ålö

ANNUAL REPORT | 2007

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INTRODUCTION

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 Managing Director, 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 frontloaders and is ranked first or second on the world's most important markets. North America is the most important growth market. Ålö's products are distributed via a network of dealers in more than 40 countries.

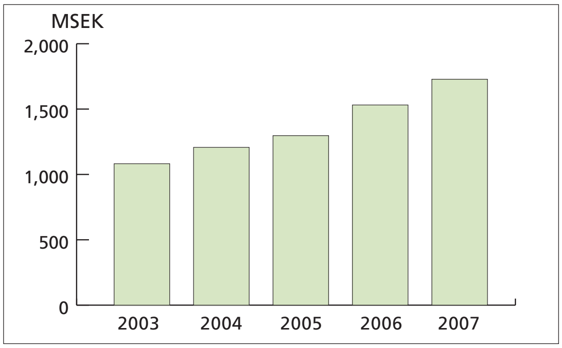
Ålö is represented by three brands: Quicke, Trima and Veto.

2007 SUMMARY

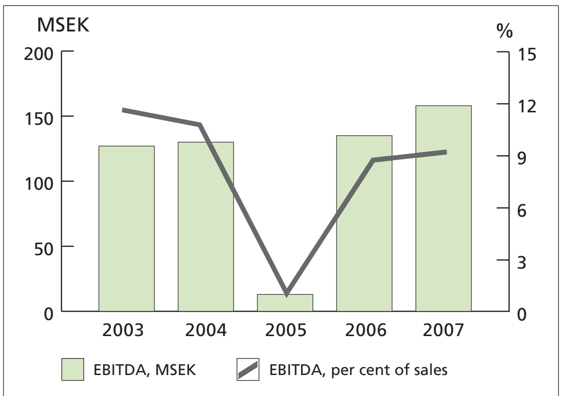
Key figures

	2007	2006
Orders received, MSEK	1,777	1,526
Sales, MSEK	1,728	1,531
EBITDA, MSEK	158	135
EBITDA margin, %	9.1	8.8
EBITA, MSEK	122	99
EBITA margin, %	7.1	6.5
Operating cash flow, MSEK	10	82
Return on capital employed, %	11.6	9.4
Productivity	1.40	1.34

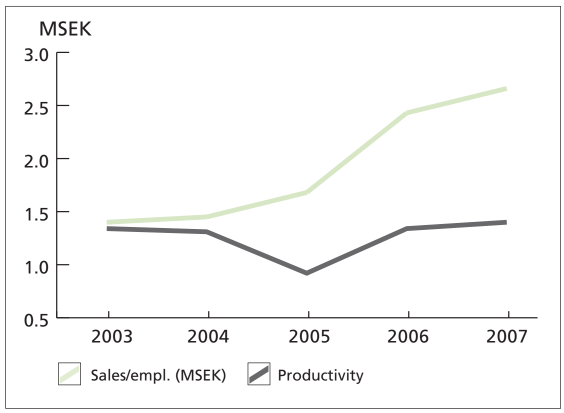
Sales, MSEK, 5 years



EBITDA, MSEK and per cent of sales, 5 years



Sales per employee and productivity



- Continued high growth. Produced and invoiced volumes are the highest in the Group's history. Average sales growth (organic) for the period 2003–2007 amounts to 8 per cent per year.

- Orders received amounted to MSEK 1,777 (1,526) an increase of 16 per cent compared to the previous year.

- Net sales amounted to MSEK 1,728 (1,531) an increase (adjusted for exchange rate changes) of 15 per cent compared to the previous year.

- Improved profitability through higher volumes, improved price realizations (in terms of higher prices), increased productivity and the effects of the implemented cost-reduction programme.

- Earnings (EBITDA) amounted to MSEK 158 (135) which is equivalent to an EBITDA margin of 9.1 per cent (8.8)

- Working capital improved for the fifth year in a row and amounted to (average for the year) 19.2 per cent of net sales (19.6).

MILESTONES 1947–2006 ...

1940 | 1950 | 1960 | 1970 | 1980 | 1990

1947 Quicke, the first Swedish front loader, is designed by Karl-Ragnar Åström.

1949 AB Ålö-Maskiner is registered.

1958 Quicke is launched as the world's first drive-in loader.

1959 The first Quicke front loader is exported.

1960s Competition gets tougher. AB Ålö-Maskiner decides to sell only front loaders and associated implements. Focus on exports.

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

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

1992 The French company Agroma is acquired and the sales company Agram Manutention is formed.

1993 Balticgruppen becomes the new majority owner with Krister Olsson as Chairman of the Board.

1999 Olle Pehrsson becomes the new Managing Director. Reorganization of staff duties implemented. A Danish competitor and an importer for Great Britain are acquired. Ålö becomes the world's leading manufacturer of front loaders with associated implements.

... AND THIS HAPPENED IN 2007

2000 – 2006

2000 Ålö acquires Trima and thereby gains access to an additional major brand and a production facility in Bergsjö. The previous owner, Atle, acquires a 20 per cent shareholding in Ålö.

2002 3i becomes the new majority owner of Ålö. Stelio Demark is appointed Chairman of the Board.

2003 The Group management develops an entirely new production strategy. The board decides to implement a comprehensive investment programme based on the new strategy.

2004 Ålö unveils the new generation of loaders Quicke Dimension and Trima Plus. Quicke's new loader series and the loader locking system "Lock & Go" receive several awards. Construction of the new factory in Brännland, Umeå, begins.

2005 A new production facility in Brännland, and a new paint shop in Matha, begin operations and a new production system is introduced in parallel. Ålö adapts its organization to the new production strategy, which results in fewer than 160 redundancies.

2006 Ålö signs a contract for deliveries to Case New Holland. The factory in Brännland switches to work-station assembly which provides results in the form of increased productivity. A new health promotion programme is launched and absences drop.

2007...

Orders received continue to be high, but during the first half of the year production problems mean that loaders are not delivered at the desired rate. After a significant period of analysis and action, production pace increases and before the year end the Group sets a new production record.

Ålö gains market share in every market where it has its own sales companies. In the two biggest European markets – France and Germany – great advances are made.

Ålö participates in Europe's biggest agricultural trade fairs: Sima in Paris and Agritechnica in Hannover. At the Sima fair, new generation loader number 50,000 is formally presented.

The cost reduction project initiated at the beginning of 2006 works out well and established cost reduction goals are achieved.

In December, Ålö signs an agreement to acquire all shares in the French loader manufacturer MX. The deal strengthens Ålö's position as the world's leading front loader manufacturer.

Health promotion efforts achieve results, and absences due to illness drop further, from 5.7 per cent in 2006 to 5.3 per cent in 2007.

A comprehensive study of the small, compact loader segment is begun.

In Germany, a distribution centre is opened with the aim of shortening customer lead times.

Over the 2007/2008 New Year period, the organization is refined when the business area After Sales is integrated with Marketing & Sales. From January 2008 Ålö will have two business areas: Production and Marketing & Sales.

During the year, preparations are made for a focused effort in 2008 aimed at the Swedish market. A Swedish Sales Manager is appointed.

A SUCCESSFUL YEAR CREATES OPPORTUNITIES FOR FURTHER DEVELOPMENT

2007 was a year of strong growth, increased sales and improved earnings. The full effect of the Case New Holland cooperation became apparent and at the end of the year we signed an agreement to acquire our French competitor MX, to consolidate our market leader position. The Ålö group finds itself in a positive trend that promises to continue.

After a strong finish in 2006, we began 2007 with our eyes on new, exciting challenges. However, it was not long before we were forced to shift our focus and remedy some acute production concerns, above all at Brännland, on the factory welding line. In order to alleviate the difficulties, we set up a dedicated project in cooperation with Andon Automation AB. The project was wide-ranging and took time, but in the end we could declare that it was worth the effort. Today the welding line is performing satisfactorily and the project serves as an example for future Ålö projects.

Despite the fact that the measures to increase production pace resulted in extra costs, 2007 was exceptionally successful. Orders received increased by 16 per cent compared to the previous year, and thanks to a strong finish 31,300 loaders were produced, compared with 27,100 in 2006. Sales increased by 13 per cent from SEK 1.5 billion to SEK 1.7 billion and earnings rose from MSEK 135 to MSEK 158. The favourable winds behind the Ålö Group can be explained in part by the Case New Holland cooperation coming on stream, and also by our having more OEM customers, and that the latter are demanding greater volumes. Furthermore, we are gaining market shares with our own brands Quicke, Trima and Veto. The keys to success are many: we have talented employees in every department and an organization that, thanks to its continual cost reduction efforts, is ever-more efficient. Additionally, we have a sales department that is the industry leader, products that maintain high quality and an overarching, long-term strategy regarding how we will develop and streamline the Group further.

One of the Ålö Group objectives is to grow by 10 per cent per annum, both organically and through acquisitions. We have grown organically over a long period, but in recent years we have also made a number of strategic acquisitions. At the end of December, we signed an agreement with the leading French front loader manufacturer MX regarding the acquisition of all the shares in the company. The deal will mean that we strengthen our position as the leading front loader manufacturer on the world market and that we quickly achieve a production capacity equivalent to 40,000 front loaders per year and attain annual sales of SEK 2.5 billion during 2008. The number of employees will very soon exceed 1,100. These developments are as inspiring as they are fantastic, but the great challenge for the future will of course be to complete the MX acquisition and help MX personnel feel at home in the Ålö family.

There are troublesome contemporary factors, such as increased steel and energy prices, and exchange rate fluctuations, that we will need to manage. But our future is bright all the same. No one in the industry is better positioned than Ålö; we have the volume, we have the customers and we have respected quality products that live up to high customer expectations. But even though we are in the lead, we are careful not to rest on our laurels. We will continue to develop our products, reduce costs and shorten delivery times. We step confidently into 2008, with great expectations!

Olle Pehrsson, Managing Director

Head Office, Umeå.

UNDERSTANDING CUSTOMER NEEDS MAKES ÅLÖ MARKET LEADER

Ålö is required by its shareholders to create value through sustained, profitable growth. We aim to meet this requirement by being the market leader and the largest supplier in all the business areas specific to Ålö's core activities.

Business concept

With a strong presence on markets and close proximity to our customers, Ålö will be the best and fastest at developing, producing and globally marketing front loaders and associated implements.

Strategy

– To be the leader in all markets where the company is active.
– To build, own and develop our own brands and market them in such a way that they are positioned as the customer's first choice on each respective market.
– To focus all resources on well-defined product segments.
– To continuously increase sales volumes through organic growth and acquisition of market shares.
– To be the quickest to supply solutions for new market conditions and requirements.
– To control and optimize all strategically important parts in the production and distribution chain, where the aim is increased specialisation and flexibility.

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 aim is to focus on, and optimize, every detail that affects the Group's competitiveness.

Focus on customer value

Amidst ever-keener competition, tractor manufacturers rival each other with new models, continuous improvements and successively shorter product life cycles. By dint of our position as market leader, tractor manufacturers are dependent on Ålö. This guarantees us early access to the technical specifications necessary for parallel developments to be carried out. Ålö has today 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 which affect the needs of dealers, importers and customers alike. This is essential not just for ongoing 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, and choosing, one product over all the others. Ålö's ambition is to own and actively develop two of the sector's world-beating brands, Quicke and Trima.

CONTINUED FOCUS ON COST REDUCTIONS

During the year Ålö made the decision to appoint a Master Scheduler with responsibility for co-ordinating logistics between factories. Cost reduction efforts continued and Group management, together with the trades unions, set up a cooperation project aimed at improving communications.

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 Product Development Director and the Directors of the staff organizations Finance/IT and HR. The Group's sales and marketing organization is represented in Sweden, Norway, Denmark, France, Germany, Great Britain, the USA and Canada. Ålö has five manufacturing facilities – three in Sweden (in Umeå and Bergsjö), one in Denmark (Skive) and one in France (Matha).

Developed and improved products

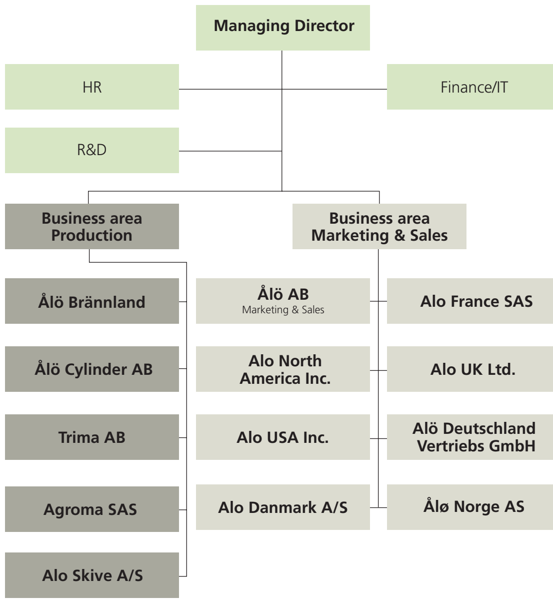
The Group's goal is to be the leader in all strategically important areas in order to ensure the company's market leader position in the long term. Therefore, the Ålö Group continually reviews, develops and strengthens the key areas purchasing, planning and product development. With regard to product development, the focus has been on adapting and modifying the new loader series with the aim of creating a more cost-effective product. New and improved tool carriers have been developed, as has a new implement for silage handling, to enter production during the first half of 2008. A comprehensive study regarding the compact loader segment has also been started. When it comes to subframe development, continued adjustments have been made to make sure that the subframes will work with the new Euro 3 engines. Furthermore, efforts have been made to ensure that OEM customer requirements are met through good correspondence and an accommodating attitude.

Refinement provides efficiency

Ålö is making headway in several markets, not least Norway, where a new Marketing Manager has been appointed. A new MD for the Danish sales company Alo Danmark A/S has been appointed, as has a Sales Manager for one of our biggest markets, Sweden. During the year, preparations were made for a focused effort aimed at the Swedish market to be carried out in 2008. The new Swedish Sales Manager will have a key role to play here. In the business area Production, a new Master Scheduler was appointed whose task will be to act as the interface between the business areas Marketing & Sales and Production. The most important assignment for the Master Scheduler will initially be to develop tools for the planning process, which will then be used to organize and coordinate logistics to and from factories. In this way we hope to shorten lead times and avoid delays. Over the New Year period, the organization will be refined when the business area After Sales is integrated into Marketing & Sales. This means that from January 2008 Ålö will have two business areas: Production and Marketing & Sales. This change will allow the formation of a more logical and efficient organization with explicitly dedicated resources.

Outsourcing of IT operations

The Group Finance/IT staff has the functional responsibility for all finance functions in the Group and ensures that accounting and reporting are handled according



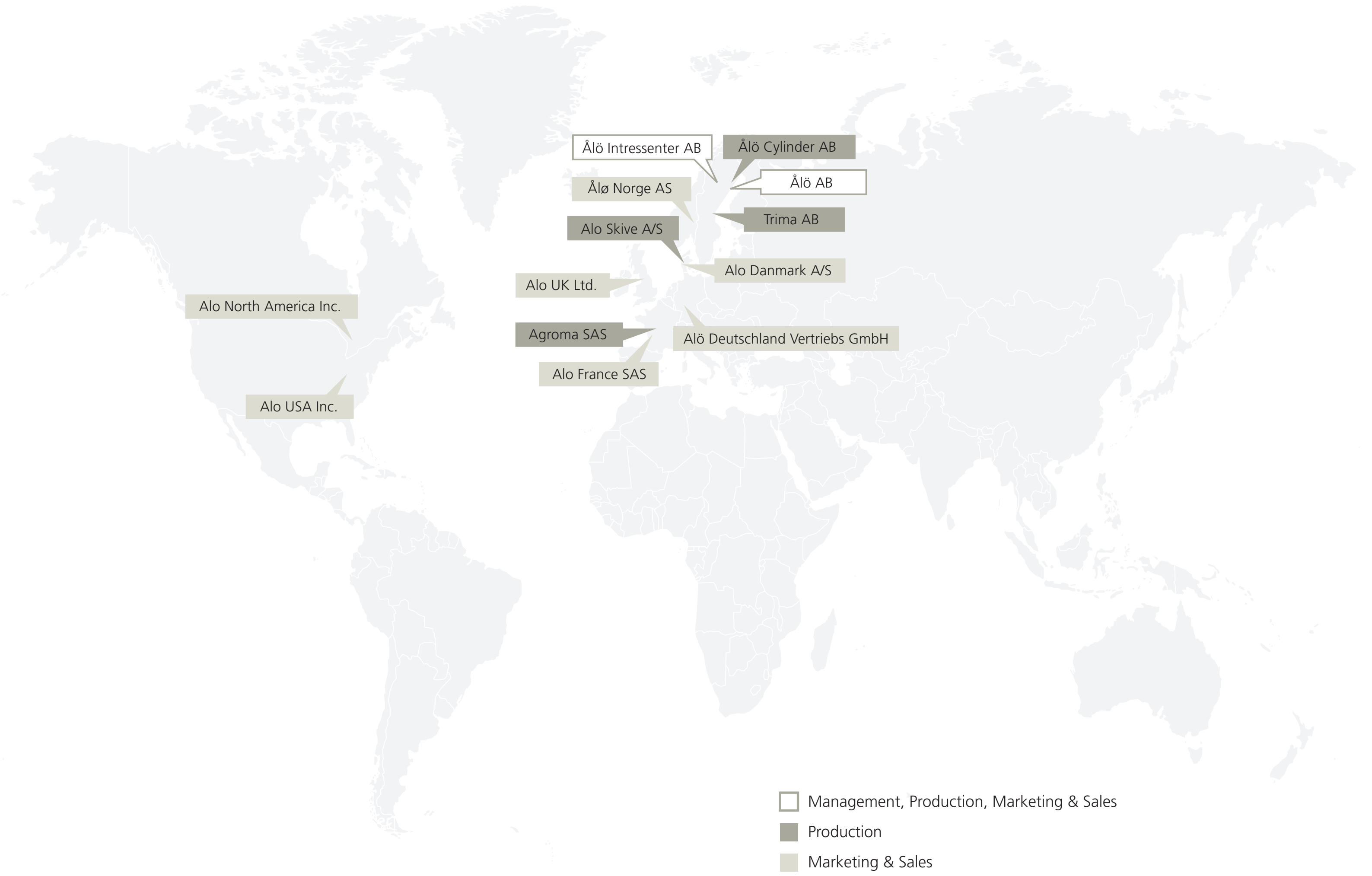
to the legislation and regulations applicable in the respective countries, and under good internal control. Finance/IT develops and maintains systems to satisfy the Managing Director's, the board's and the owners' requirements for information, risk management, analysis and control, and ensures that reporting takes place according to standards which at the very least meet those required of a publicly listed company. Finance functions and controllers with functional responsibility for accounting, reporting and analysis of financial development are located centrally at the Group, Business Area and Legal levels.

Moreover, the Group Staff is responsible for coordinating and controlling Group investments in IT and Communications. Ålö has a centralized IT function that is responsible for coordinating the Group's IT systems. Better coordination and economies of scale are created through central control. Ålö's IT strategy is based on IT being a means to support operations and the Group's business model. By investments in IT, internal processes are rendered more effective, and over time this leads to reduced costs. During the year the decision was made to outsource IT operations to an external supplier.

Opening up dialogue through cooperation

The staff function HR has responsibility for overall personnel planning, organizational development and policies and guidelines for the Group's personnel policy. During the year HR split previously common priority lists and provided employees at Ålö Cylinder AB in Umeå the opportunity to work at the factory in Brännland, which around 15 employees chose to do. In connection with this, we intensified our dialogue with the staffing agency we have collaborated with since the middle of 2007, and this cooperation has provided us with the flexibility to adjust our staffing level to demand.

The efforts that have been put into strengthening communications between Ålö Group companies, and between management and employees, have provided good results and form the foundation for further endeavours. During the year, Group management, together with the trade union organizations, drew up a cooperation agreement aimed at simplifying the flow of information and, as far as possible, avoiding time-consuming negotiations. In cooperation with the trade-union organizations, and after having conducted thorough employee fitness, strength and health checks, we have also established a project to individually adapt and broaden Ålö's health promotion programme. We know such efforts provide results. In the Swedish units, absence due to illness fell further from 5.7 per cent (2006) to 5.3 per cent (2007). In the foreign companies, the average absence due to illness for the year was 1–4 per cent. The total number of employees rose from 629 to 649 as a result of it being necessary to recruit more personnel to increase capacity. Toward the end of 2007 the plans to draw attention to Ålö in Umeå began to take shape. The campaign "Ålö Lifts Umeå" helps raise Ålö's profile on its home turf and shows the Umeå community just what Ålö does and how much the business means for the region.


Ålö Intressenter AB
Ålö Cylinder AB
Ålö AB
Ålø Norge AS
Trima AB
Alo Skive A/S
Alo Danmark A/S
Alo UK Ltd.
Alo North America Inc.
Agroma SAS
Alö Deutschland Vertriebs GmbH
Alo France SAS
Alo USA Inc.
Management, Production, Marketing & Sales
Production
Marketing & Sales

NEW SALES RECORD NEW MARKET SUCCESSES

2007 showed the same pattern as 2006. Order intake was strong and efforts were made to increase capacity. During the last quarter production and sales increased, resulting in a new sales record.

2006 finished strongly and 2007 began with continued good demand. Because of technical problems on the welding line, invoicing for the second and third quarters was limited by production capacity. After intensive problem-solving efforts, we hit an all-time high: 31,600 invoiced loaders.

Loader number 50,000 formally presented

Two of Europe's biggest agricultural trade fairs bore witness to the popularity of Ålö front loaders; Sima in Paris and Agritechnica in Hannover. Our sales team welcomed many enthusiastic and curious visitors to the stand. At the Sima fair we formally presented milestone loader number 50,000 from the new loader generation, an achievement that every Ålö employee can be proud of. Customer appreciation is a testimony to how essential long-term product development strategy is, and how important it is to apply personal, customer-oriented sales and support efforts. This, together with the high quality of our loaders, means that Ålö can continue to keep a firm grip on the market.

Continued strength in Europe

Ålö is the market leader in Europe and is either number one or number two in most individual European countries. During the year Ålö gained market share in every market where the Group has established sales companies. In the two biggest European markets – France and Germany – we made giant strides forward thanks to active sales teams and good customer relations. A distribution centre was opened in Germany, primarily in order to shorten lead times to our German customers.

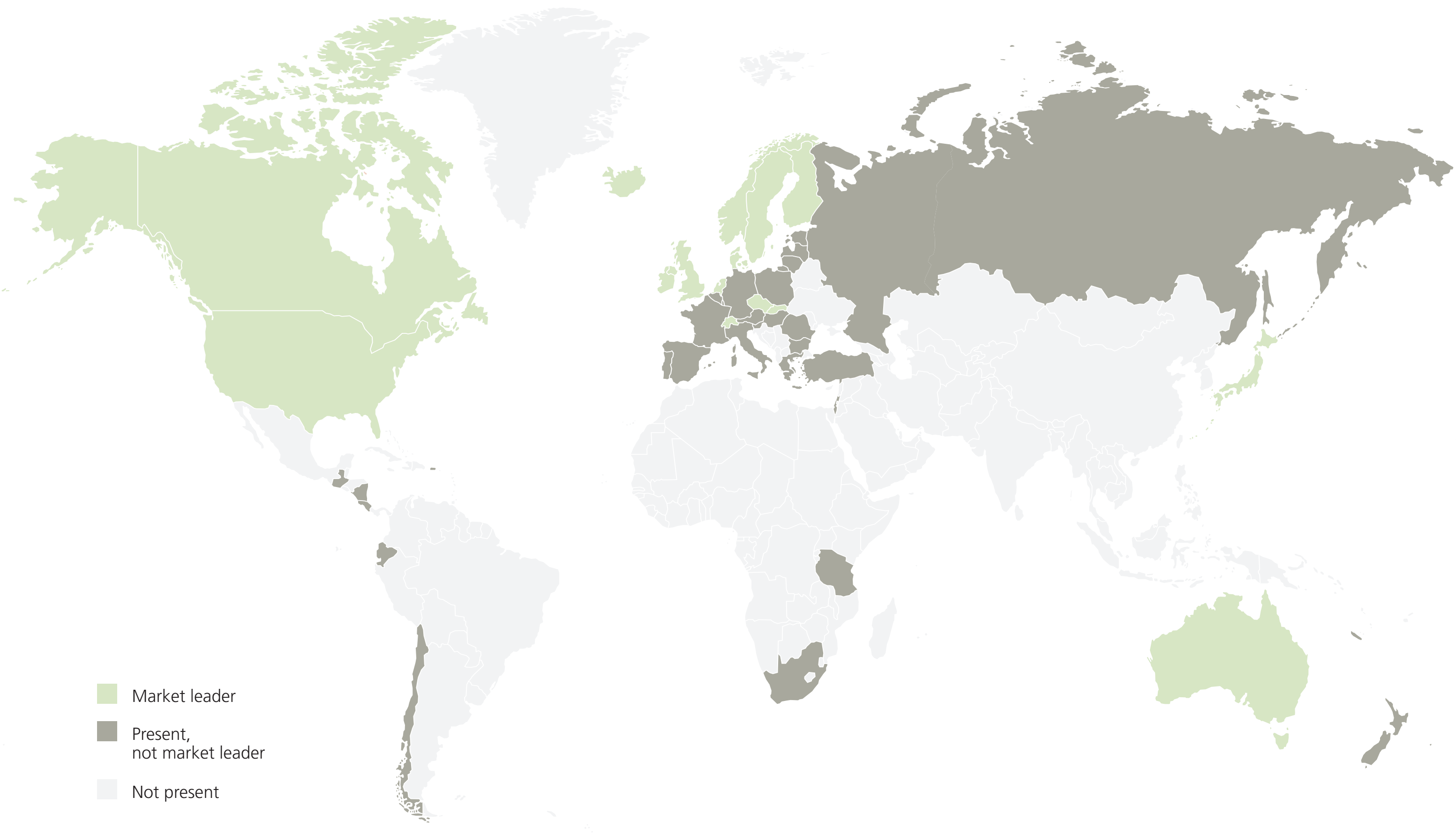
Tractor sales grew in Great Britain, and Ålö was able to gain market share in parallel to this growth. The Nordic market developed according to expectations, i.e. a marginal decline. Developments in the future European growth markets are positive. In Poland for example, sales increased by 50 per cent during 2007, and favourable developments continue in the Baltic states.

Considering economic growth in the former Eastern European states, there is good reason to believe that these markets will be even more significant for Ålö in the future.

Market share, Europe 38%

Market share, North America 27%

Market share, global 25%



Focus on OEM customers in North America

North America is Ålö's most important growth market and marketing efforts are conducted by our sales offices in Niagara Falls and Winston Salem. Sales embrace every state and province in the USA and Canada, but are especially successful on the east coast. Despite a large volume increase in North America, Ålö's sales of own brands fell during 2007. A new Marketing Manager for North America has been appointed and his most important tasks will be to rationalize contacts with OEM customers, and to increase sales of our own brands.

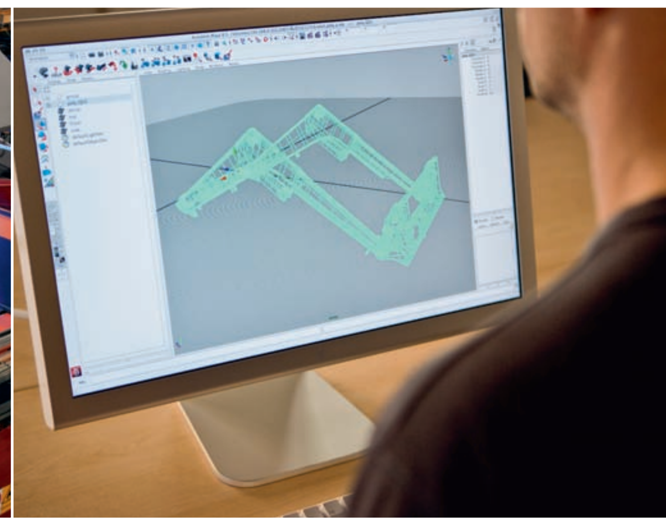
Oceania has been weak for several years but picked up speed during 2007, especially in New Zealand. This will be an exciting development to watch New Zealand is a country in which the tractor market is growing apace. We also look to grow in Italy and Spain, and we will be reviewing our distribution networks in these countries during 2008. Even though competition from domestic companies is tough, Ålö has great potential to gain market share.

Investment in multimedia

To streamline our marketing material and make it more customer oriented, we began studies in 2007 regarding the potential of multimedia presentations in the form of CD ROMs. Apart from reduced printing costs, we will provide our customers the possibility to flip and rotate our products by means of three-dimensional models and flash technology. To date, the Quicke loaders have been packaged in this format, and more Ålö products will follow. There are plans to incorporate these presentations on our website in due course.

STRONG FINISH AFTER INTENSE PROBLEM SOLVING

The problems on the Brännland factory welding line required comprehensive analysis and action. When the efforts were concluded the pace of production rose and after a record-breaking autumn we reached the all-time high of 31,300 manufactured loaders.



Ålö's production strategy is based on each production unit being independent and specialized in the manufacture of products within its respective area of the product range. All manufacture of Ålö's own loader brands Quicke, Trima and Veto, and those for OEM customers, takes place at the rebuilt factory in Brännland, Sweden. The majority of the Group's subframes are produced in Matha, France. The Swedish Bergsjö facility provides the new loader series with bearing boxes, tool carriers and bale handling equipment. Implements are produced at Skive in Denmark, and cylinders are manufactured at Ålö Cylinder AB in Umeå.

Fewer production stops

During 2007, large resources were invested in getting to the bottom of the instability and consistency problems on the welding line. A project was initiated in cooperation with Andon Automation AB, with the aim of guaranteeing welding line quality. The spring and summer were dedicated to finding the root cause of the problem, which proved to be jig deviations. The deviations were remedied during the autumn and welding line availability increased as a result of the reduced number of stoppages. Within a relatively short period, cycle times were reduced by 40 seconds and production capacity increased by 100 loaders per week. We broke the volume record during the autumn and finally achieved a new production record: 31,300 loaders produced, compared to the previous year's 26,800. The successful project now acts as a project model wherein facts provide the basis for systematically working to solve problems as they arise.

Efficiency improvements at other factories

Personnel at the cylinder factory in Umeå also had to wrestle with production stoppages. The factory's cylinder barrel and welder was a bottleneck, but through intensive efforts, we solved the technical and work-

method problems. The machine now runs for considerably more hours than before and we are producing more cylinders with fewer employees. To ensure sufficient component availability and in order to increase capacity during certain periods, cylinder barrels are also purchased externally.

A decision was made during the year to install a fourth robot cell in the first quarter of 2008 at the factory in Matha. The objective is to streamline production and increase capacity.

Rationalization and capacity-increasing investments have also been decided on for Skive. During the year hook manufacturing was automated. The facility will start operations in the beginning of 2008.

Successful cost reduction project

The Order To Delivery project (O2D) will continue in 2008. The stated ambition is to achieve a lead time of 10 to 15 days and a delivery assurance of 95 per cent, no matter where in Europe the order is received from. This will involve high standards in communications and integrated processes within the organization, and it will be equally important for our suppliers to improve flexibility. During 2007 lead times were close to the goal. For example, at the end of the year lead times were down to between 15 and 20 days.

The cost reduction project begun in the beginning of 2006 turned out well, and the established cost-reduction goals were achieved. This success is a result of our dedicated efforts to achieve production technical changes, cost-effective design changes, and, via Purchasing, negotiating our way to new suppliers. A continued focus on cost reductions is of the utmost importance for safeguarding our competitiveness in all production units.

SHORTER LEAD TIMES AND IMPROVED SUPPORT

Warranty claim costs were reduced to a level of around 1 per cent, the automatic warehouse started operations and lead times were reduced further by means of flexible electronic documentation.

The business area's most important task is to provide both internal and external customers with the means to carry out efficient after sales support. Ålö places great emphasis on ease of accessibility and short lead times, both when it comes to spare parts, technical support and documentation. Customer requirements need to be met and successful after sales efforts contribute to Ålö remaining the preferred supplier.

Automatic warehouse in place

A part of the improvement process is the new automatic warehouse that was installed during the year. It has contributed to more flexible handling for personnel, and will over time reduce lead times, improve delivery assurance and lower the number of short shipments.

HelpDesk was also established during the year; it is a web application aimed at subsidiaries and Ålö's biggest customers. All technical documentation and expertise is available at one and the same place – HelpDesk – which improves support for the end customer. These measures have, together with focused and conscious quality efforts, helped us achieve our warranty objectives and reduce claim costs to a level of around 1 per cent of net sales. The goal for the coming year is to reduce warranty claim costs further, to below 0.8 per cent.

Internal training

2006 was the year we implemented customer training. In 2007 we focused on internal training. At the beginning of September Ålö's after sales technicians gathered for their first ever service conference, and the outcome was a success. Another tool for developing the after

sales market is to continually carry out customer surveys whereby a number of Ålö's most important customers are given the opportunity to answer questions regarding everything from support through documentation and quality. Customer assessments show that Ålö's after sales functions are progressing and are on the right track.

After Sales integrated with Marketing & Sales

From 2008 the business area's functions will be integrated into other business areas. Those employees who work with technical support and warranty management within After Sales will transfer to Product Development, those who work with spare parts and after market product sales will transfer to Marketing & Sales, while employees who take care of spare parts warehousing and shipping will transfer to Production.

FINANCIAL OVERVIEW AND ANALYSIS

Key figures

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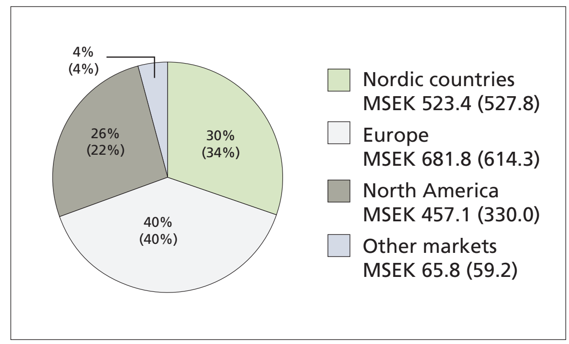
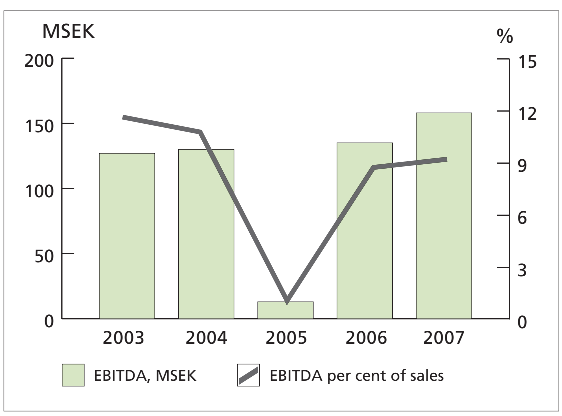
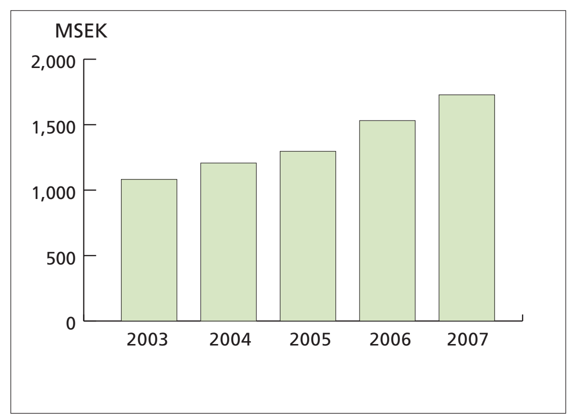
Sales, MSEK



EBITDA, MSEK and per cent of sales, 5 years



Sales, MSEK, 5 years



Group structure (comparative year)

In connection with the change in ownership of Ålö AB in 2002, a new group structure was established. A new company, 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.

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. The Group's other financial targets are:

– to achieve sustained annual growth in excess of 10 per cent,

– to achieve a sustained EBITDA margin in excess of 15 per cent,

– 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 per cent of net sales.

All in all, this will enable Ålö to continually increase shareholder value. The strategy used to achieve these targets follows a model which 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.

Orders received and invoicing

Orders received amounted to MSEK 1,777 in 2007, which is equivalent to an increase of MSEK 251 or 16 per cent compared to the previous year. Orders received measured by the number of loaders reached 32,400 (27,430) in 2007, an increase of 18 per cent compared to the previous year.

Invoicing amounted to MSEK 1,728 in 2007, which is equivalent to an increase of MSEK 197 or 13 per cent compared to the previous year. Adjusted for exchange rate effects, invoicing increased by MSEK 236 (15 per cent). The number of loaders invoiced in 2007 increased to 31,573 (26,794). The number of implements sold increased by 12 per cent from 44,700 to 50,100. An important goal for Ålö is to continue to develop and expand the after sales market, i.e. sales of spare parts and after market products. Orders received and invoicing in the business area After Sales continue to develop positively. Invoicing for the business area during 2007 amounted to MSEK 137, equivalent to an increase of 5 per cent compared to 2006. The business areas share of the group's total sales amounted to 8 per cent (9). Despite strong growth for After Sales over the past few years, there remains great potential in the area. Ålö has a very large installed loader base around the world, and through our global network of Ålö sales offices, importers and dealerships, we are well equipped to take care of this service.

Orders received and net sales are the highest in the history of Ålö and this has been driven primarily by strong growth in North America. Invoicing in North America amounted to MSEK 457 in 2007, equivalent to an increase of 39 per cent compared to the previous year. The increase is substantially a result of the OEM agreement that was signed with CNH at the end of the first half of 2006, and which came into full effect during 2007. Invoicing in the Nordic region decreased marginally from MSEK 528 (2006) to MSEK 523 (2007). Invoicing in the rest of Europe increased from MSEK 614 to MSEK 682, equivalent to an increase of 11 per cent. The increase is a result of continued strong growth in Great Britain and France. The remaining markets grew by 11 per cent from MSEK 59 to MSEK 66. Continued average growth for the period 2003–2007 amounted to 8 per cent per year. Manufactured volume in 2007 reached 31,300 loaders, an increase of 15 per cent compared to the previous year.

Earnings

Following the sweeping changes in the company which took place during 2005, the 2007 financial year, like that of 2006, came to be characterized by consolidation, cost reductions and a focus on increasing capacity in the production units. Group earnings (EBITDA) increased from MSEK 135 to MSEK 158 and the EBITDA margin increased from 8.8 per cent to 9.1 per cent.

A project was initiated in the beginning of 2006 with the objective of reducing manufacturing costs per manufactured loader during 2006 and 2007. The project was a success and the established savings objectives were achieved. A number of measures were taken during 2006 and 2007. The project's contribution to the improved earnings compared to those of 2006, is estimated to be around MSEK 30–35. Full effect will be realized during 2008. Other reasons for the improved earnings are higher volumes, high utilization of capacity in our production facilities, and an improvement in realized prices (in terms of higher prices).

In comparison to the previous year, Ålö was 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 MSEK –20. Costs for raw materials (principally steel) have continued to rise, with negative effects on earnings. The negative effects of the raw material price increases are calculated to be in the region of MSEK 45–50.

Earnings before interest, tax, depreciation and amortization (EBITDA) increased from MSEK 99 to MSEK 122 for reasons described above. Depreciations according to plan for the year are MSEK 69 (69), of which buildings and machinery/equipment constitute MSEK 33.4 (33.7) and intangible assets MSEK 35.6 (35.3). 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 MSEK –69.3 (–65.6), of which interest expenses and similar income statement items were MSEK –74.3 (–71.7). During the year the Group's long-term debt was reduced by MSEK 29.4, compared to a reduction of MSEK 4.8 the previous year. Senior debt, i.e. long-term debt excluding convertible loans and shareholder loans, was reduced by MSEK 55.4 during the year, compared to a reduction of MSEK 31.8 the previous year. The net financial income/expense has been 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 MSEK 0.6 to MSEK 19.7. Return on capital employed, i.e., EBITA including interest income in relation to the average capital employed, was 11.6 per cent (9.4). The return on capital employed exceeds the Group's total, weighted, average cost of capital (WACC).

Taxes

Tax expenses for 2007 amounted to MSEK 20.5 compared to MSEK 9.4 for the previous year. Tax expenses for 2007 includes a deferred tax expense of MSEK 6. Tax expenses for 2006 includes a deferred tax income of MSEK 12.5. Tax expenses in relation to earnings, i.e. tax expenses for the year divided by earnings before tax plus goodwill amortizations, amounts to 38.6 per cent (27.9). Losses carried forward for which deferred tax assets are not accounted, amounted to MSEK 55.3.

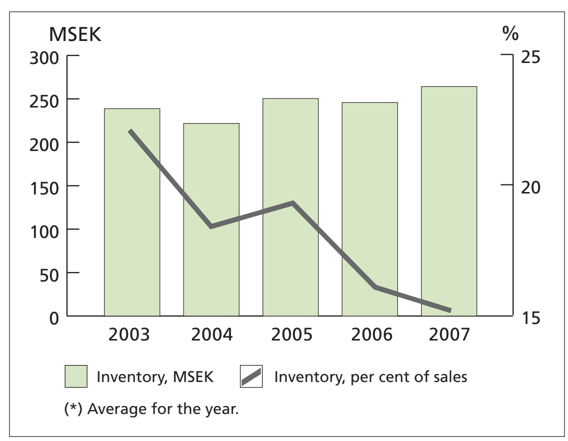
Assets

During the year the Group's total assets were reduced by MSEK 39.5 to MSEK 1,456.2. The capital turnover rate, i.e. sales divided by the balance sheet total (average for the year), increased from 1.06 to 1.20.

Inventories

Inventory value was MSEK 251.8 (229.9) at the end of 2007. In relation to net sales, inventory value (average for the year) fell to 15.3 per cent (16.1). Improvements in key figures are due in part to further fine-tuning of the Group's new production 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 up significant capital.

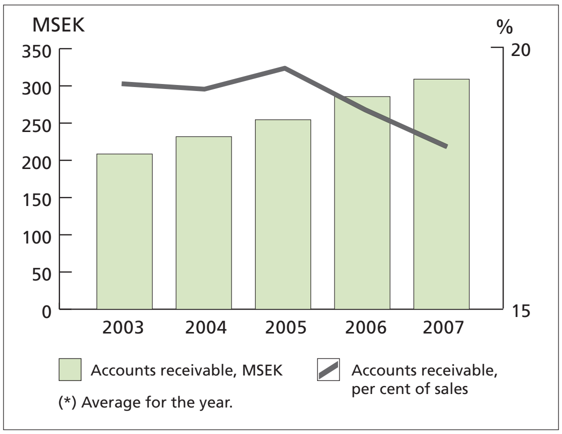
Inventory*, MSEK and per cent of sales, 5 years



Accounts receivable

Accounts receivable for the Ålö Group amounted to MSEK 371.4 on December 31, 2007, which represents an increase of MSEK 36.3 compared to 2006. In relation to net sales, accounts receivable (average for the year) amounted to 17.9 per cent (18.7). An increasing OEM share of total sales and continued improvement in customer credit management have affected the key figure

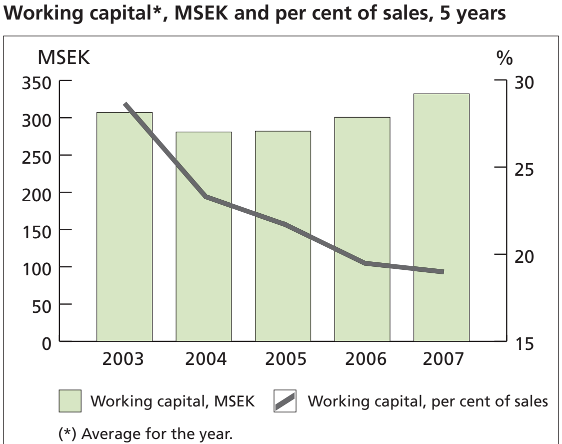
Accounts receivable*, MSEK and per cent of sales, 5 years



positively. The Group's net working capital, i.e. the Group's inventory, accounts receivable, accounts payable and other current liabilities and assets, amounted to MSEK 373.6 on December 31, 2007, which corresponds to an increase of MSEK 79.9 compared to 2006. In relation to net sales, net working capital (average for the year) amounted to 19.2 per cent (19.6).

During recent years, increased capital efficiency has become a pivotal priority area. Seen in a wider perspective, the efforts to improve this key figure have been very successful. In 2002, the Group's 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 target level of maximum 20 per cent of net sales. The key ratio has been improved five years running, and the Group's financial objectives have been achieved for the financial years 2006 and 2007.

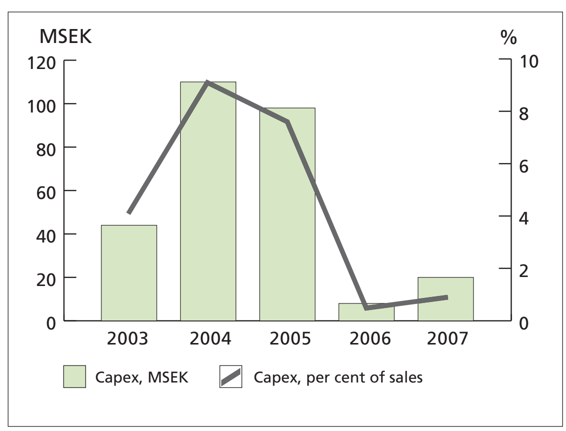
Working capital*, MSEK and per cent of sales, 5 years



Capital expenditures

Investments in tangible and intangible fixed assets amounted to MSEK 20 (8.4) which corresponds to 1.2 per cent (0.5) in relation to net sales. Investments refer mainly to tools for the Group's implement production, and capacity-augmenting investments in the Group's implement and loader manufacturing. Additionally, 23.5 per cent of Ålø Norge AS shares were acquired, which means that the company is now 100 per cent owned.

Capex, MSEK and per cent of sales, 5 years



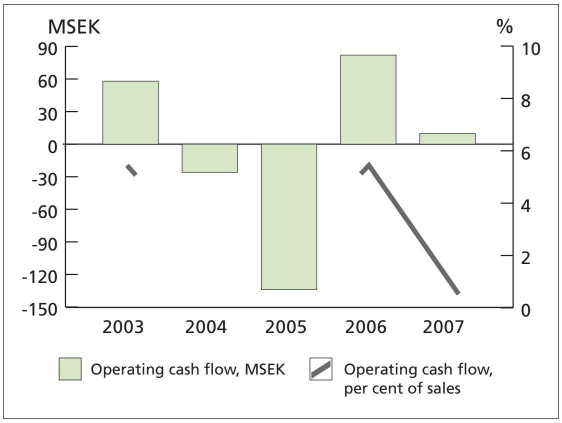
Statements of cash flow

Liquid assets at year end amounted to MSEK 33.1 (81.5), equivalent to 1.9 per cent (5.3) 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 MSEK 10, compared to an operating cash flow of MSEK 82 the previous year. The negative divergence in cash flow is mainly attributable to a deterioration in working capital. Dividends paid out to shareholders during the year amounted to MSEK 0 (0).

Cash flow statement

	2007	2006
Cash flow from operating activities before changes in working capital	99	72
Change in working capital	-73	9
Cash flow from operating activities	**26**	**81**
Acquisition of tangible assets	-14	-8
Sales of tangible assets	0	9
Acquisition of companies	-4	–
Acquisition of intangible assets	-2	-1
Cash flow from investment activities	**-20**	**1**
Paid dividends	–	–
Increase/decrease long term liabilities	-55	-32
Other financial activity	0	0
Cash flow from financing activities	**-55**	**-32**
Changes to liquid assets	**-49**	**50**

Operating cash flow, MSEK and per cent of sales, 5 years



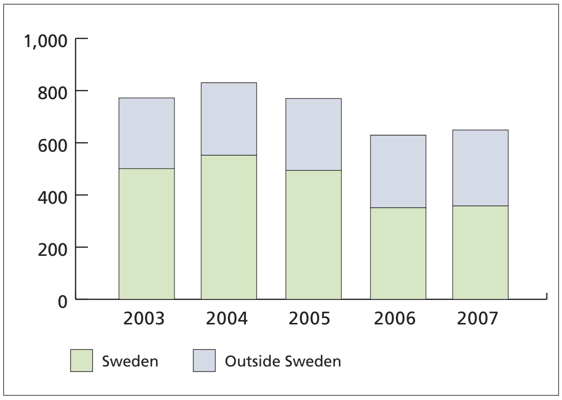
Equity and liabilities

The Group's net debt, i.e., the difference between interest-bearing liabilities (including convertible loans and shareholder loans) and liquid assets, amounted to MSEK 974 (955) at year end. The Group's equity increased by MSEK 8 during the year and on December 31, 2007, amounted to MSEK 90 (82), representing an equity/assets ratio of 6 per cent (5).

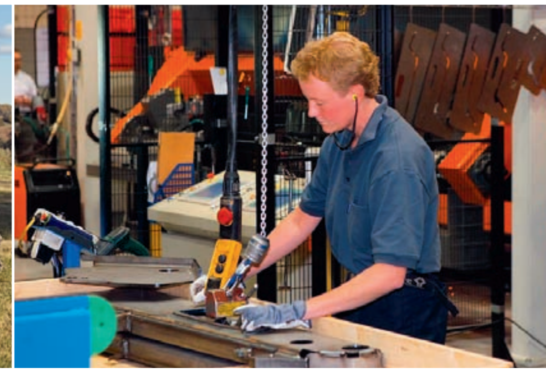
Number of employees

The average number of employees in the Ålö Group increased during 2007 by 20 to 649 (629), which is an increase of 3 per cent. Sales per employee amounted to MSEK 2.7, an increase of 9 per cent compared to the previous year. The number of employees outside Sweden increased by 13 during the year to 291 (278). Productivity, i.e. the value added divided by total payroll expenses, including payroll overheads, increased by 4 per cent to 1.40 (1.34).

Average number of employees, 5 years



Sales per employee and productivity



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.

ADMINISTRATION REPORT 2007

The Board and the Managing Director of Ålö Intressenter AB hereby submit the annual report for the year January 1, 2007 to December 31, 2007.

All amounts, except where otherwise stated, are presented in thousands, Swedish kronor (KSEK). 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. 3i and Balticgruppen each own just over 49 per cent of the jointly-owned company. Eventually, Balticgruppen's ownership will drop to 25 per cent.

Ownership relations

3i Group plc owns 49.9 per cent of the company with an option to increase its share to 75 per cent. Balticgruppen AB (556197-8734) owns 49.7 per cent of the company; the remaining shares (0.4 per cent) being owned by the company's board and management.

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 partly by importers, and partly by our own sales companies. Ålö AB sells its products primarily in the European market. The markets in North America, Japan, New Zealand and Australia 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 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 2007 was a good year in the majority of our markets. Following the sweeping changes in the company which took place during 2005, the 2007 financial year, like that of 2006, 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 recorded.

In December 2007, an agreement was signed regarding the acquisition of all MX shares. MX is the leading French manufacturer of agricultural equipment with sales of around MSEK 650 per annum. MX has sold about 7,000 front loaders during the past 12 months and is Ålö's primary competitor in Europe. The acquisition further strengthens Ålö's position as the world's leading front loader manufacturer. Apart from front loaders and associated implements, MX also includes compact loaders and front linkages in its product range. The new Ålö Group will produce 40,000 front loaders per year with annual sales of around SEK 2.5 billion. The number of employees will amount to around 1,100. The agreement, which is conditional on approval from the competition authorities concerned, is estimated to be concluded during the first quarter of 2008.

Net sales for the Group amounted to MSEK 1,728 in 2007, which is equivalent to an increase of MSEK 197 or 13 per cent compared to the previous year. Measured in the number of sold front loaders, sales increased by 18 per cent. The increase is mainly due to a rise in sales in North America as a result of the OEM agreement concluded with CNH.

Group earnings before interest, tax, depreciation and amortization for 2007 amounted to MSEK 158, which represents an increase of MSEK 23 compared to the previous year. Group earnings were influenced positively by higher volumes and improved realized prices (in terms of higher prices). The Group's earnings have been negatively affected by price increases on materials purchased (primarily steel) and currency changes.

Capital expenditures

Capital expenditures in the Group on fixed assets amounted to KSEK 19,973 (8,387), and in the parent company KSEK 1,371 (0). Investments refer mainly to tools for the Group's implement production, and capacity-augmenting investments in the Group's implement and loader manufacturing. Additionally, 23.5 per cent of Ålø Norge AS shares were acquired, which means that the company is now 100 per cent owned.

The investments in the parent company are relate to capitalized acquisition costs in regard to the acquisition of MX.

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. Our 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 that affect the amounts of discharge into water or the atmosphere. The paint shop is required to have approval for its discharges of wastewater and solvents into the 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

According to the consolidated balance sheet nonrestricted equity amounts to KSEK 46,086. 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	187,465
Net profit/loss for the year	–2,136
Total disposable funds	**185,328**

The board proposes that disposable funds of SEK 185,328,444 be retained in the business.

For further information concerning the company's financial results and status, please see the following statements of income and balance sheets and their accompanying comments.

INCOME STATEMENT, GROUP

Amounts in KSEK	**Note**	**01-01-2007 – 31-12-2007**	**01-01-2006 – 31-12-2006**
Net sales	1	1,728,076	1,531,347
Cost of goods sold		–1,278,707	–1,121,355
Gross profit		**449,369**	**409,992**
Selling expenses		–224,560	–213,263
Administration expenses		–102,331	–97,578
Goodwill amortization		–33,473	–33,041
Other operating revenues		–	141
Operating profit/loss	2.3–4	**89,005**	**66,251**
Financial income and expenses			
Interest income and similar income statement items	5	5,013	6,082
Interest expenses and similar income statement items		–74,295	-71,704
Profit/loss before tax		**19,723**	**629**
Tax on current year’s earnings	6	–20,537	–9,382
Minority share of current year’s earnings		-426	–1,622
PROFIT/LOSS FOR THE YEAR		**–1,240**	**–10,375**

BALANCE SHEET, GROUP

Amounts in KSEK	Note	31-12-2007	31-12-2006
ASSETS			
Fixed assets			
Intangible assets			
Work in progress and similar brought forward	7	9,681	11,919
Goodwill	8	495,141	528,621
Advanced payments re intangible fixed assets		2,000	1,750
		506,822	**542,290**
Tangible assets			
Buildings and land	9	53,541	56,023
Machinery and other technical facilities	10	135,892	153,924
Inventory, tools and installations	11	27,077	27,247
Fixed assets under construction and advanced payments in respect of fixed assets	12	6,009	1,132
		222,519	**238,326**
Financial assets			
Other long-term receivables	14	24	71
		24	**71**
Total fixed assets		**729,365**	**780,687**
CURRENT ASSETS			
Inventories etc.			
Raw materials and consumables		63,602	57,522
Work in progress, unfinished goods		27,180	21,420
Finished products and goods for sale		161,005	150,923
		251,787	**229,865**
Current receivables			
Accounts receivable		371,401	335,133
Tax assets		21,656	19,820
Other receivables		33,359	39,844
Prepaid expenses and accrued income	15	15,469	8,836
		441,885	**403,633**
Cash and bank balances		33,137	81,503
Total current assets		**726,809**	**715,001**
TOTAL ASSETS		**1,456,174**	**1,495,688**

BALANCE SHEET, GROUP

Amounts in KSEK	Note	31-12-2007	31-12-2006
EQUITY AND LIABILITIES			
Equity/assets	16		
Restricted equity			
Shareholder's equity		2,532	2,532
Restricted reserves		41,608	51,065
		44,140	**53,597**
Non-restricted equity			
Non-restricted reserves		47,326	38,510
Profit/loss for the year		–1,240	–10,375
		46,086	**28,135**
		90,226	**81,732**
Minority interests		–	3,814
Provisions			
Provisions for taxes	17	4,575	1,924
Negative goodwill	18	403	–
Other provisions	19	30,661	28,854
		35,639	**30,778**
Long-term liabilities	20–23		
Convertible loans	20	202,468	202,468
Bank overdraft	23	62,103	73,651
Other liabilities to credit institutions		489,739	53, 611
Other liabilities		255,916	229,849
		1,010,226	**1,039,579**
Current liabilities			
Accounts payable		192,131	199,943
Tax liability		5,505	9,173
Other liabilities		13,725	21,260
Accrued expenses and deferred income	24	108,722	109,409
		320,083	**339,785**
TOTAL EQUITY AND LIABILITIES		**1,456,174**	**1,495,688**
PLEDGED ASSETS AND CONTINGENT LIABILITIES – GROUP			
Pledged assets			
For own liabilities and provisions			
Property mortgages		57,777	57,519
Floating charges		219,525	219,525
Other pledged assets		26,377	23,688
Total pledged assets		**303,679**	**300,732**

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 which is limited by the rules in ABL 17:3 and ABL 21:3.

Contingent liabilities		
Contingent liabilities	2,989	4,215
	2,989	**4,215**

STATEMENTS OF CASH FLOW

Statements of cash flow (KSEK)	**GROUP**		**PARENT COMPANY**	
	01-01-2007 –31-12-2007	**01-01-2006 –31-12-2006**	**01-01-2007 –31-12-2007**	**01-01-2006 –31-12-2006**
Operating activities				
Operating profit/loss	89,005	66,251	–7,904	–9,075
Adjustment for items not included in cash flow				
Depreciation	69,093	68,977	2,303	2,303
Other items not included in cash flow	5,886	–3,506	-	-
	163,984	**131,722**	**–5,601**	**–6,772**
Interest received	5,013	4,890	293	95
Interest paid	–47,108	–42,551	–34,977	–31,362
Taxes	–23,272	–22,419	–1,088	–676
Cash flow from operating activities before changes in working capital	**98,617**	**71,642**	**–41,373**	**–38,715**
Change in working capital				
Increase/decrease in inventories	–21,922	26,342	-	-
Increase/decrease in receivables	–36,415	–58,722	51,259	–66,330
Increase/decrease in accounts payable	–7,812	29,106	1,172	-57
Increase/decrease in other current liabilities	–6,752	12,609	–1,038	2,409
Cash flow from operating activities	**25,716**	**80,977**	**10,020**	**–102,693**
Investment activities				
Acquisition of subsidiaries	–4,013	-	-	-
Acquisition of intangible assets	–1,621	–750	–1,371	-
Acquisition of tangible assets	–14,339	–7,637	-	-
Sales of fixed assets	224	9,472	-	-
Cash flow from investment activities	**–19,749**	**1,085**	**–1,371**	**0**
Financing activities				
Payments to options programme	420	-	420	-
Increase/decrease in long term liabilities	–55,419	–31,786	–54,900	–30,000
Group contribution received/made	-	-	65,084	66,437
Cash flow from financing activities	**–54,999**	**–31,786**	**10,604**	**36,437**
Increase/decrease in liquid assets	**–49,032**	**50,276**	**19,253**	**–66,256**
Liquid assets at beginning of year	**81,503**	**33,155**	**–54,934**	**11,322**
Exchange rate differences in liquid assets	**666**	**–1 928**	**-**	**-**
Liquid assets at year end	**33,137**	**81,503**	**-35,681**	**–54,934**

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

INCOME STATEMENT, PARENT COMPANY

Amounts in KSEK	**Note**	**01-01-2007 – 31-12-2007**	**01-01-2006 – 31-12-2006**
Net sales	1	9,869	8,832
Gross profit		**9,869**	**8,832**
Administration expenses		–15,471	–15,604
Goodwill amortization	8	–2,303	–2,303
Operating profit/loss	2.3–4	**–7,904**	**–9,075**
Financial income and expenses			
Interest income and similar income statement items	5	293	95
Interest expenses and similar income statement items		–59,609	–60,083
Profit/loss after financial items		**–67,220**	**–69,063**
Appropriations			
Group contributions received		65,084	66,437
Profit/loss before tax		**–2,136**	**–2,626**
Tax on current year's earnings	6	–	–
PROFIT/LOSS FOR THE YEAR		**–2,136**	**–2,626**

BALANCE SHEET, PARENT COMPANY

Amounts in KSEK	**Note**	**31-12-2007**	**31-12-2006**
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	8	36,073	38,375
Advance payments in respect of tangible assets		1,371	–
		37,444	**38,375**
Financial assets			
Shares in Group companies	13	933,858	933,858
		933,858	**933,858**
Total fixed assets		**971,302**	**972,233**
CURRENT ASSETS			
Current receivables			
Receivables, Group companies		96,373	146,263
Tax assets		1,089	–
Other receivables		–	1,389
Prepaid expenses and accrued income	15	19	1
		97,481	**147,653**
Cash and bank balances		–	–
Total current assets		**97,481**	**147,653**
TOTAL ASSETS		**1,068,783**	**1,119,887**

BALANCE SHEET, PARENT COMPANY

Amounts in KSEK	**Note**	**31-12-2007**	**31-12-2006**
EQUITY AND LIABILITIES			
Equity/assets	16		
Restricted equity			
Shareholder's equity (2,532,435 shares à nominal SEK 1)		2,532	2,532
Statutory reserve		3,022	2,602
		5,554	**5,134**
Non-restricted equity			
Profit/loss brought forward		187,465	190,091
Profit/loss for the year		–2,136	–2,626
		185,329	**187,465**
		190,883	**192,599**
Long-term liabilities	20–23		
Long-term interest-bearing liabilities			
Convertible loans	20	202,468	202,468
Other liabilities to credit institutions		373,700	428,600
Other liabilities		255,466	229,399
		831,634	**860,467**
Current liabilities			
Accounts payable		2,038	866
Liabilities to Group companies		35,682	54,935
Other liabilities		545	1,638
Accrued expenses and deferred income	24	8,001	9,383
		46,266	**66,821**
TOTAL EQUITY AND LIABILITIES		**1,068,783**	**1,119,887**
Pledged assets and contingent liabilities – Parent Company			
Pledged assets		None	None
Contingent liabilities		None	None

ACCOUNTING PRINCIPLES AND NOTES

(Amounts in KSEK unless otherwise indicated.)

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	2–5%
Machinery and other technical facilities	7–20%
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 2009. As of the year end, there was a non-accounted, unrealized exchange loss that amounted to KSEK 7,501.

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 year-end 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 fair-value 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

	01-01-2007 – 31-12-2007	01-01-2006 – 31-12-2006
Group		
Net sales per geographical market		
Nordic countries	523,382	527,783
Europe	681,805	614,321
North America	457,113	330,001
Other markets	65,776	59,242
	1,728,076	1,531,347
Parent Company		
Net sales per geographical market		
Nordic countries	7,066	6,469
Europe	2,226	1,857
North America	577	506
	9,869	**8,832**

NOTE 2 EMPLOYEES, SALARIES AND REMUNERATIONS TO THE BOARD AND AUDITORS

Average number of employees

	01-01-2007 – 31-12-2007	of whom men	01-01-2006 – 31-12-2006	of whom men
Parent Company				
Sweden	7	71%	7	71%
Total in Parent Company	**7**	**71%**	**7**	**71%**
Subsidiaries				
Sweden	351	91%	344	90%
France	144	91%	148	91%
Denmark	61	92%	52	92%
Norway	11	55%	11	55%
UK	13	92%	12	92%
Germany	17	88%	16	94%
USA	13	92%	10	90%
Canada	32	66%	29	66%
Total in subsidiaries	**642**	**89%**	**622**	**89%**
Total, Group	**649**	**89%**	**629**	**89%**

Gender distribution among management positions

	31-12-2007 of whom women	31-12-2006 of whom 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

	01-01-2007 – 31-12-2007 Salaries and remunerations	Payroll overhead	01-01-2006 – 31-12-2006 Salaries and remunerations	Payroll overhead
Parent Company	**7,733**	**4,841**	**9,471**	**4,047**
(of which pension costs)		*1) (1.733)*		*1) (1,913)*
Subsidiaries	**218,628**	**74,950**	**208,630**	**67,973**
(of which pension costs)		*(12,313)*		*(7,029)*
Total, Group	**226,361**	**79,791**	**218,101**	**72,020**
(of which pension costs)		*(14,046)*		*(8,942)*

1) Of the Parent Company's pension costs KSEK 456 (725) refers to the Board and Managing Director.

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

	01-01-2007– 31-12-2007 Board of Directors and MD	Other employees	01-01-2006 – 31-12-2006 Board of Directors and MD	Other employees
Parent Company				
Sweden	3,083	4,650	2,449	7,022
(of which commissions etc.)	*(–)*	*(518)*	*(508)*	*(1,058)*
Parent Company, total	**3,083**	**4,650**	**2,449**	**7,022**
(of which commissions etc.)	*(–)*	*(518)*	*(508)*	*(1,058)*
Subsidiaries in Sweden	42	120,307	41	115,965
(of which commissions etc.)	*(–)*	*(–)*	*(–)*	*(–)*
Subsidiaries in foreign countries				
France	2,891	32,762	2,738	32,411
Denmark	1,885	23,897	1,092	21,463
Norway	915	3,708	732	3,895
UK	1,050	4,277	1,068	3,618
Germany	1,202	8,564	796	9,218
USA	–	4,479	–	3,661
Canada	1,105	11,544	1,670	10,262
Subsidiaries total	**9,090**	**209,538**	**8,137**	**200,493**
(of which commissions etc.)	*(–)*	*(–)*	*(–)*	*(–)*
Total, Group	**12,173**	**214,188**	**10,586**	**207,515**
(of which commissions etc.)	*(–)*	*(518)*	*(508)*	*(1,058)*

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	1,715	180
Other assignments	734	–
Other auditors		
Audit assignment	458	–
Other assignments	22	–

NOTE 3 DEPRECIATION ACCORDING TO PLAN ON FIXED ASSETS

	01-01-2007 – 31-12-2007	01-01-2006 – 31-12-2006
Group		
Depreciation according to plan per function		
Cost of goods sold	32,624	32,853
Selling expenses	1,378	1,355
Administration expenses	1,618	1,728
	35,620	**35,936**

NOTE 4 LEASING FEES RELATED TO OPERATIONAL LEASES

Group		
Assets held through operating leases		
Leasing expenses for the year excluding rent for properties	10,043	10,018

NOTE 5 INTEREST INCOME AND SIMILAR INCOME STATEMENT ITEMS

	01-01-2007 – 31-12-2007	01-01-2006 – 31-12-2006
Group		
Interest income, other	5,013	4,574
Exchange rate differences	–	1,508
	5,013	6,082
Parent Company		
Interest income, other	293	95
	293	**95**

NOTE 6 TAX ON CURRENT YEAR 'S EARNINGS

	01-01-2007 – 31-12-2007	01-01-2006 – 31-12-2006
Group		
Income tax	–14,531	–21,929
Deferred tax	–6,006	12,547
	–20,537	–9,382
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	–
New acquisitions	–	–
	15,821	–
Accumulated depreciations according to plan		
At beginning of year	–3,902	–
Depreciation according to plan for the year	–2,238	–
	–6,140	–
Reported value at year end	**9,681**	**–**

The Group applies RR15, Intangible Assets

NOTE 8 GOODWILL

	Group	Parent Company
Accumulated acquisition values		
At beginning of year	662,170	46,052
Translation differences	–58	–
	662,112	46,052
Accumulated depreciations according to plan		
At beginning of year	–133,549	–7,677
Depreciation according to plan for the year	–33,473	–2,303
Translation differences	51	–
	–166,971	–9,979
Reported value at year end	**495,141**	**36,073**

NOTE 9 BUILDINGS AND LAND

	Group	Parent Company
Accumulated acquisition values		
At beginning of year	64,705	–
New acquisitions	476	–
Translation differences	776	–
	65,957	–
Accumulated depreciations according to plan		
At beginning of year	–8,682	–
Depreciation according to plan for the year	–3,548	–
Translation differences	–186	–
	–12,416	–
Reported value at year end	**53,541**	**–**
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	214,269	–
New acquisitions	3,853	–
Disposals and retirements	–3,205	–
Reclassifications	2,412	–
Translation differences	3,713	–
	221,042	–
Accumulated depreciations according to plan		
At beginning of year	–56,034	–
Disposals and retirements	3,134	–
Depreciation on acquisition values according to plan for the year	–25,556	–
Translation differences	–2,383	–
	–80,839	–
Accumulated write-downs		
At beginning of year	–4,311	–
	–4,311	–
Reported value at year end	**135,892**	**–**

NOTE 11 INVENTORIES, TOOLS AND INSTALLATIONS

	Group	Parent Company
Accumulated acquisition values		
At beginning of year	47,295	–
New acquisitions	3,716	–
Disposals and retirements	–2,033	–
Reclassifications	376	–
Translation differences	860	–
	50,214	–
Accumulated depreciations according to plan		
At beginning of year	–20,048	–
Disposals and retirements	1,880	–
Depreciation on acquisition values according to plan for the year	–4,294	–
Translation differences	-675	–
	–23,137	–
Reported value at year end	**27,077**	**–**

NOTE 12 FIXED ASSETS UNDER CONSTRUCTION AND ADVANCED PAYMENTS IN RESPECT OF FIXED ASSETS

	Group	Parent Company
At beginning of year	1,132	–
Reclassifications	–2,788	–
New acquisitions	7,665	–
Reported value at year end	**6,009**	**–**

NOTE 13 SHARES IN GROUP COMPANIES

	31-12-2007	31-12-2006
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 Vertriebs GmbH	Germany			
Alo Danmark A/S	Denmark			
Ålö Cylinder AB	Sweden			
Agroma SAS	France			
Alo North America Inc.	Canada			
Alo USA Inc.	USA			
Ålø Norge AS	Norway			
Alo Skive A/S	Denmark			
Alo France SAS	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	–
	–30	–
Reported value at year end	**24**	**–**

NOTE 15 PREPAID EXPENSES AND ACCRUED INCOME

	Group	Parent Company
Accrued contribution	8,724	–
Prepaid rent	1,341	–
Prepaid insurance	566	–
Prepaid leasing	832	–
Accrued interest income	168	–
Other items	3,838	19
	15,469	**19**

NOTE 16 EQUITY

	Share capital	Restricted reserves	Non-restricted equity
Group			
At beginning of year	2,532	51,065	28,135
Payments to options programme	–	420	
Displacement of restricted and non-restricted equity		–9,877	9,877
Net profit/loss for the year			–1,240
Translation differences			9,314
At year end	**2,532**	**41,608**	**46,086**

	Share capital	Statutory reserve
Parent Company		
Balance carried forward according to the previous year's balance sheet	2,532	2,602
Payments to options programme	–	420
At year end	**2,532**	**3,022**

	Revaluation reserve	Non-restricted equity
Parent Company		
At beginning of year	–	187,465
Net profit/loss for the year		–2,136
At year end	**–**	**185,329**

Other comments

Statutory reserve refers to liquidity received for 1,049,723 options within the framework of an options scheme aimed at employees and Board members (key personnel) in the Group.

The scheme comprises a maximum of 1,049,723 options and runs for five (5) years.

The option value, premium received, is based on a risk-free interest rate of 3.8–4.0 per cent and a volatility rate of 25 per cent.

NOTE 17 TAX ALLOCATION RESERVES

	Group	Parent Company
Deferred tax regarding temporary differences	4,575	–

NOTE 18 NEGATIVE GOODWILL

	Group	Parent Company
Accumulated negative goodwill from acquisitions		
At beginning of year	–	–
New acquisitions	227	–
Translation differences	192	–
At year end	419	–
Accumulated utilization		
At beginning of year	–	–
The year's utilizations – negative goodwill attributable to future losses/expenses [1]	–16	–
At year end	–16	–
Reported value at beginning of year	**–**	**–**
Reported value at year end	**403**	**–**
[1] The year's utilizations are reported under Costs of goods sold in the income statement:	–16	–
	–16	–

NOTE 19 OTHER PROVISIONS

	Group	Parent Company
Provision for pension obligations	12,641	–
Warranty commitments	10,982	–
Other	7,038	–
	30,661	**–**

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 PRV'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	1,010,226	831,634
Due date, later than 5 years from balance sheet date	–	–
	1,010,226	**831,634**

NOTE 22 ASSETS PLEDGED FOR LIABILITIES TO CREDIT INSTITUTES

	Group	Parent Company
Property mortgages	45,777	–
Floating charges	219,525	–
Other	26,377	–
	291,679	**–**

NOTE 23 BANK OVERDRAFT

	Group	Parent Company
Bank overdraft facilities granted	126,450	50,000
Unutilized	–64,347	–25,000
Utilized credit	**62,103**	**25,000**

Pledged assets reported in Note 22 "Assets pledged for liabilities to credit institutes".

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

	Group	Parent Company
Salary and holiday pay liability	34,640	2,018
Payroll overhead liability	17,787	1,268
Accrued interest expense	6,519	4,385
Other items	49,776	330
	108,722	**8,001**

Umeå, 22 February 2008

Stelio Demark
Chairman

Krister Olsson

Bo Ulván

Lars Erik Blom

Olle Pehrsson
Managing Director

Our Audit Report was submitted on 22 February 2008

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 2007. 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 has been conducted in accordance with generally accepted auditing standards 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 entails 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, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and the 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 have been 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 generally accepted accounting principles 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, 22 February 2008
KPMG Bohlins AB

Birgitta Gustafsson
Authorized Public Accountant

BOARD, MANAGEMENT AND AUDITOR

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

BOARD OF DIRECTORS

Stelio Demark
Chairman

Krister Olsson
Member of the Board

Bo Ulvan
Member of the Board

Lars Erik Blom
Member of the Board

Hans Andersson
Member of the Board
(employee
representative)

Lennart Engström
Member of the Board
(employee
representative)

AUDITOR
Birgitta Gustavsson

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