Employed 2003

Mattias Byström
Finance Director
Born 1971
Employed 2001

AUDITOR

Birgitta Gustavsson

DEFINITIONS

Average number of employees
Those costs which are associated with the number of employees represent a considerable part of the Group's total costs. The development of the average number of employees over time in comparison to the development of net sales therefore provides an indication of the cost rationalization taking place.

Capex
Capital Expenditure. Investments in fixed assets.

Capital employed
Balance sheet total excluding non interest-bearing debts, provisions and minority interests.

Capital turnover rate
Net sales in relation to the balance sheet total (average for the year), expressed in multiples.

Debt/equity ratio
Interest-bearing debt divided by equity, expressed in multiples.

EBITA
Earnings Before Interest, Tax and Amortization. This earnings measurement is fully comparable over time independent of financing costs, and of depreciation of goodwill and surplus values, which from time to time burden the Group.

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortization. This earnings measurement is fully comparable over time independent of financing costs, and of depreciation of goodwill and surplus values, which from time to time burden the Group.

EBITDA, margin
EBITDA in relation to net sales, expressed as a percentage.

Net debt
Interest-bearing debts with deductions for liquid assets.

Net sales
Income from goods sold and services rendered which form part of the Group's normal activities, after deductions for rebates, value added tax and other tax which is directly connected to sales.

Operating cash flow
Cash flow from operating activities with deductions for net investments in tangible and intangible fixed assets.

Orders received
An order which has been received during the financial year, calculated in the same way as net sales. Orders received provide a reference to actual demand for the Group's products which, with varying delays, show up in net sales.

Productivity
The value added divided by the total payroll costs including payroll overheads.

Return on capital employed
Operating profit (EBITA) including interest income in relation to average capital employed, expressed as a percentage. The average capital employed constitutes for each respective year an average of the outgoing capital employed for the twelve previous accounting periods.

Sales per employee
Net sales divided by the average number of employees.

Value added
EBITA plus payroll costs including payroll overheads.

WACC
Weighted Average Cost of Capital.

Working capital
Current assets minus short-term liabilities.

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