Corp. Id. No. 556770-6311

THULE SWEDEN

# ANNUAL REPORT
# THULE INVESTMENT AB
## 2010-12-31

# Annual report and consolidated accounts for the financial year 2010

The board of directors and the president hereby present the annual report and consolidated accounts for the financial year.

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Unless otherwise stated, all amounts are set out in million Swedish krona. Amounts in parenthesis regard the previous year.

# Board of Directors' Report

**Operations and organisation**
The Thule Group is world-leading in products that make it easy for people to transport their equipment safely, securely and in style.

Under the motto Active Life, Simplified Thule offers: Carry Solutions, (computer bags, camera bags, rucksacks etc.), Vehicle Solutions (roof rails, bike carriers, rooftop boxes, snow chains, i.a.), Work Solutions (ladder supports, tool-boxes) as well as Towing Solutions (tow bars and trailers).

Thule has approximately 3,100 employees at more than 30 production sites and sales offices around the world. The group headquarters are in Malmoe, Sweden and the company is held by majority owner Nordic Capital.

**Significant Events**
Magnus Welander took up his duties as president and CEO on 1 April 2010. A new organisation was launched in June with increased focus on the consumer market and the retail business. Among other things, two new group functions were put in place for brands and logistics.

In line with the strategic orientation of the Thule group to more clearly focus its operations on consumer goods with strong brands and with a clear exposure in retail, the factory fitted roof rails operations (fitted at the roof of the cars during assembly) was divested in October. The operations encompass production as well as development and design in Huta, Poland and Rotherham, United Kingdom. The annual turnover of the operations is EUR 30 M.

TracRac, a market-leading manufacturer of load carriers and cargo systems for professional use in the US, was acquired in October and is consolidated in the group beginning 1 November. The acquisition was an asset purchase and is now part of Thule Inc, US. The acquisition contributed with SEK 7 M in turnover and accounted for operating profit in 2010.

Nordic Capital Fond VII acquired in December 2010 a minority holding in Thule Investment AB of 22% of the shares, shares that since 2008 have been owned by a consortium of seven banks. Nordic Capital Fond VI owns 67 % of the shares in Thule. As a result of the acquisition, Thule has clear-cut owner structure and additional financial strength for its future expansion.

In December 2010 the group signed a new financing agreement with the existing syndicate of banks.

**The operations, result and position of the company**

**The group**
The net turnover of the group amounted in 2010 to SEK5,690 M (SEK 5,462 M) with an operating profit of SEK 786 M (SEK 486 M). The group's cash-flow from operating activities amounted to SEK 409 M (SEK 398 M). Adjusted for currency effects, growth is calculated to 10.8%. Nominal turnover increased by 4.1%. All business groups report satisfactory growth.

Vehicle Solutions report a growth, adjusted for currency effects, of 14.8%. Factors affecting growth are beneficial winters, overall recovery in the house trailer market, a good customer mix as well as growth in the bicycle and rooftop box segments.

Towing Solutions increased its sales in 2010 by 4.9%, adjusted for currency effects. A good customer mix is the largest single contributing factor in the growth.

Carry Solutions report a growth, adjusted for currency effects, of 11.1%. Carry Solution report a strong increase in the categories mobile data and photo/video.

The operating profit amounted to SEK 786 M (SEK 486 M), corresponding to a margin of 13.8 % (8.9%). The good development in turnover in combination with the results of the executed efficiency measures are contributing forces of this year's result.

The currency effect on operating profit amounted to SEK 20 M in comparison to 2009, of which the translation difference amounted to SEK -28 M. The stronger Swedish krona entailed realised/unrealised exchange rate differences totalling M 454 SEK (M 59 SEK).

During the year, the result has been affected by lump sum income totalling SEK 44 M.

**Parent company**
The parent company's operating profit amounted to SEK 0 M (SEK 0 M). At the year-end, the head office employed 25 (19) persons comprising Group management and Group-wide functions such as business development, technology, economy, finance, and communication. The group management is employed by Thule AB, while the other functions are employed by Thule AB and Thule Holding AB.

**Ownership structure**
The share capital of Thule Investment AB is to 67% owned by a private equity company Nordic Capital Fund VI, to 22% owned by a private equity company Nordic Capital Fund VII, and senior managers and board members own 11%. Nordic Capital Fund VII has share warrants. These warrants have been exercised in February 2011. Ownership structure is, after that, Nordic Capital Fund VI 55%, Nordic Capital Fund VII 36% and company management 9%.

**Environmental impact**
Thule Sweden AB, with its production plant in Hillerstorp, carried out business at the year-end that required an environmental permit under Swedish environmental legislation. The permit (class m1 b) refers to mechanical production in the form of metalworking at a workshop under 20,000 m2 in area, and ensures that impact from aspects such as noise, dust and emissions into air and water from the production unit at Hillerstorp are marginal both as regards near-lying areas and overall. Systems are in place for the classification and sorting of garbage and industrial waste at source. The unit is also certified to environmental management system EN-ISO 14 001:1996.

**Investments**
During the year, the group has invested SEK 108 M (SEK 80 M) in machinery and equipment. No investments have been made in the parent company.

Among the capacity increasing investments are a bending machine in Huta, Poland (SEK 3.5 M), a new production line for steel boxes in Florida, US (SEK 7.5 M), a CNC press in Florida, US (SEK 4.0 M), and a robot cell in Neumarkt, Germany (SEK 4.6 M).

Among the capacity increasing investments are a new automatic packaging machine Hillerstorp, Sweden (SEK 2.7 M), a new factory layout in Molteno, Italy (SEK 3.0 M), and fitting of solar cells in Molteno, Italy (SEK 7.0 M).

**Cash flow and financial position**
Cash-flow from operating activities amounted to SEK 409 M (SEK 398 M). During the year, assets totalling SEK 11 M (SEK 28 M) were divested.

During the year, new shares totalling SEK 3.3 M have been issued.

The acquisition of TracRac was financed entirely by internal funds. The consideration for the sale of the factory fitted rooftop rails went unabridged to the repayment of bank debts.

In connection with the new bank agreement, the group has repaid SEK 425 M of the long-term interest bearing liabilities during 2010. In addition, another SEK 115 M has been repaid.

Interest-bearing liabilities, excluding pension provisions, amounted to SEK 5,162 M (SEK 6,034 M). The debts are expressed in EUR, USD, CAD, NOK, and GBP. The stronger Swedish krona has entailed an advantageous exchange rate difference of SEK 564 M in comparison to the beginning of the year.

Group cash and cash equivalents at the year-end totalled SEK 317 M. In addition, the group has unutilised loan promises of approximately SEK 509 M for financing the operating activities. For further information on the term of the loans, see note 26.

The equity ratio amounted to 16,5% (12,9%).

**Financial risk management**
The Thule Group's financial activities are centralised to capitalise on economies of scale and synergies as well as to minimise management risks. Financial activities are coordinated in the subsidiary Thule Holding AB. This company performs all external financial transactions and also acts as the group's in-house bank for financial transactions in the foreign currency and interest markets. The board of directors adopts each year a financial policy on the management of such risks. The financial policy constitutes a framework for the management of both financial risks and financial activities in general. The audit and finance committee of the board of directors prepares and decides on behalf of the board of directors the actual application of the policy in consultation with the group CFO.

Currency risk – transaction exposure
In order to reduce the effect of currency exchange rate fluctuations the individual company may, after approval by the group CFO, hedge up to 90 % of its forecasted exposure in the coming 12 months.

Currency risk – translation exposure
Another effect of exchange rate fluctuations arises when the income statements and assets and liabilities of the non-Swedish subsidiaries at year's end are converted into SEK. The group's policy is not to hedge this type of translation exposure.

Interest rate risks
The group's interest rate risks arise mainly through long-term borrowing. As of 31 December 2010, interest expenses of 81% of the long-term loans have been hedged through interest rate swaps, interest rate caps and cancellable interest rate swaps. The average interest rate tenor is 1.61 years (see note 4 for further information).

Refinancing and liquidity risks
The group's committed credit facilities amount to SEK 5,660 M. This financing package is conditioned on the fulfilment of financial and commercial obligations which are assessed on an ongoing basis. The covenants that are assessed each quarter (beginning March 2011) are: leverage ratio, interest cover ratio, cash flow and investments. In 2010, two covenants were assessed: full-year EBITDA and full-year investments. In addition, there are undertakings to measure on an ongoing basis the quota of assets and EBITDA that are found in companies pledged by the lenders. Further, the bank overdraft facility must be at least partially unutilised during five subsequent days per year. All financial and commercial undertakings were upheld during 2010. A part of the unrestricted cash-flow of the year is repaid as an instalment of the long-term liabilities. Non-utilised credit facilities amount to SEK 509 M.

Other financial risks are described in note 4.

**Significant events after the financial year**
No significant effects have occurred after the end of the financial year.

**Outlook**
Assuming no major changes in the external environment in 2011, demand for the group's products is expected to remain strong. The strengthening of the Swedish krona is estimated to decrease operating profit by appr. SEK 75 M. This is the difference between the underlying flows translated to the average exchange rates in 2010 and the same flows translated to the budgeted exchange rates for 2011, taken into account the financial contracts entered into for 2011.

**Proposed distribution of profit**

At the disposal of the annual general meeting is

| | |
|---|---|
| Share premium reserve | 1,029,010,384 |
| Profit brought forward | 61,706 |
| Loss for the year | -61,706 |
| | 1,029,010,384 |

The Board of Directors proposes that SEK 1,029,010,384 is carried forward.

## The group’s income statement

**1 January - 31 December**
SEK M

| | Note | 2010 | 2009 |
|---|---|---|---|
| **Remaining operations** | | | |
| Net sales | 5 | 5 690 | 5 462 |
| Cost of goods sold | | -3 638 | -3 653 |
| **Gross profit** | | 2 052 | 1 809 |
| | | | |
| Other operating income | 8 | 57 | 17 |
| Selling expenses | | -690 | -661 |
| Administrative expenses | | -456 | -437 |
| Research and development costs | 9 | -160 | -150 |
| Other operating expenses | | -17 | -92 |
| **Operating profit/loss** | 10, 11, 12, 13, 14, 15 | 786 | 486 |
| | | | |
| Financial income | 16 | 558 | 215 |
| Financial expenses | 16 | -435 | -580 |
| | | | |
| Net financial income/expense | | 123 | -365 |
| | | | |
| **Profit/loss before tax** | | 909 | 121 |
| | | | |
| Tax | 17 | -211 | 77 |
| | | | |
| **Net profit/loss from remaining operations** | | 698 | 198 |
| | | | |
| **Discontinued operations** | | | |
| Profit/loss from discontinued operations, net after tax | 6 | -70 | 10 |
| | | | |
| **Net profit/loss for the year** | | 628 | 208 |
| | | | |
| **Net profit/loss for the year related to:** | | | |
| Owners of the parent company | | 627 | 208 |
| Holding without controlling influence | | 1 | 0 |
| | | | |
| **Net profit/loss for the year** | | 628 | 208 |

## The group's income statement

| | Note | 2010 | 2009 |
|---|---|---|---|
| **Earnings per share** | 18 | | |
| - basic | | 1.71 | 0.60 |
| - diluted | | 1.40 | 0.49 |
| **Earnings per share from Remaining operations** | 18 | | |
| - basic | | 1.91 | 0.57 |
| - diluted | | 1.57 | 0.46 |

## Report of the total profit/loss of the group

| | 2010 | 2009 |
|---|---|---|
| **Net profit/loss for the year** | 628 | 208 |
| **Others Total profit/loss, other** | | |
| Translation differences for the year, foreign operations | -457 | -54 |
| Tax related to parts in total profit/loss, other | 0 | 0 |
| **Total profit/loss for the year, other** | -457 | -54 |
| **Total profit/loss for the year** | 171 | 154 |
| **Total profit/loss for the year related to:** | | |
| Owners, parent company | 170 | 154 |
| Holding without controlling influence | 1 | 0 |
| **Total profit/loss for the year** | 171 | 154 |

## Statement of the financial position of the group

| As of 31 December<br>SEK M | Note | 31 Dec 2010 | 31 Dec 2009 | 1 Jan 2009 |
|---|---|---|---|---|
| **Assets** | | | | |
| Intangible assets | 19 | 4 613 | 5 204 | 5 254 |
| Property, plant and equipment | 20 | 914 | 1 016 | 1 102 |
| Long-term receivables | | 7 | 8 | 9 |
| Deferred tax assets | 17 | 464 | 593 | 426 |
| **Non-current assets, total** | | **5 998** | **6 821** | **6 791** |
| Inventories | 21 | 827 | 780 | 1 062 |
| Tax assets | | 10 | 23 | 23 |
| Accounts receivables - trade | 22 | 874 | 874 | 871 |
| Prepaid expenses and accrued income | | 46 | 42 | 57 |
| Other receivables | | 77 | 53 | 128 |
| Cash and cash equivalents | 23 | 317 | 426 | 277 |
| **Current assets, total** | | **2 151** | **2 198** | **2 418** |
| **Assets, total** | | **8 149** | **9 019** | **9 209** |

## Statement of the financial position of the group

| Equity and liabilities | Note | 31 Dec 2010 | 31 Dec 2009 | 1 Jan 2009 |
|---|---|---|---|---|
| **Equity** | | | | |
| Share capital | 24,25 | 0 | 0 | 0 |
| Other contributed equity | | 1 029 | 1 026 | 1 000 |
| Reserve | | -511 | -54 | - |
| Profit/loss carried forward | | 821 | 194 | -15 |
| **Equity related to owners of the parent company** | | **1 339** | **1 166** | **985** |
| Holding without controlling influence | | 2 | - | - |
| **Equity, total** | | **1 341** | **1 166** | **985** |
| **Liabilities** | | | | |
| Long-term interest bearing liabilities | 26 | 5 162 | 6 034 | 6 137 |
| Other non-current liabilities | | - | 7 | 7 |
| Pension provisions | 13 | 106 | 103 | 101 |
| Other provisions | 27 | 15 | 15 | 6 |
| Deferred tax liabilities | 17 | 159 | 184 | 133 |
| **Non-current liabilities, total** | | **5 442** | **6 343** | **6 384** |
| Short-term interest bearing liabilities | 26 | 58 | 109 | 157 |
| Accounts payable | | 513 | 504 | 487 |
| Tax liabilities | | 27 | 21 | 3 |
| Other liabilities | | 35 | 38 | 442 |
| Accrued expenses and prepaid income | 28 | 657 | 687 | 706 |
| Provisions | | 76 | 151 | 45 |
| **Total short-term liabilities** | | **1 366** | **1 510** | **1 840** |
| **Equity and liabilities, total** | | **8 149** | **9 019** | **9 209** |

For information about the group’s pledged assets and contingent liabilities, see notes 31 and 32.

## Statement of changes in group equity

| Equity related to owners of the parent company<br>SEK M | Share capital | Other contributed equity | Translation reserve | Profit/loss carried forward after this year | Total | Holding without controlling influence | Total equity |
|---|---|---|---|---|---|---|---|
| **Equity brought forward 1 Jan 2009** | 0 | 1 000 | - | - | 1 000 | - | 1 000 |
| Adjusted for retroactivity | - | - | - | -15 | -15 | - | -15 |
| Justerat equity 1 Jan 2009 | 0 | 1 000 | 0 | -15 | 985 | 0 | 985 |
| **Total profit/loss for the year** | | | | | | | |
| Net profit/loss for the year | - | - | - | 208 | 208 | - | 208 |
| Total profit/loss for the year, other | - | - | -54 | - | -54 | - | -54 |
| **Total profit/loss for the year** | **0** | **0** | **-54** | **208** | **154** | **0** | **154** |
| **Transactions with the group's owner** | | | | | | | |
| **Contributions from value transfers to owner** | | | | | | | |
| New issue of shares | 0 | 26 | - | - | 26 | - | 26 |
| Total contributions from and value transfers to owner | 0 | 26 | 0 | 0 | 26 | 0 | 26 |
| **Equity carried forward 31 Dec 2009** | **0** | **1 026** | **-54** | **194** | **1 166** | - | **1 166** |
| **Equity brought forward 1 Jan 2010** | 0 | 1 026 | -54 | 194 | 1 166 | - | 1 166 |
| **Total profit/loss for the year** | | | | | | | |
| Net profit/loss for the year | - | - | - | 627 | 627 | 1 | 628 |
| Total profit/loss for the year | - | - | - | - | -457 | - | -457 |
| **Total profit/loss for the year** | **0** | **0** | **-457** | **627** | **170** | **1** | **171** |
| **Transactions with the group's owner** | | | | | | | |
| **Contributions from and change in value to owner** | | | | | | | |
| New issue of shares | 0 | 3 | - | - | 3 | 1 | 4 |
| Total contributions from and change in value to owner | - | 3 | - | - | 3 | 1 | 4 |
| **Equity carried forward 31 Dec 2010** | **0** | **1 029** | **-511** | **821** | **1 339** | **2** | **1 341** |

## The group's cash flow statement

| 1 January - 31 December<br>SEK M | Note | 2010 | 2009 |
|---|---|---|---|
| | 29 | | |
| **Operating activities** | | | |
| Profit/loss after after financial items | | 909 | 121 |
| Profit/loss from discontinued operations net after tax | | -70 | 10 |
| Adjustments for non-cash items | | -93 | 260 |
| Income tax paid | | -30 | -12 |
| **Cash flow from operating activities before working capital changes** | | 716 | 379 |
| **Cash flow from working capital changes** | | | |
| Increase(-)/Decrease(+) in inventories | | -144 | 217 |
| Increase(-)/Decrease(+) in receivables | | -176 | -16 |
| Increase(-)/Decrease(+) in accounts payable - trade | | 13 | -182 |
| **Cash flow from operating activities** | | 409 | 398 |
| **Investing activities** | | | |
| Acquisistion of business segment | | -20 | 0 |
| Sale of business segment | | 122 | 0 |
| Acquisistion of intangible assets | | -6 | 0 |
| Acquisistion of property, plant and equipment | | -108 | -80 |
| Sale of property, plant and equipment | | 11 | 28 |
| **Cash flow from investing activities** | | -1 | -52 |
| **Financing activities** | | | |
| New issue of shares | | 3 | 26 |
| New borrowings | | 36 | 0 |
| Repayment of debt | | -540 | -217 |
| **Cash flow from financing activities** | | -501 | -191 |
| **Cash flow for the year** | | -93 | 155 |
| Cash and cash equivalents at beginning of the year | | 426 | 277 |
| Exchange rate differences in cash and cash equivalents | | -16 | -6 |
| **Cash and cash equivalents at end of the year** | | 317 | 426 |

## Statement of the parent company's total profit/loss

| 1 January - 31 December<br>SEK M | 2010 | 2009 |
|---|---|---|
| Other operating income | 0 | 0 |
| **Operating profit/loss** | 0 | 0 |
| **Profit/loss from financial items** | 0 | 0 |
| Other interest income and similar profit/loss items | 0 | 0 |
| Interest expenses and similar profit/loss items | 0 | 0 |
| **Profit/loss after financial items** | 0 | 0 |
| Appropriations | 0 | 0 |
| **Profit/loss before tax** | 0 | 0 |
| Tax | 0 | 0 |
| **Net profit/loss for the year** | 0 | 0 |

**Statement of the parent company's total profit/loss**

| | | |
|---|---|---|
| Net profit/loss for the year | 0 | 0 |
| Total profit/loss, other | 0 | 0 |
| **Total profit/loss for the year** | 0 | 0 |

## The parent company's balance sheet

| | Note | 31 Dec 2010 | 31 Dec 2009 |
|---|---|---|---|
| **As of 31 December** | | | |
| SEK M | | | |
| **Assets** | | | |
| **Non-current assets** | | | |
| Financial assets | | | |
| Participation in group companies | 30 | 1 000 | 1 000 |
| Total financial assets | | 1 000 | 1 000 |
| **Non-current assets, total** | | 1 000 | 1 000 |
| **Current assets** | | | |
| Cash and cash equivalents | | 29 | 26 |
| **Current assets, total** | | 29 | 26 |
| **Assets, total** | | 1 029 | 1 026 |
| **Equity and liabilities** | | | |
| **Equity** | 25 | | |
| Restricted equity | | | |
| Share capital | | 0 | 0 |
| | | 0 | 0 |
| Non-restricted equity | | | |
| Share premium reserve | | 1 029 | 1 026 |
| Profit or loss brought forward | | 0 | 0 |
| Net profit/loss for the year | | 0 | 0 |
| **Equity, total** | | 1 029 | 1 026 |
| **Equity and liabilities, total** | | 1 029 | 1 026 |

| | | | |
|---|---|---|---|
| **Pledged assets and contingent liabilities, parent company** | | | |
| **As of 31 December** | | | |
| SEK M | | | |
| Pledged assets | 31 | 1 029 | 1 026 |
| Contingent liabilities | 32 | 80 | 77 |

## Report on changes in parent company equity

| SEK M | Share capital | Share premium reserve | Profit/loss carreid forward, incl this year | Equity, total |
|---|---|---|---|---|
| **Brought forward 1 Jan 2009** | 0 | 1 000 | - | 1 000 |
| **Profit/loss, total** | | | | |
| Net profit/loss for the year | 0 | 0 | 0 | 0 |
| **Total total profit/loss** | 0 | 0 | 0 | 0 |
| | | | | |
| **Transactions with shareholders** | | | | |
| New issue of shares | 0 | 26 | 0 | 26 |
| **Carried forward 31 Dec 2009** | 0 | 1 026 | 0 | 1 026 |
| | | | | |
| **Brought forward 1 Jan 2010** | 0 | 1 026 | 0 | 1 026 |
| Profit/loss, total | - | - | - | 0 |
| Net profit/loss for the year | - | - | - | 0 |
| **Total profit/loss** | 0 | 0 | 0 | 0 |
| | | | | |
| **Transactions with shareholders** | | | | |
| New issue of shares | 0 | 3 | 0 | 3 |
| **Carried forward 31 Dec 2010** | 0 | 1 029 | 0 | 1 029 |

Share capital amounts to K 229 SEK (K 229 SEK).

## The parent company's cach flow statement

| **1 January - 31 December** SEK M | **Note** | **2010** | **2009** |
|---|---|---|---|
| | 29 | | |
| **Operating activities** | | | |
| Operating profit/loss before financial items | | 0 | 0 |
| Adjustments for non-cash items | | 0 | 0 |
| Income tax paid | | 0 | 0 |
| **Cash flow from operating activities before working capital changes** | | 0 | 0 |
| **Cash flow from working capital changes** | | | |
| Increase/decrease inventories | | 0 | 0 |
| Increase/decrease receivables | | 0 | 0 |
| Increase/decrease accounts payable - trade | | 0 | 0 |
| **Cash flow from operating activities** | | 0 | 0 |
| **Investing activities** | | | |
| **Cash flow from investing activities** | | 0 | 0 |
| **Financing activities** | | | |
| New issue of shares | | 3 | 26 |
| **Cash flow from financing activities** | | 3 | 26 |
| Cash flow for the year | | 3 | 26 |
| Cash and cash equivalents at beginning of the year | | 26 | 0 |
| **Cash and cash equivalents at end of the year** | | 29 | 26 |

# Notes, parent company and group

## Note 1 Significant accounting policies

**Compliance with standards and regulations**
The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU as well as the Swedish Financial Accounting Standards Council's Recommendation RFR 1 Supplementary Accounting Regulations for Groups. This financial statement is the first complete financial statement prepared in accordance with IFRS. The date of the group's transition to IFRS is 1 January 2009. The group has until the fiscal year 2009 prepared its consolidated accounts in accordance with the Annual Accounts Act and statements and advice of the Swedish Accounting Standards Board. In connection with the transition from previous GAAP to IFRS, the group has applied IFRS 1, which is the standard that describes how the transition to IFRS must be recognised.

The parent company applies the same policies as the group except in the cases listed below under "Parent Company".

**Basis of preparation of the consolidated financial statements**
The accounting policies set out in this note have been applied in the consolidated accounts as of 31 December 2010 and for the comparative information presented on 31 December 2009 as well as the establishment of net financial position (IFRS balance sheet) as at 1 January 2009 (the group's date of transition to IFRS). Note 24 contains a summary and explanation of how the transition to IFRS has affected the group's financial position and results and reported cash flows. The estimates prepared under IFRS on 1 January 2009 coincide with the estimates made under previous GAAP at that time. The group has the chosen optional exemption under IFRS 1: Exemption from business combinations. This gives relief from full retrospective application which would require the translation of business combinations prior to the transition date. The group applies IFRS 3 prospectively to business combinations occurring after the date of transition to IFRS. Business combinations that occurred prior to transition date have not been restated. The group has not chosen to apply some of the other optional exemptions. None of the mandatory exemptions provided in IFRS 1 is relevant to the group on transition from previous GAAP to IFRS.

The parent company's functional currency is Swedish krona, the reporting currency of the parent. This means that the financial statements are presented in Swedish kronor. All amounts, unless otherwise indicated, are rounded to the nearest million.

Assets and liabilities are reported at historical cost basis except for certain financial assets and liabilities measured at fair value. Financial assets and liabilities measured at fair value consist of derivative financial assets classified as financial assets at fair value through profit or financial assets available for sale.

Non-current assets and disposal groups held for sale are reported, with some exceptions, starting at classification as such assets, the lower of the reclassification of the carrying value and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make estimates as well as assumptions affecting the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant impact on the financial statements and estimates that could lead to significant adjustments in the following year's financial statements are described in Note 2.

The following accounting policies have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise indicated below, and in preparing the consolidated opening balance sheet under IFRS at 1 January 2009 that explains the transition from previous GAAP to IFRS. The group's accounting policies have been consistently applied to the reporting of parent companies and subsidiaries.

The income statement has been restated for the previous year as if the discontinued operations of the current year were discontinued from the beginning of last year. Certain comparative figures have been reclassified to conform to the presentation in the current year's financial statements / reference for a detailed description of the note / s below.

**Classification, etc.**
Non-current assets and financial liabilities consist of amounts expected to be recovered or settled more than twelve months from the closing date. Current assets and current liabilities consist of amounts expected to be recovered or settled within twelve months from the closing date.

**Consolidated accounts**
The consolidated accounts include companies in which the parent company directly or indirectly holds a controlling interest. Such control consists of the right to govern, directly or indirectly, the financial and operating policies so as to obtain benefits. In assessing whether control exists, potential voting rights that can be utilised or converted are taken into account.

Subsidiaries are accounted for under the purchase method. The method entails that the acquisition of a subsidiary is considered a transaction by which the group indirectly acquires the subsidiary's assets and its liabilities. In the acquisition analysis the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed determined as well as any non-controlling interest. Transaction costs, excluding transaction costs that are attributable to the issuance of equity instruments or debt instruments, are recognised in the profit/loss for this year. Such acquisitions where the consideration transferred, any non-controlling interest and the fair value of previously owned shares (in step acquisitions) surpass the fair value of assets acquired and liabilities assumed are recorded separately, the difference is recorded as goodwill. When the difference is negative, so-called bargain purchase is recognised in the profit/loss for this year. Consideration transferred in connection with the acquisition does not include payments for the settlement of past business relationships. This type of regulation is reported in the results.

Contingent purchase prices are recognised at fair value at the acquisition date. In cases where the contingent consideration is classified as equity instruments, no revaluation is made and settlement is made in equity. Other contingent considerations are revalued at any reporting date and the change is recognised in the profit/loss for the year. In the event the acquisition does not relate to 100% of the subsidiary non-controlling interest is incurred. There are two options to account for non-controlling interest. These two options are to report the non-controlling interest in proportion to its share of net assets or the non-controlling interests at fair value, which means that non-controlling interests are part of goodwill. The choice between the different alternatives to account for non-controlling interest can be done for each acquisition. For gradual acquisitions the goodwill is determined on the date on which control occurs. Earlier holdings are valued at fair value and changes in value recognised in the profit/loss for the year. For sales which lead to loss of control, but with a remaining holding, this holding is valued at fair value and changes in value recognised in the profit/loss for the year.

Acquisitions made before 1 January 2009 (date of transition to IFRS): For acquisitions made before 1 January 2009, goodwill has, for impairment testing, been recognised at cost which corresponds to the carrying amount under previous accounting principles. The classification and accounting treatment of business combinations that occurred before 1 January 2009 have not been reassessed in accordance with IFRS 3, when establishing the group's opening IFRS balance sheet at 1 January 2009.

Subsidiaries are fully consolidated from the date of acquisition until the date that control ceases. In cases where the subsidiary's accounting policies do not comply with the group's accounting policies, adjustments have been made to the group's accounting policies. Losses attributable to non-controlling interest are distributed to non-controlling interest although non-controlling interest will be recorded as a debit item under equity.

Acquisitions of non-controlling interest are reported as a transaction in equity, i.e. between the parent company (in profit brought forward) and non-controlling interest. Therefore no good will arises in these transactions. The change of non-controlling interest is based on its proportionate share of net assets. A sale to non-controlling interest, where the dominant influence remains, is reported as a transaction in equity, or between parent company and non-controlling interest. The difference between the price received and the non-controlling interest's proportionate share of net assets acquired is recorded in profit brought forward.

**Elimination of transactions between group companies**
Intercompany receivables and liabilities, income and expenses and unrealised gains or losses arising from intercompany transactions between group companies are eliminated in full in preparing the consolidated financial statements.

**Foreign currency transactions**
Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing on the transaction date. Functional currency is the currency of the primary economic environment in which the group companies operate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing on the reporting date. Exchange differences arising from translation are recognised in the profit/loss for the year. Non-monetary assets and liabilities carried at historical cost are translated at transaction date. Non-monetary assets and liabilities carried at fair value are translated into the functional currency at the rate prevailing at the time of the fair value measurement. Exchange rate differences on operating receivables and liabilities are included in operating income, while the exchange rate differences on financial assets and liabilities are recorded as financial items.

**Translation of foreign subsidiaries**
Assets and liabilities of foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign operations' functional currency to the group's reporting currency, Swedish kronor, at the exchange rate prevailing on the reporting date. Income and expenses from foreign operations are translated to Swedish kronor at an average rate that approximates the exchange rates in existence at the date of each transaction. Exchange differences arising from translation of foreign operations are recognised in other comprehensive income and expenses and accumulated in a separate component of equity, called the translation reserve. In the event that the foreign operation is not wholly owned translation difference is distributed to non-controlling interest based on its proportionate share of ownership. At disposal of foreign operations the related cumulative translation differences are realised as well reclassified from the translation reserve in equity into profit/loss for the year. In case of disposals where control remains a proportionate share of cumulative translation adjustments are transferred from other comprehensive income and expenses to non-controlling interest.

**Net investment in foreign operations**
Monetary long-term receivables regarding foreign operation for which settlement is neither planned nor will likely happen in the foreseeable future, is in fact part of the company's net investment in foreign operations. An exchange difference arising on monetary non-current assets are recognised in other comprehensive income and expenses and accumulated in a separate component of equity, called the translation reserve. At disposal of a foreign operation, the cumulative exchange differences relating to monetary long-term assets are included in the cumulative translation adjustments and are reclassified from the translation reserve in equity to profit/loss for the year.

**Income**
Income from the sale of goods is recognised in the profit/loss for the year when the significant risks and rewards of ownership have been transferred to the buyer. Income is not recognised if it is probable that the economic benefits will not flow to the group. If there is significant uncertainty regarding the payment, associated costs or the risk of returns and the seller remains involved in the ongoing management that is usually associated with ownership, no income is recognised. Income is recognised at the fair value of the consideration received or expected to be received, net of any discounts.

**Subsidies**
Government grants are recognised in the statement of financial position as accrued income when there is reasonable assurance that the grant will be received and that the group will comply with the conditions attaching to them. Contributions are distributed systematically in profit/loss for the year in the same way and over the same periods as the costs that they are intended to compensate. Government grants related to assets are reported in the statement of financial position as a deferred credit and amortised as other operating income over the asset's useful life.

**Leasing**
Leases are classified as either finance or operating leases. Financial leases exist when the economic risks and benefits associated with ownership are essentially transferred to the lessee. If not, it is an operating lease.

**Operating leases**
Costs for operating leases are recognised in the profit/loss for the year on straight-line basis over the lease term. Benefits received in connection with the signing of an agreement are recognised in the profit/loss for the year as a reduction of the lease payments on straight-line basis over the lease term. Variable costs are written off in the periods that they arise. Assets leased under operating leases are recognised as assets in the statement of financial position. Operating leases do not give rise to liability.

**Finance leases**
The minimum lease payments are distributed between interest expense and repayment of outstanding debt. The interest expenses are distributed over the leasing period so that each reporting period includes an amount equal to a fixed interest rate for the liability recognised in each period. Variable costs are written off in the periods that they arise. Assets leased under finance leases are accounted for as non-current assets in the statement of financial position and are initially measured at the lower of the leased asset's fair value and the present value of minimum lease payments at inception of the lease. The obligations to pay future lease payments are recognised as long-term liabilities. The leased assets are depreciated over their useful life, while lease payments are recorded as interest and repayment of debt.

**Financial income and expenses**
Financial income and expense include interest income on bank deposits and loans and debt securities, interest on loans, dividend income, foreign exchange differences, unrealised and realised gains on financial investments and derivatives used in financing activities. Interest income on receivables and interest on debt is calculated using the effective interest method. The effective rate is the rate that makes the present value of all estimated future cash payments and receipts over the expected fixed interest equal to the carrying value of the asset or liability. Interest income and interest expenses include accrued transaction costs and any discounts, premiums and other differences between the originally reported value of the claim or liability and the amount settled at maturity and the estimated future cash payments or receipts during the contract period. Dividend income is recognised at establishment of the right to receive payment.

**Taxes**
Income tax comprises current and deferred taxes. Income tax is recognised in the profit/loss for the year unless the underlying transaction is recognised in other comprehensive income and expenses or in equity, whereby the associated tax effect is recognised in other comprehensive income and expenses or in equity.

Current tax is the tax payable or refundable for the current year, the tax rates enacted or substantively enacted by reporting date. Current tax also includes adjustments of current tax of prior periods.

Deferred tax is calculated in accordance with the temporary differences between the tax bases of assets and liabilities. Temporary differences are not recognised for goodwill, nor for differences relating to investments in subsidiaries and associates which are not expected to reverse in the foreseeable future. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates enacted or substantively enacted by reporting date. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recognised to the extent it is likely that these will be utilised. The value of deferred tax assets is reduced when it is no longer probable that they can be utilised.

**Financial instruments**
Financial instruments recognised in the statement of financial position includes cash and cash equivalents, loan receivables, accounts receivable, financial investments and derivatives. Among the liabilities are accounts payable, loans and derivatives.

A financial asset or financial liability is recognised in the statement of financial position when the company is party in accordance with the contractual terms. Accounts receivable are included in the statement of financial position when the invoice is sent or at the time the company has performed and there is an obligation on the counterpart to pay. Liabilities are recognised when the counterparty has performed and a contractual obligation to pay exists, even if the invoice has not been received. Accounts payable are recognised when an invoice is received.

A financial asset is removed from the statement of financial position when the rights are realised, expire or the company loses control over them. The same applies to parts of a financial asset. A financial liability is removed from the statement of financial position when the contractual obligation is fulfilled or otherwise discharged. The same applies to parts of a financial liability.

Financial assets and financial liabilities are offset and the net in the statement of financial position only when there is a legal right to offset amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability.

Acquisitions and disposals of financial assets are recognised when the transaction is carried out (settlement basis) while the derivative is recognised when the agreement was entered into (trade date accounting).

Financial instruments are initially recorded at cost equivalent to the fair value plus transaction costs for all financial instruments except those classified as financial assets at fair value through profit or loss, which are reported at fair value excluding transaction costs. A financial instrument is classified at initial recognition in part based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

Derivatives are initially recognised at fair value entailing that transaction costs are charged to profit/loss for the year. After the initial recognition, derivative financial instruments are recognised as described below. When hedge accounting is not applied, the value increases and decreases in fair value is recognised as income or expenses in operating profit or loss or profit/loss from financial items based on the purpose of the derivative and whether its use is related to an operating item or a financial item. The use of interest rate swap, the interest coupon is recognised as interest and other changes in value of the interest rate swap are reported as other financial income or other financial expense.

Cash and cash equivalents consist of cash and immediately available cash balances with banks and similar institutions and short-term highly liquid investments with original maturity of less than three months which are exposed to insignificant risk of changes in value.

**Financial assets at fair value through profit**
Assets in this category are carried at fair value with changes recognised in profit/loss for the year. This category has two subcategories: financial assets held for trading and other financial assets that the company initially decided to recognise in this category. A financial asset is classified as held for trading if acquired for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are used for hedging purposes. The group has only used the category of assets held for trading.

**Loans and receivables**
Loans and receivables are financial assets that are not derivatives, that have fixed or determinable payments and that are not quoted in an active market. Assets in this category are valued at accrued cost. Accounts receivable are carried at the amounts expected to be received, i.e. after deductions for bad debts.

**Financial liabilities at fair value through profit**
This category has two sub-groups, financial liabilities held for trading and other financial liabilities that the company chose to recognise in this category. The first category includes the group's derivatives with negative fair value, except for derivatives that are designated and effective hedging instruments. Changes in fair value are recognised in the profit/loss for the year. The group uses only the category of derivative instruments.

**Other financial liabilities**
Loans and other financial liabilities, such as accounts payable, are included in this category. The liabilities are valued at accrued cost.

**Derivatives**
The group's derivative instruments have been acquired to hedge the risks of interest rate and currency exposures that the group is exposed to. Derivatives are reported in the statement of financial position at fair value entailing that transaction costs and value changes are charged to profit/loss for the year. The group does not apply hedge accounting.

**Assets and liabilities denominated in foreign currencies**
To hedge the claim or debt against exchange rate risks, currency futures are used. Hedge accounting is not applied for protection against currency risk, as an economic hedge is reflected in the statements by both the underlying asset or liability and the hedging instrument being recognised at the closing rate and exchange rate and changes reported in profit/loss for the year. Currency movements related to operating assets and liabilities are recognised in operating profit/loss, while changes in exchange rates on financial assets and liabilities are recorded in financial items.

**Securing sales in foreign currency**
The currency forward contracts used to hedge highly probable forecast sales in foreign currencies are recorded in the statement of financial position at fair value. Net changes are recognised in the income statement when the group does not apply hedge accounting.

**Hedging of the group's fixed interest**
To hedge against the uncertainty of highly probable forecast interest payments regarding borrowings to floating rate, swaps are used in which the Company receives a floating rate and pay a fixed rate. Interest rate swaps are valued at fair value in the statement of financial position. Interest coupons are reported on this year's results as part of the interest cost. As the group is not applying hedge accounting, unrealised changes in fair value and interest coupon are recorded as a financial income or expense on swaps in the income statement.

**Tangible assets**
Property, plant and equipment, i.e.tangible non-current assets, are reported at acquisition cost less accumulated depreciation and impairment losses. Cost includes purchase price and expenses directly attributable to the asset to put it in place and in condition to be used in accordance with the purpose of the acquisition. Borrowing costs that are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for their intended use or sale are included in the cost. Tangible non-current assets consisting of parts with different useful lives are treated as separate components of property, plant and equipment.

The carrying value of property, plant and equipment is removed from the statement of financial position at retirement or disposal or when no future economic benefits expected from the use or disposal of the asset. Gains or losses arising on the disposal or retirement of an asset is the difference between the asset's carrying value, net of direct selling costs. Gains and losses are reported as other operating income / expense.

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the asset will flow to the group and the cost can be measured reliably. All other subsequent costs are written off in the period they arise.

An additional expense is added to the cost if the expense relates to the replacement of identified components or parts thereof. Even in cases of creating a new component, the cost is added to the acquisition cost. Any reported values of replaced components, or parts of components, are recognised as an expense in connection with the exchange. Repairs are written off as incurred.

**Intangible assets**
**Goodwill**
Goodwill represents the difference between the cost of acquisition and the fair value of acquired assets, liabilities and contingent liabilities. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but tested annually for impairment.

**Other intangible assets**
Other intangible assets acquired by the group are stated at cost less accumulated amortisation. Expenditures on internally generated goodwill and brands in the income statement are written off as incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for their intended use or sale are included in the cost. Cost of system development and research and development is activated only if the expenditure is expected to provide identifiable future economic benefits. Other costs of product development in the income statement are written off as incurred. The majority of the group's development costs attributable to maintenance and upgrading of existing products and the income statement are written off as incurred.

**Depreciation and amortisation**
**Depreciation**
Depreciation is made on a straight-line basis over the estimated useful life. Land is not depreciated. Leased assets are also written off over their estimated useful lives or, if shorter, over the agreed lease period. The group applies component depreciation, which means that the components' useful life is the basis for depreciation. Assessment of an asset's residual values and useful lives are reviewed annually.

| Useful lives | **Corporate** | **Parent** |
|---|---|---|
| Buildings and land improvements | 35-40 years | - |
| Machinery and equipment | 7-15 years | - |
| Tools, fixtures and fittings | 3-7 years | - |

**Amortisation**
Goodwill and other intangible assets with indefinite useful lives or that are not yet ready for use, are impairment tested annually and, additionally, as soon as there are indications that the asset has lost value. Intangible assets with determinable useful lives are amortised from the date they are made available for use. Amortisation is recognised in the profit/loss for the year on a straight-line basis over the intangible assets estimated useful life. Assessment of an asset's residual values and useful lives are reviewed annually.

| Useful lives | **Corporate** | **Parent** |
|---|---|---|
| Capitalised development expenditure | 5 - 10 years | - |
| IT systems | 5 - 7 years | - |
| Other intangible assets | 5 - 10 years | - |

**Inventories**
Inventories are valued at the lower of cost and net realisable value. The cost of inventories is calculated by the first-in, first-out principle (FIFO) and includes expenditure incurred in the acquisition of inventory items and those incurred in transporting them to their present location and condition. For finished goods and work in progress, cost includes an appropriate share of overheads based on normal capacity. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

**Impairment**
The carrying amounts of the group's assets are reviewed at each reporting date to assess whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is calculated. For goodwill and other intangible assets with indefinite useful lives, the recoverable amount is calculated annually. IAS 36 is applied for impairment of assets other than financial assets accounted for under IAS 39, assets held for sale and disposal groups are recognised according to IFRS 5, inventories and deferred tax assets. For exempt assets as described above the carrying value is assessed under each standard. Impairment loss is recognised if the recoverable amount is less than the carrying value. An impairment loss is charged to operating profit/loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In calculating value in use, cash flows are discounted using a discount rate that reflects current market rate and the risk associated with the specific asset. For an asset that generates cash flows that are largely independent of other assets, the recoverable amount of the cash is recorded for the generating unit to which the asset belongs. Impairment of a cash-generating unit is primarily made against goodwill and then assigned to the remaining assets of the unit down proportionately. All financial assets, except those classified as financial assets at fair value through profit or loss, are tested for impairment. At each reporting date, the company assesses whether there is objective evidence that indicates that a financial asset or group of assets is impaired. Objective evidence consists partly of observable conditions that occurred and which have a negative impact on the ability to recover the cost as well as a significant or prolonged decline in the fair value of an investment in a financial investment classified as a financial asset that can be sold.

An impairment of assets in accordance with IAS 36 is reversed if there is an indication that the impairment no longer exist and there has been a change in the assumptions underlying the calculation of recoverable amount. Impairment losses on goodwill are not reversed. A reversal is done only to the extent that the carrying value after reversal does not exceed the carrying amount that would have been recorded, net of depreciation/amortisation where appropriate, if no impairment loss been made. Impairment losses on loans and receivables carried at accrued cost is reversed if the previous reasons for impairment no longer exist and that full payment from the customer is expected to be obtained.

**Earnings per share**
The calculation of earnings per share is based on the consolidated profit attributable to equity shareholders and the weighted average number of shares outstanding during the year. The calculation of earnings per share after dilution, profit and the average number of shares are adjusted to take into account the effects of the dilutive potential ordinary shares.

**Employee benefits**
Pensions
The majority of the group's pension commitments are fulfilled through continuous payments to independent bodies administering the plans, known as defined contribution pension plans. In some of the group's subsidiaries in Sweden, there are defined benefit plans for pensions. For the defined contribution schemes are pension expenses are recognised continuingly, such expenses being matched by the contributions paid. The cost is recognised over the period the employee performed the pertinent services. There is no obligation to pay additional fees.

The group's net obligation for defined benefit plans is calculated separately for each plan by estimating the future benefits that employees have earned through employment in both the current and prior periods, these benefits are discounted to present value. The discount rate is the interest on the reporting date on a first-rate corporate bond with a maturity equal to the group's pension obligations. When there is no active market for such corporate bonds, the market rate for government bonds with a similar maturity is used. The calculation is performed by a qualified actuary using the Projected Unit Credit Method. Furthermore, the fair value of plan assets is calculated at the reporting date.

In determining the present value of the liability as well as the fair value of plan assets, actuarial gains and losses may arise. These arise either because the actual outcome differs from previous assumptions or the assumptions are changed. Actuarial gains and losses are recognised under the corridor method.

In the statement of financial position, value of pensions and similar obligations are reported equivalent to present value at year-end, less the fair value of plan assets, unrecognised actuarial gains or losses and unrecognised costs for past service. The company currently has no plan assets.

Other old-age pensions under the ITP / ITPK in Sweden are insured by the group, through premium payments to Alecta. According to a statement from the Swedish Financial Reporting Board, UFR3, such scheme shall be defined as a defined benefit plan covering multiple employers. For the financial year 2010, the group has not had access to information from Alecta that would have enabled to classify this plan as a defined benefit plan. The plan has therefore been reported as a defined contribution plan.

Other post-employment benefits
The group's subsidiaries in Italy provide so-called TFR plans (Trattamento di Fine Rapporto) to their employees. Employees have the right to get the provisions for these plans, post-employment. The commitment and the expected payments of these benefits are calculated and presented in a similar way as for defined benefit pension plans.

Bonus salaries
Reservations for bonuses to certain employees are reported in accordance with the agreements and their economic significance.

**Provisions**
A provision differs to other liabilities as to the uncertainty on the timing or amount of settlement. A provision is recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are made for the amount that is the best estimate of what it takes to settle the present obligation at the reporting date. Where the effect of the timing of money is material, provisions are calculated by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of time value of money and, if appropriate, the risks associated with debt.

A provision for restructuring is recognised when there is a detailed, formal restructuring plan and the restructuring has either commenced or been publicly announced. No provisions are made for future operating costs.

**Assets held for sale and discontinued operations**
The implication of a non-current asset (or disposal group) being classified as held for sale is that the carrying amount will be recovered principally through sale rather than through use.

Immediately before classification as held for sale, the carrying value of assets (and all assets and liabilities in a disposal group) is determined in accordance with applicable standards. At first classification as held for sale, current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. The following assets, individually or in a disposal group, are exempt from the above valuation rules:

- Deferred tax assets
- Assets attributable to employee benefits
- Financial assets covered by IAS 39 Financial Instruments: Recognition and Measurement

The profit is reported for each increase in the fair value less selling costs. This gain is limited to an amount that matches the total write-downs. Losses due to impairment at initial classification as held for sale are recognised in the profit/loss for the year. For subsequent changes in value, both gains and losses are recognised in the profit/loss for the year.

A discontinued operation is part of a company's business that represents an independent business or a significant activity within a geographical area or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or at an earlier time when the operation meets the criteria for classification as held for sale. Profit after tax from discontinued operations is reported on a separate line in the income statement. When an activity is classified as a discontinued the design of the comparison year income statement is changed so such activity is accounted for as discontinued operations as if it were discontinued at the beginning of the comparative year. The design of the statement of financial position for the current and prior years does not change accordingly.

**Contingent liabilities**
Contingent liabilities are recognised when there is a possible obligation that arises from past events and whose existence will be confirmed only by one or more uncertain future events, or when there is a commitment that is not recognised as liability or provision because it is not probable that an outflow of resources will be required.

**Parent company's accounting**
The parent company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the Financial Reporting Board's recommendation RR 2 Accounting for Legal Entities (December 2009). RFR 2 prescribes that the parent in the financial statements of the legal person must apply all the IFRS and interpretations as far as possible within the framework of the Annual Accounts Act, with the Safeguard Act and with regard to the relationship between accounting and taxation. The recommendation specifies which exemptions from and amendments to IFRS to be done.

**Differences between the group and Parent Company**
The differences between the accounting policies are described below. The following accounting policies for the parent company have been applied consistently to all periods presented in financial statements.

**Classification and presentation**
For the parent company an income statement and a statement of total profit/loss are reported. Further, the parent company balance sheet entries and cash flow statement for the reports of the group are headed statement of financial position and statement of cash flows. Income statement and balance sheet for the parent company are established in accordance with the Annual Accounts Act, while the statement of total profit/loss, statement of changes in equity and cash flow analysis are based on IAS 1 Presentation of Financial Statements and IAS 7 Cash Flow Statements. The differences in consolidated reports that are evident in the income statement and balance sheet consist primarily of accounting for financial items, non-current assets, equity and the existence of provisions as a separate item in the balance.

**Subsidiaries**
Shares in subsidiaries are accounted for in the parent company using the cost method. This means that transaction costs are included in the carrying amount of investments in subsidiaries. In the consolidated accounts, transaction costs are recognised directly in profit/loss when they arise. The parent company's financial assets are carried at cost less any impairment loss and financial assets at the lower of cost or market.

**Taxes**
The parent company recognises, in its balance sheet, untaxed reserves without a breakdown into equity and deferred tax, in contrast to the group. The parent company's income statement is made in the same way, entailing that no allocation is made for parts of the appropriations for deferred taxes.

**Group and shareholder contributions for legal entities**
The company reports group and shareholders' contributions in accordance with the statement of the Swedish Financial Reporting Board (UFR 2). Shareholders' contributions are recognised directly in equity of the recipient and capitalised in shares and participations, to the extent that impairment is not required. Group contributions are reported according to their economic significance. This means that group contributions paid and received for the purpose of minimising the total tax are charged directly to profit brought forward less the related tax effect. Group contributions in lieu of dividends are reported as dividends. This means that Group contributions received and the related tax effect are recognised in the income statement. Issued group contributions, and their current tax effect are recognised directly in profit brought forward. Group contributions equal to shareholders' contributions are recognised with regard to the current tax effect, at the recipient directly to profit brought forward. The issuer reports the group contribution and the related tax effect of investment in shares in Group companies, to the extent that impairment is not required.

## Note 2 Estimates and assumptions

The preparation of financial statements and application of accounting standards are based in some cases on the judgments, estimates and other assumptions that management believes are reasonable under the circumstances. For obvious reasons, these estimates and judgments are based on experiences and expectations of future events. If other estimates and assumptions were made, the result would have been different.

**Goodwill**
Each year an assessment takes place whether any impairment is related to goodwill. For each cash generating unit, a calculation of the value in use is done in order to determine the recoverable amount for each unit. Assumptions about future conditions and estimates of parameters have been made. An explanation of these can be found in Note 19.

**Taxes**
Deferred tax is calculated on the temporary differences between tax and carrying amounts of assets and liabilities. For these calculations, there are essentially two types of estimates and assumptions that impact the deferred tax reported. Firstly, it is the estimates and assumptions made to determine the carrying value and, secondly, it is the judgments regarding the possibility of using existing tax losses against future taxable profits.

## Note 3 Valuation of financial assets and liabilities at fair value

The fair value and carrying amount in the statement of financial position

| **The group 2010** | Financial assets at fair value thorugh profit/loss | | Derivatives utilised in hedge accounting | Receivables from loans and trade | Investments retained until maturity | Financial assets that may be sold | Financial liabilities at fair value thorugh profit/loss | | Other liabilities | **Total, book value** | **Fair value** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SEK M | Financial liabilities at fair value option | Holdings for trading | | | | | Financial liabilities at fair value option | Holdings for trading | | | |
| Accounts receivables, trade | | | | 874 | | | | | | 874 | 874 |
| Short-term financial assets | | | | 36 | | | | | | 36 | 36 |
| Other receivables | | | | 34 | | | | | | 34 | 34 |
| Financial derivatives | | 43 | | | | | | | | 43 | 43 |
| Cash equivalents | | | | 281 | | | | | | 281 | 281 |
| **Total** | **0** | **43** | **0** | **1 225** | **0** | **0** | **0** | **0** | **0** | **1 268** | **1 268** |
| Long-term interest bearing liabilities | | | | | | | | | 5 077 | 5 077 | 5 077 |
| Financial leasing | | | | | | | | | 44 | 44 | 44 |
| Short-term interest bearing liabilities | | | | | | | | | 44 | 44 | 44 |
| Accounts payable | | | | | | | | | 513 | 513 | 513 |
| Accrued interest | | | | | | | | | 5 | 5 | 5 |
| Financial derivatives | | | | | | | | 55 | | 55 | 55 |
| **Total** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **55** | **5 684** | **5 739** | **5 739** |

| **The group 2009** | Financial assets at fair value thorugh profit/loss | | Derivatives utilised in hedge accounting | Receivables from loans and trade | Investments retained until maturity | Financial assets that may be sold | Financial liabilities at fair value thorugh profit/loss | | Other liabilities | **Total, book value** | **Fair value** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SEK M | Financial liabilities at fair value option | Holdings for trading | | | | | Financial liabilities at fair value option | Holdings for trading | | | |
| Accounts receivables, trade | | | | 874 | | | | | | 874 | 874 |
| Short-term financial assets | | | | 151 | | | | | | 151 | 151 |
| Other receivables | | | | 28 | | | | | | 28 | 28 |
| Financial derivatives | | 25 | | | | | | | | 25 | 25 |
| Cash equivalents | | | | 274 | | | | | | 274 | 274 |
| **Total** | **0** | **25** | **0** | **1 328** | **0** | **0** | **0** | **0** | **0** | **1 353** | **1 353** |
| Long-term interest bearing liabilities | | | | | | | | | 5 983 | 5 983 | 5 983 |
| Financial leasing | | | | | | | | | 51 | 51 | 51 |
| Short-term interest bearing liabilities | | | | | | | | | 17 | 17 | 17 |
| Accounts payable | | | | | | | | | 504 | 504 | 504 |
| Accrued interest | | | | | | | | | 98 | 98 | 98 |
| Financial derivatives | | | | | | | | 92 | | 92 | 92 |
| **Total** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **92** | **6 653** | **6 745** | **6 745** |

The tables below are details of how the fair value is determined for the financial instruments measured at fair value in the statement of financial position (see above). Breakdown of the fair value determined is based upon three levels:

Level 1: according to prices quoted on the active market for the same instruments
Level 2: based on either direct or indirect observable market data not included in Level 1
Level 3: based on input data that are not observable in the market

| **Group 2010**<br>SEK M | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Derivative assets | | 43 | | 43 |
| | | | | |
| Derivative liabilities | | -55 | | -55 |

| **Group 2009**<br>SEK M | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Derivative assets | | 25 | | 25 |
| | | | | |
| Derivative liabilities | | -92 | | -92 |

The following summarises the methods and assumptions used to determine the fair value of financial instruments reported in the table above;

**Derivatives**

Currency
For forward contracts, the fair value is determined based on quoted market prices. The market price, calculated from the current rate adjusted for the yield spread between the currencies and the number of days, is compared with the contract rate to obtain a fair value.

The market value of currency options is calculated using the Black-Scholes model and are influenced by the following factors:
Spot rate
The interest rate differential between two currencies
Exercise price (strike)
The time to maturity (maturity)
Volatility
Price level of barrier

Interest
The fair value of interest rate swaps are based on intermediate credit score, the plausibility of which is tested by discounting the estimated cash flows in accordance with its terms and maturity dates and based on market rates for similar instruments at reporting date.

**Accounts receivable and accounts payable**
For receivables and payables with a remaining life of less than six months, the reported value is assumed to reflect fair value. Accounts receivable and accounts payable with a term of more than six months are discounted when the fair value is determined.

**Leasing**
The fair value of finance lease liabilities is based on the present value of future cash flows discounted at the market rate for similar leases.

**Interest bearing liabilities**
Fair value of financial liabilities other than derivative instruments are determined based on future cash flows of principal and interest payments discounted at the current market interest rate at closing. Carrying amount is consistent with the fair value of the group's borrowings when the loans have variable interest rates and credit spreads are not such that the carrying value differs materially from fair value.

## Note 4 Financial Risk Management

Thule is, through its international operations, continuously exposed to different types of financial risks. Financial risk refers to fluctuations in operating results and cash flow due to changes in exchange rates, interest rates, refinancing and credit risks. The group's financial policy for the management of financial risks has been drawn by the board to form a framework of guidelines and rules in the form of risk mandates and limits on financial activities. The Board decides yearly on the financial policy. Responsibility for the group's financial transactions and risks are managed centrally by the group's treasury function which is placed in the parent company, Thule Holding AB. The overall objective of the finance function is to provide cost-effective financing and to minimise adverse effects on earnings arising from market risks. The Audit and Finance Committee prepares and decides on behalf of the board in the practical application of the policy in consultation with the group CFO. The group treasurer regularly reports to the Audit and Finance Committee.

**Organisation and activities**
The Thule Group's financial activities are coordinated by the subsidiary Thule Holding AB, which performs all external financial transactions and also acts as an internal bank for the group's financial transactions in foreign exchange and money markets.

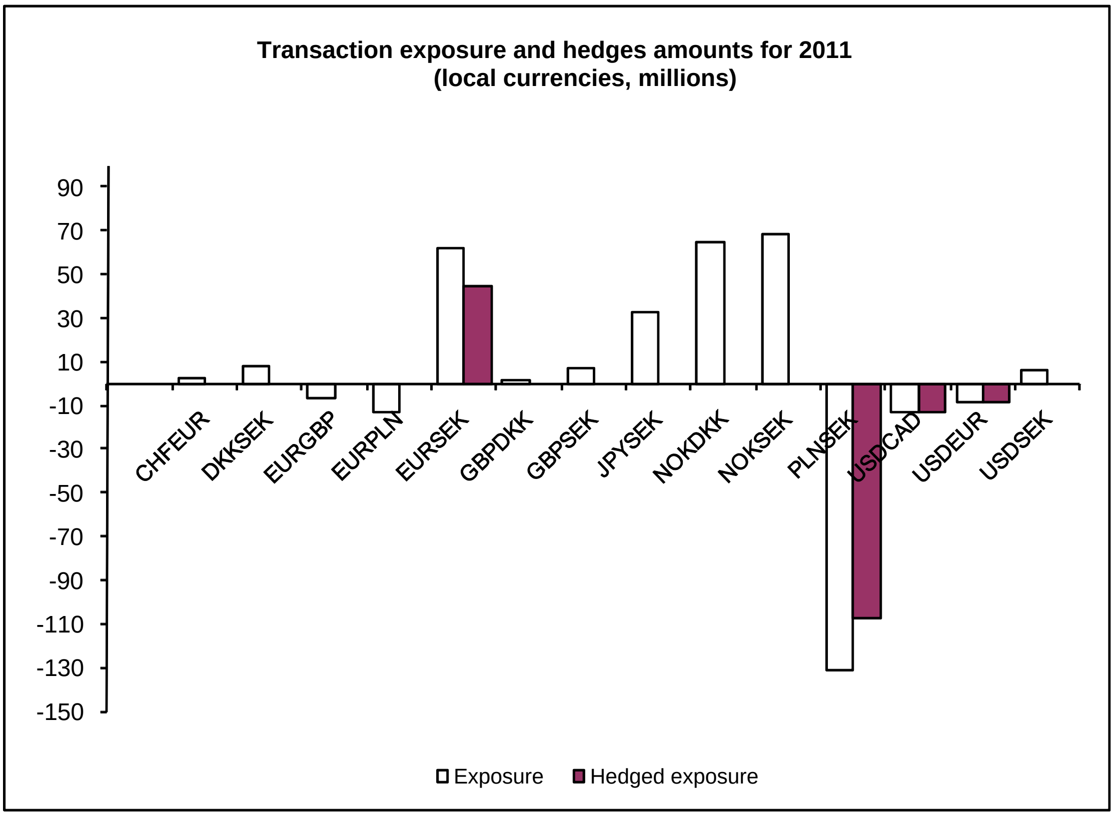
**Market risk**
Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices. Market risk is divided by IFRS in three types: currency risk, interest rate risk and other price risk. The market risks that primarily affect the group are interest rate risk, currency risk and commodity price risk. The group aims to manage and control market risks within defined parameters, while optimising the performance of risk-taking within a given framework. The parameters are defined with a view to market risks in the short term (6-12 months) only affecting the results of operations marginally. In the longer term, however, sustained movements in exchange rates, interest rates and commodity prices have an impact on the consolidated results.

**Currency**
The risk that the fair values and cash flows for financial instruments may fluctuate in value due to foreign currencies change is called currency risk. The group is exposed to various types of currency risk.

Transaction Exposure
The main exposure is derived from the Group´s sale and purchase of foreign currencies. These foreign exchange risks consist of the risk of fluctuations in the value of financial instruments, accounts receivable or accounts payable, and the foreign currency risk of anticipated and contracted payment. These risks are called transaction exposure.

The group's total transaction exposure, net, amounts to some SEK 1,500 M. The single most important foreign relations are EURSEK and PLNSEK. To reduce the effect of currency fluctuations, the affiliate may, with the approval of the group's CFO, secure up to 90 percent of the projected exposure for the next twelve months. From 2011, the aim will be at a 50% hedge ratio for the group's major exposures (over SEK 20 M exposure) for the twelve-month period. The central finance department carries out all the hedges.

The group's transaction exposure and hedging is divided at the reporting date in the following currencies.




The derivatives used are foreign exchange contracts and option solutions. Currency options are financial contracts that can be used to manage currency risks. The advantage of currency options is that it gives the right but not the obligation to complete a pre-determined exchange. The right is paid at a premium. A combination of currency options creates hedging strategies in which the option rights are limited while the cost of the premium decreases. A common option strategy contains a synthetic currency forward as well as a right that is conditional on a monetary barrier - flexible forward contract. The group makes use of flexible contracts in order to optimise their currency risk management.

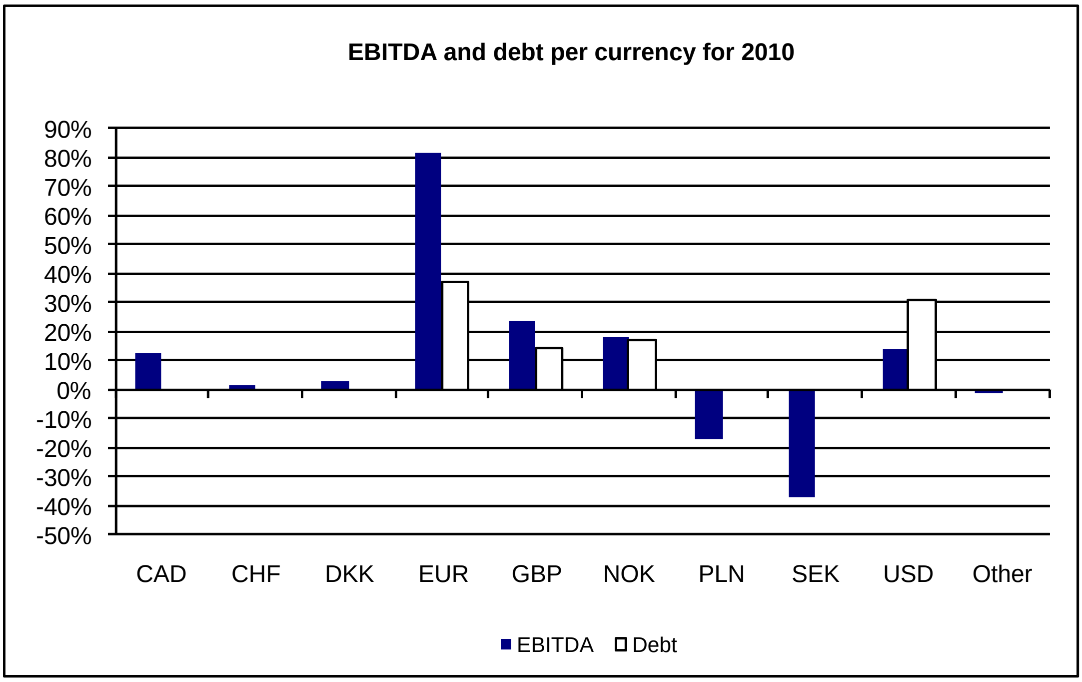
The fair value of the group's currency derivatives amounted to SEK 23.6 M 2010-12-31. Hedge accounting is not applied.

Translation Exposure
Currency risks also exist in the translation of foreign subsidiaries' assets and liabilities to the parent company's functional currency, known as translation exposure.

The group's policy is to not hedge the translation exposure. The largest translation exposures are in USD and EUR. However, the group's external borrowings, divided between EUR, GBP, NOK and USD, have helped to reduce the translation exposure of SEK 564 M.

Financial exposure
The group is also exposed to currency risk in respect of cash for foreign currency loans, so-called financial exposure.

The liabilities of the group have in terms of currency been allocated to the currencies in which there is an underlying positive cash flow. The main part of the consolidated debt is in Euros. The debts in USD are registered in the U.S. companies.



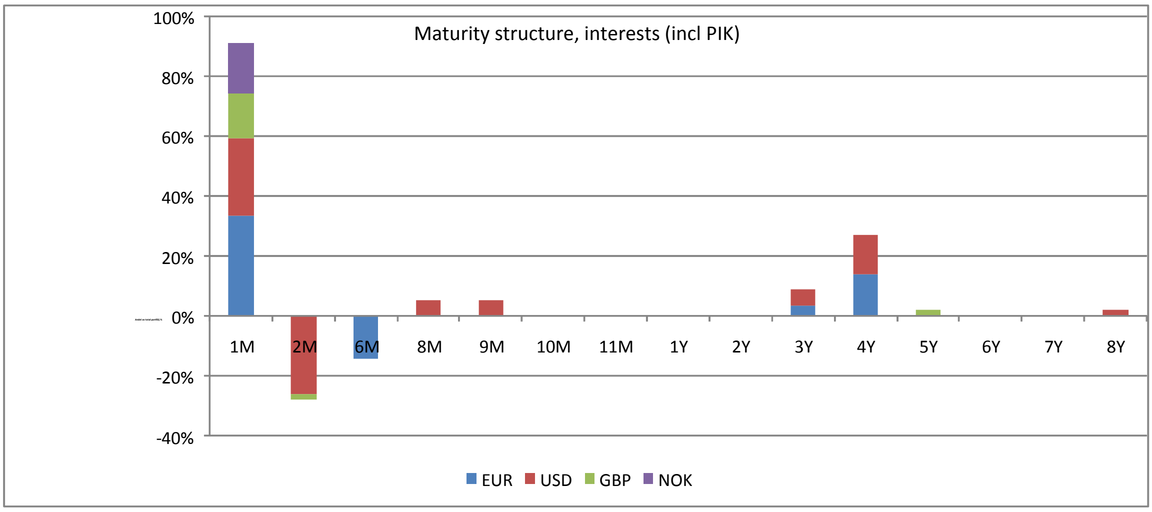

<u>Sensitivity analysis, exchange rate risk</u>
A 10% strengthening of the Swedish krona against other currencies compared with the average rates used in 2010 would mean a change in EBITDA by SEK -87.4 M.

**Interest rate risk**
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates as well as the risk that changes in interest rates will affect the group's borrowing costs. Interest rate risk could lead to changes in fair values and changes in cash flows. A significant factor influencing the interest rate risk is the fixed interest term.

The group's interest rate risk arises primarily through long-term borrowings and is handled by the central finance function. The group split up working capital from long-term funding. According to the financial policy, the goal for the long-term liabilities portfolio is that the average fixed interest term should be between 6 months and 3.5 years. Not more than 50% of the portfolio may, at any given time, have a fixed term of less than 12 months. An overdraft facility is available to finance working capital.

Common interest rate swaps, caps and cancellable interest rate swaps are derivatives that are used to adjust the interest rate and fixed interest term.

The reported duration of the group's financial instruments, including the effects of derivatives;




Derivatives fair value is recognised in the profit/loss for the year as indicated below.

| Interest derivetates as of 31 Dec 2010, K local currency | | | | |
|---|---|---|---|---|
| **Derivatives** | **Amount** | **Currency** | **Maturity** | **Market value (SEK)** |
| IRS - Cancellable | -40 000 | USD | 2011-09-22 | -3 422 |
| IRS - Cancellable | -40 000 | USD | 2011-10-07 | -4 449 |
| Cap | 755 562 | NOK | 2012-12-31 | 1 701 |
| Cap | 61 891 | GBP | 2012-12-31 | 1 629 |
| Cap | 95 750 | USD | 2012-12-31 | 998 |
| IRS - Cancellable | -20 000 | EUR | 2013-08-22 | -11 271 |
| IRS - Cancellable | -40 000 | USD | 2013-08-25 | -10 509 |
| IRS | -80 000 | EUR | 2014-12-31 | 474 |
| IRS | -100 000 | USD | 2014-12-31 | -18 755 |
| IRS | -10 000 | GBP | 2015-11-02 | 3 284 |
| IRS | -15 000 | USD | 2018-11-05 | 5 025 |
| Total | | | | -35 295 |

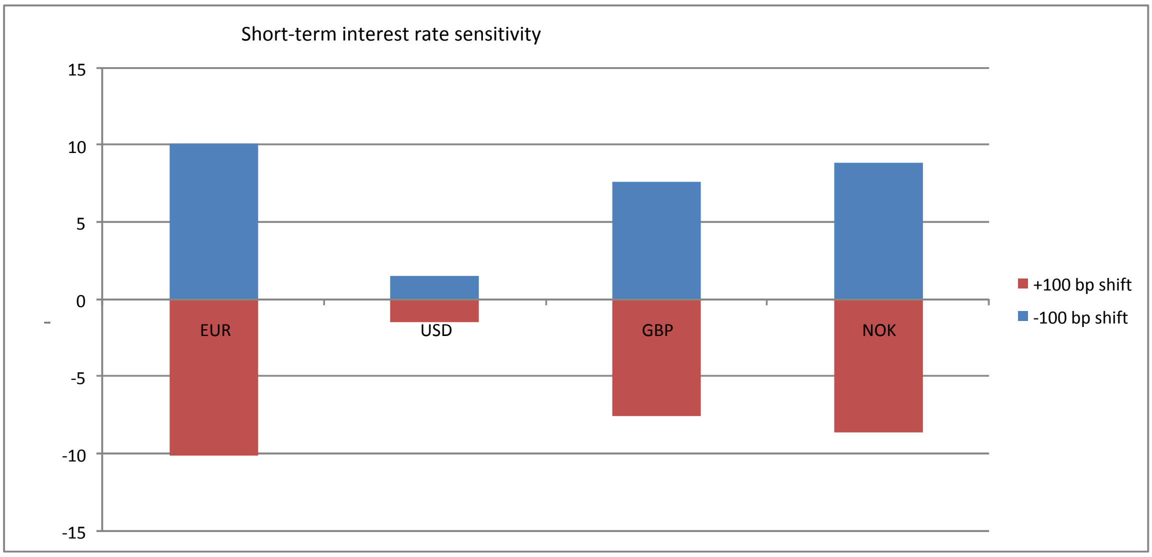
The fair value of derivatives are calculated as the difference between the market and the fixed interest rate of derivatives in which all future cash flows are discounted at the prevailing interest rate curve.

Maturity financial liabilities - undiscounted cash flows;

| | 2010 | | | | | |
|---|---|---|---|---|---|---|
| | Total | <1 month | 1-3 m | 3m-1 y | 1-5 y | >5 y |
| Long-term liabilities, credit institutions | **6 877** | 15 | 47 | 142 | 2 080 | 4 593 |
| Derivatives | **59** | 2 | 8 | 31 | 18 | 0 |
| Short-term liabilities, credit institutions | **26** | 0 | 26 | 0 | 0 | 0 |
| Bank overdraft | **18** | 0 | 18 | 0 | 0 | 0 |
| Accounts payable | **513** | 0 | 513 | 0 | 0 | 0 |
| Finance lease liabilities | **44** | 0 | 3 | 8 | 28 | 5 |

No comparative figures presented for 2009, due to lack of system support needed to obtain such information.

Sensitivity analysis - Interest rate risk
The impact on the group's interest costs over the next twelve months if interest rates rise / fall one percentage point on the reporting date, amounts to SEK + / - 28 M - given the interest-bearing liabilities that exist at the reporting date.



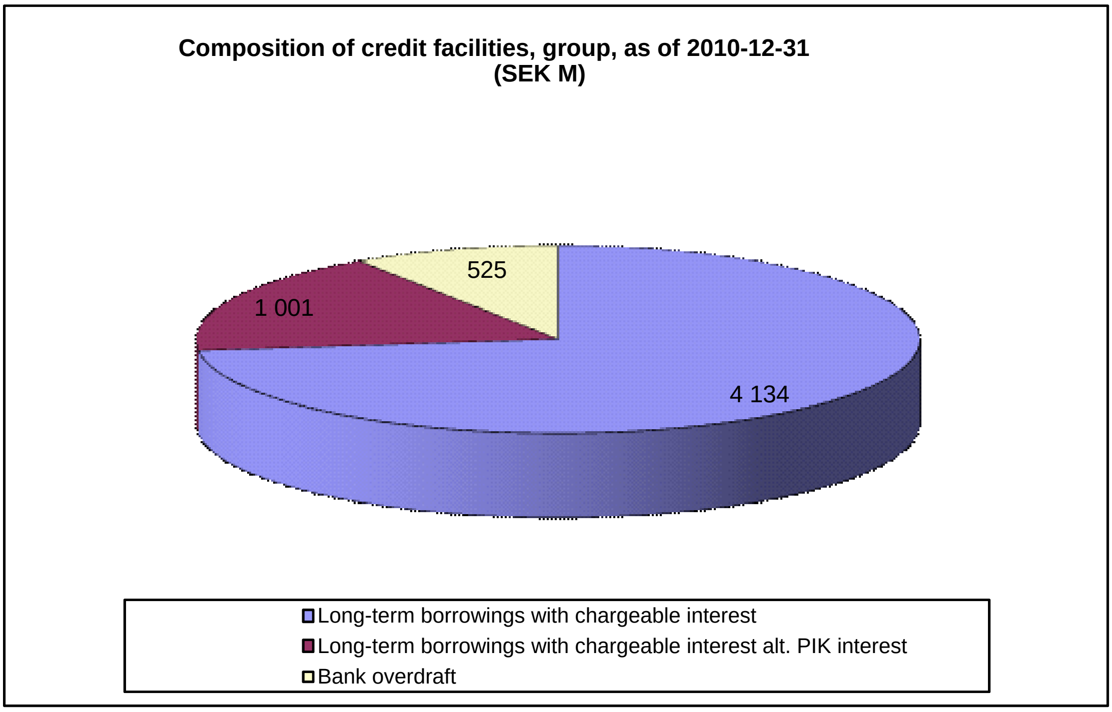

A change of + / - 1 percentage point at year-end leads to a change in the carrying value of interest rate derivatives of SEK + 72.4 M /SEK - 77.0 M.

**Refinancing and liquidity risk**
Refinancing and liquidity risks are risks of failing to meet payment obligations due to lack of liquidity or because of difficulties in obtaining credit from external sources. The group has been rolling 8-week liquidity plans covering all the subsidiaries. 4-week outcomes are also included in the reporting. The planning is updated monthly. Liquidity planning is used to manage liquidity risk and as a tool to monitor the cash flow from operating and financing activities. Extensive analysis is done in relation to the previous year and the budget to measure trends and highlight discrepancies. The goal is to enable the group to meet its financial commitments in upturns as well as downturns without significant unforeseen costs and without compromising the group's reputation.

The group's policy is to minimise borrowing needs by using excess liquidity within the group cash pool set up by the treasury department. Liquidity risks are managed centrally for the entire group by the central finance department.

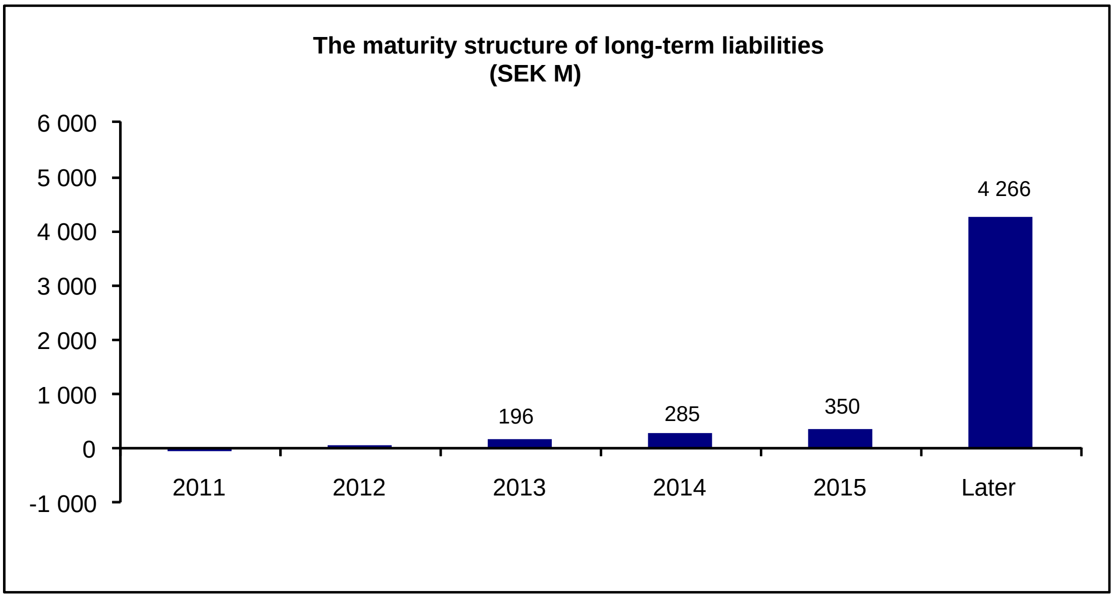
Thule has a key approach to the management of the group's financing, where the basic rule is that the internal bank will take care of all external financing. The group is financed by a syndicate of seven Scandinavian banks. This financing package is subject to compliance with both financial and commercial commitments, which are tested regularly. The covenants tested on a quarterly basis (starting March 2011) are: leverage ratio, interest cover, cash flow and investments. In 2010, two covenants were tested; full year EBITDA level and investments (full year). Further, there are also commitments to continuously measure the proportion of assets and how much of EBITDA contained in companies that are pledged to the lenders. Furthermore, the bank overdraft must be at least partially unused, during at least five consecutive days per year. All financial and commercial commitments were met in 2010.

The group's committed credit facilities amount to SEK 5,660 M, which includes a PIK option facility amounting to SEK 1,001 M. PIK Option Facility is a long term loan where the interest is payable but the interest rate may be capitalised in the event that the financial commitments are likely to be broken.




Unused credit lines amount to SEK 509 M.

The maturity structure of long-term liabilities shown in the table below.




The table shows the group's long-term liabilities including current liabilities to credit institutions, financial leasing and long-term financial derivative liabilities. The group's long-term liabilities with interest payable to credit institutions begin to mature in April 2012 when 0.96% of the outstanding debt is paid off. After that, two instalments are due per year until December 2016 when the remaining 73.46% must be paid back. The group's long-term liabilities with interest payable or PIK interest, however, has no instalment plans as the entire amount is due in Dec 2017.

**Commodity Risk**
The commodity price risk is the change in the price of inputs and its impact on earnings. For the group, it is mainly changes in plastic, aluminium and steel prices that are major commodity risks. A significant share of the supplier contracts for these categories is indexed so that if the market price of raw materials changes, the group's purchasing prices will increase or decrease. The group has no hedging of commodities. Direct material amounts to 72% of the group's cost of goods sold.

**Credit risk in financial activities**
The financial activities of the group involves exposure to credit risk. It is mainly risks associated with claims on banks arising from the purchase of derivative instruments. Exposure can be attributed to the surplus value of derivative instruments. To reduce credit risk, derivative transactions are spread between counterparties. ISDA agreements have been signed with all counterparties for settlement of mutual obligations to deliver and pay, to thus reduce the risk of default.

Credit risk in derivative reporting date amounted to SEK 30.1 M, equivalent to a total positive fair value of derivatives.

**Credit risk in trade receivables**
See Note 22 Accounts receivable.

**Net debt**
On 31 December 2010, net debt amounted to SEK 4,867 M.

| NET DEBT, SEK M | 2010 | 2009 |
|---|---|---|
| **Long-term liabilities to credit institutions** | **-5 121** | **-6 034** |
| Short-term liabilities | -26 | -9 |
| Local bank overdrafts | -18 | -8 |
| **Total short-term liabilities to credit institutions** | **-44** | **-17** |
| Short-term investments | 36 | 151 |
| Barred bank accounts | 7 | 7 |
| Cash | 274 | 268 |
| **Total, cash equivalents** | **317** | **426** |
| Financial derivative assets - currency | 30 | 25 |
| Financial derivative assets - interest | 13 | |
| Financial derivative liabilities - currency | -7 | 3 |
| Financial derivative liabilities - interest | -48 | -95 |
| **Total financial derivatives** | **-13** | **-67** |
| Accrued interest | -5 | -16 |
| Accrued interest, PIK | 0 | -82 |
| **Total, accrued interest** | **-5** | **-98** |
| **Total, net debt** | **-4 867** | **-5 790** |

Net debt consists of interest-bearing liabilities including accrued interest and derivative financial liabilities less cash and cash equivalents, interest-bearing current receivables and financial derivatives assets. The reduction in net debt comes from the currency impact on the long-term liabilities having decreased the value of the liabilities (debts are denominated in EUR, USD, GBP and NOK), and that this year's cash flow was very strong.

**Cash Management**
Cash management in the subsidiaries are focused on minimising the operational working capital. The internal bank handles a group-wide so-called netting to minimise the number of payment transactions and related costs. In countries with several operating companies surplus and deficit are matched at country level by using the so-called cash pools.

Cash pools have been around for years in Sweden, Britain, France, Germany, Denmark, Norway and the United States. The internal bank manages liquidity within and between these cash pools.

## Note 5 Distribution of net sales

The group comprises three business segments: Vehicle Solutions, Towing Solutions and Carry Solutions. Within the business segment Vehicle Solutions, the group manufactures and sells roof rails, bike carriers, rooftop boxes, snow chains. Within the business segment Towing Solutions, manufacturing, sales and renting of trailers as well as manufacturing and sales of tow-bars are performed. The third business segment, Carry Solutions, sells bags for computers, cameras and other purposes.

The group operates mainly in four regions. In the Nordic countries a wide range load carries, trailers and tow bars are manufactured and sold. In the other parts of Europe load carries, rooftop boxes, trailers, tow bars, snow chains and bags are manufactured and sold. The operations in North America encompass manufacture and sales of load carriers, rooftop boxes, trailers, tow bars and bags, which are sold in the US, Canada and Central America. The operations in Asia mainly comprises sales of load carries and rooftop boxes. The rest of the world mainly comprises sales in South and Central America.

**Net sales' distribution per business segments**

1 Jan 2010 - 31 Dec 2010

| | Vehicle Solutions | Towing Solutions | Carry Solutions | Elimination | Total |
|---|---|---|---|---|---|
| **Net sales** | | | | | |
| External sales of goods | 3 038 | 1 511 | 1 030 | - | 5 579 |
| Rental income | - | 111 | - | - | 111 |
| **Total** | **3 038** | **1 622** | **1 030** | **0** | **5 690** |

1 Jan 2009 - 31 Dec 2009

| | Vehicle Solutions | Towing Solutions | Carry Solutions | Elimination | Total |
|---|---|---|---|---|---|
| **Net sales** | | | | | |
| External sales of goods | 2 829 | 1 547 | 982 | - | 5 358 |
| Rental income | - | 104 | - | - | 104 |
| **Total** | **2 819** | **1 651** | **982** | **0** | **5 462** |

**Net sales´distribution in geographical areas**

| | 2010 | 2009 |
|---|---|---|
| Nordic countries | 987 | 900 |
| Europe without Nordic countries | 2 926 | 2 936 |
| North America | 1 486 | 1 373 |
| Asia - Pacific | 199 | 188 |
| Rest of the world | 92 | 65 |
| **Net sales, total** | **5 690** | **5 462** |

## Note 6 Discontinued operations

In October 2010, the group sold its entire factory installed roof rail operations (mounted in the car's roof at manufacturing) for the automotive industry. The divested business (asset sale) encompasses production, development and design in Huta, Poland and Rotherham in the UK. The criteria for presentation as discontinued operations or assets held for sale were not met on 31 December 2009 and comparative figures in the income statement have, thus, been restated to show the discontinued operations separately from continuing operations. The management's plan to liquidate the business was established in early 2010, consistent with a strategic decision to focus operations on the consumer-oriented products that have a clear exposure of the retail industry**.**

The purchase price amounted to 129 million, which resulted in a capital loss amounting to SEK - 82 M and tax SEK 0 M due to non-used tax losses carried forward.

**Profit/loss from discontinued operations**

| **The group**<br>SEK M | **2010** | **2009** |
|---|---|---|
| **Profit/loss from operating activities in the discontinued operations** | | |
| Income | 268 | 270 |
| Cost | -256 | -260 |
| **Profit/loss before tax** | **12** | **10** |
| Tax | - | - |
| **Profit/loss after tax** | **12** | **10** |
| **Profit/loss from divestment of the discontinued operations** | | |
| Realised profit/loss from divestment of the discontinued operations | -82 | - |
| Tax related to above realised profit/loss | - | - |
| **Profit/loss from divestment after tax** | **-82** | **0** |
| **Profit/loss from discontinued operations after tax** | **-70** | **10** |
| **Net cash flow from discontinued operations** | | |
| Cash flow from operating activities | -3 | 11 |
| Cash flow from investing activities | -4 | - |
| Cash flow from financing activities | - | - |
| **Net cash flow from discontinued business** | **-7** | **-11** |

**Impact on individual assets and liabilities in the group from the divestment**

| **Group**<br>SEK M | **2010** |
|---|---|
| Intangible assets | -114 |
| Property, plant and equipment | -12 |
| Inventories | -29 |
| Accounts receivables - trade | -84 |
| Other receivables | -28 |
| Accounts payable and other liabilities | 62 |
| **Avyttrade assets and liabilities, net** | **-205** |
| Received purchase price less selling expenses | 122 |
| Deduction: Cash equivalents in the divested operations | - |
| **Impact, cash and cash equivalents** | **122** |

## Note 7 Acquired operations

On 29 October 2010 the business of TracRac Inc. was acquired through an asset deal. Its operations consists of manufacturing roof rack and cargo systems for commercial use in the United States. The acquisition is in line with the strategy to further increase presence in product categories linked to facilitating transport of equipment for both professional builders and individuals. The acquisition complements the group's current activities in the marks UWS and DeWalt. The purchase price amounted to SEK 20 M paid in cash. From the time of acquisition until December 31, 2010 acquisition contributed by SEK 7 M to Group income and SEK 0 M to consolidated profit after tax. If the acquisition had occurred at January 1, 2010, management estimates that consolidated income would have been SEK 75 M higher and net earnings were improved by about SEK 4 M.

**Impact from acquisitions 2010**

**The acquired operations’ net assets at the time of acquisition**
SEK M

| | |
|---|---|
| Property, plant and equipment | 2 |
| Inventories | 4 |
| Accounts receivables - trade and others | 6 |
| Accounts payable - trade and others | -11 |
| Net identifiable assets and liabilities | 1 |
| Group goodwill | 19 |
| **Transferred consideration (cash and cash equivalents)** | **20** |

The value of acquired intangible assets amounting to SEK 19 M has been set provisionally, pending final valuation of these assets.

Goodwill
The goodwill value includes the value of synergies in the form of more efficient production processes, and personnel technical skills.

Acquisition-related expenses
Acquisition-related expenses amount to SEK 2 M and refer to fees to consultants in connection with due diligence. These expenses are reported as other operating expenses.

No acquisitions were carried out in 2009.

## Note 8 Other operating income

| | **The group** | |
|---|---|---|
| | **2010** | **2009** |
| Damage compensation | 39 | 0 |
| Insurance compensation | 1 | 0 |
| Profit from sale of non-current assets | 0 | 11 |
| One-off sales, capital gains | 5 | 0 |
| Invoiced development expenses | 5 | 5 |
| Sales commission | 1 | 1 |
| Other income, relating to operations | 6 | 0 |
| **Total** | **57** | **17** |

## Note 9 Other operating expenses

| | The group 2010 | 2009 |
|---|---|---|
| Other expenses, realted to acquistion | -2 | -7 |
| Loss from sale of non-current assets | -3 | 0 |
| Restructuring expenses | 2 | -44 |
| Other expenses, relating to operations | -14 | -41 |
| **Total** | **-17** | **-92** |

## Note 10 Audit fees

| | The group 2010 | 2009 |
|---|---|---|
| **Audit engagement** | | |
| KPMG AB | -5 | 0 |
| Deloitte AB | 0 | -6 |
| **Total** | -5 | -6 |
| **Audits, other than the audit engagement** | | |
| KPMG AB | 0 | 0 |
| Deloitte AB | -1 | -1 |
| **Total** | -1 | -1 |
| **Tax advice** | | |
| KPMG AB | -1 | 0 |
| Deloitte AB | -1 | -4 |
| Other auditors | -1 | 0 |
| **Total** | -3 | -4 |
| **Other assignments** | | |
| KPMG AB | -1 | 0 |
| Deloitte AB | 0 | -2 |
| Other auditors | -1 | -1 |
| **Total** | -2 | -3 |
| **Total** | **-11** | **-14** |

During the year, no audit fee has been paid by the parent company.

## Note 11 Employee remuneration

| | The group 2010 | 2009 | Parent company 2010 | 2009 |
|---|---|---|---|---|
| Salaries and other remuneration | 902 | 1 008 | 0 | 0 |
| Payroll overhead | 166 | 177 | 0 | 0 |
| Pension expenses - defined contribution plans | 33 | 37 | 0 | 0 |
| Pension expenses - defined benefit plans | 9 | -3 | 0 | 0 |
| **Total** | **1 110** | **1 219** | **0** | **0** |

Of the pension expenses in foreign subsidiaries, SEK 22 M (SEK 24 M) relates to expenses for defined contribution plans. Of the pension expenses in the Swedish subsidiaries, SEK 11 M (SEK 13 M) relates to expenses for defined contribution plans. The group's outstanding pension obligations to the Board and President (including the former CEO and board) is SEK 2 M (SEK 3 M).

Of the pension expenses, SEK 4 M (SEK 4 M) relate to senior executives. Of salaries and allowances, SEK 83 M (SEK 47 M) relate to bonus, of which SEK 16 M (SEK 6 M) to senior executives. The company has entered agreements on severance pay for group management during 6-12 months and for the CEO during 12 months.

| | 2010 Group management | Other employees | 2009 Group management | Other employees |
|---|---|---|---|---|
| Parent company | - | - | - | - |
| Subsidiaries | 60 | 842 | 58 | 950 |
| **Group, total** | **60** | **842** | **58** | **950** |

## Note 12 Average number of employees and gender distribution in group management

**Average number of employees**

The average number of employees is calculated by dividing the total number of working hours with 1750 hours.

| | 2010 Average number of employees | Men | 2009 Average number of employees | Men |
|---|---|---|---|---|
| **Parent company** | | | | |
| Sweden | - | - | - | - |
| | | | | |
| **Subsidiaries** | | | | |
| Sweden | 373 | 268 | 412 | 299 |
| Belgium | 180 | 102 | 181 | 98 |
| Brazil | 14 | 12 | 17 | 15 |
| Denmark | 104 | 71 | 129 | 92 |
| Finland | - | - | 1 | 1 |
| France | 132 | 103 | 165 | 137 |
| Italien | 207 | 139 | 209 | 133 |
| Japan | 2 | 2 | 3 | 3 |
| Canada | 32 | 21 | 33 | 22 |
| China, P.R. | 76 | 34 | 80 | 38 |
| Netherlands | 276 | 254 | 272 | 250 |
| Norway | 12 | 11 | 14 | 13 |
| Poland | 773 | 530 | 623 | 370 |
| Spain | 5 | 2 | 5 | 2 |
| U.K. | 180 | 153 | 174 | 148 |
| South Africa | 12 | 9 | 89 | 77 |
| Germany | 141 | 95 | 133 | 99 |
| USA | 569 | 397 | 799 | 570 |
| **Total, subsidiaries** | **3 088** | **2 203** | **3 339** | **2 367** |
| | | | | |
| **Total, group** | **3 088** | **2 203** | **3 339** | **2 367** |

**Gender distribution, group board members and other group management**

| | The group 2010 | 2009 | Parent company 2010 | 2009 |
|---|---|---|---|---|
| **Board members** | | | | |
| Men | 0 | 0 | 5 | 5 |
| **Total** | **0** | **0** | **5** | **5** |

| | The group 2010 | 2009 | Parent company 2010 | 2009 |
|---|---|---|---|---|
| **Managing director and others Group management** | | | | |
| Women | 2 | 1 | 0 | 0 |
| Men | 8 | 8 | 0 | 0 |
| **Total** | **10** | **9** | **0** | **0** |

## Note 13 Provisions for pensions and similar commitments

**Group**
Remuneration after employment, such as pensions and other remuneration, is usually paid through continuous payments to independent authorities or bodies which thereby take over the obligations towards the employees, i.e. through defined contribution plans. The remainder is paid through defined benefit plans, where the obligation remains within the group. Defined benefit plans mainly occur in the Thule Group in Sweden through the ITP plan in accordance with the PRI system (old age pension) and in Italy through the TFR plan (Trattamento di Fine Rapporto). The TFR plan is closed for new earnings from 2007.

New pension rules for the TFR plan apply from 1 January 2007. This means that employees may move their future retirement pension (TFR) to a company or a collective pension fund, to their own pension fund or to the public social security system (INPS). For companies with 50 employees or more (applicable to the pension plans of the Thule Group), provisions within the company are no longer allowed; the company must pay regular contributions to an external party. In accordance with IAS 19, the TFR plan is now considered as two separate plan and future provisions are treated as defined contribution plans. Accrued compensations of which provisions has been made before the new rules came into force (and within 6 months from 1 January 2007) shall remain accounted for as defined benefit plans. The provision therefore only covers the defined benefit part of the TFR.

Other old age pensions in accordance with ITP/ITPK in Sweden are secured for Thule through premium payments to Alecta. According to a statement from the Swedish Financial Accounting Standards Council’s Emerging Issues Task Force (UFR 3), this shall be defined as a defined benefit plan covering several employers. The group has not had access to information for the 2010 financial year from Alecta which would make it possible to recognise this plan as a defined benefit plan. The plan has therefore been recognised as a defined contribution plan.

For defined benefit plans the company’s costs and the present value of outstanding obligations on the reporting date are based on actuarial calculations. The Thule group recognises outstanding obligations adjusted for non-recognised actuarial gains and losses, in the statement of financial position. The table below provides information about the assumptions applied in actuarial calculations, recognised costs during the accounting period and the value of obligations at the end of the period.

| | **Sweden** | | **Italy** | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| **Assumptions in actuarial calculations** | | | | |
| % | | | | |
| Discount rate | 3,7 | 3,7 | 4,6 | 5 |
| Anticipated rate of pay increase | 3,25 | 3,25 | - | - |
| Rate of inflation | 2 | 2 | 2 | 2 |

Assumptions on future mortality based on published statistics and mortality rate. For Sweden, the mortality table of the SFSAis used for IFRS assessments. The average remaining length of life for persons retiring at the age of 65 is 18 years for men and 20 for women. In Italy, Italian statistics are applied.

In addition to the effect of altered actuarial assumptions such as a change in the discount rate, for example, actuarial gains and losses have arisen due to adjustments to assumptions based on experience. These adjustments refer to high or low figures for staff turnover, early retirement and longevity. The division between actuarial gains and losses and experience-based gains and losses are shown below.

| Changes in assumptions<br>SEK M | Sweden 2010 | 2009 | Italy 2010 | 2009 | Total 2010 | 2009 |
|---|---|---|---|---|---|---|
| Gains (–) and losses (+) from changes in assumptions | - | -4 | 1 | 2 | 1 | -2 |
| Experience based gains (–) and losses (+) | 1 | 4 | - | - | 1 | 4 |
| **Total actuarial gains (–) and losses (+)** | **1** | **0** | **1** | **2** | **2** | **2** |

| Net value of defined benefit plans<br>SEK M | Sweden 2010 | 2009 | Italy 2010 | 2009 | Total 2010 | 2009 |
|---|---|---|---|---|---|---|
| Present value of unsecured obligations | 110 | 105 | 19 | 22 | 129 | 127 |
| Unrecognised actuarial gains and losses | -22 | -24 | -1 | - | -23 | -24 |
| **Pension provisions** | **88** | **81** | **18** | **22** | **106** | **103** |

| Changes in present value of obligations for defined benefit plans<br>SEK M | Sweden 2010 | 2009 | Italy 2010 | 2009 | Total 2010 | 2009 |
|---|---|---|---|---|---|---|
| Obligation as of 1 January | 105 | 101 | 22 | 25 | 127 | 126 |
| Expenses for employment during the period | 3 | 3 | - | - | 3 | 3 |
| Interest expenses | 4 | 4 | 1 | 1 | 5 | 5 |
| Pension payments | -3 | -3 | -1 | -4 | -4 | -7 |
| Aktuarial gains (–) and losses (+) | 1 | - | 1 | 2 | 2 | 2 |
| Translation effects | - | - | -4 | -2 | -4 | -2 |
| **Obligation as of 31 December** | **110** | **105** | **19** | **22** | **129** | **127** |

During 2011, the pension payments are expected to amount to SEK 3 M in Sweden and SEK 1 M in Italy.

| Expenses for defined benefit plans<br>SEK M | Sweden 2010 | 2009 | Italy 2010 | 2009 | Total 2010 | 2009 |
|---|---|---|---|---|---|---|
| Expenses for employment during the period | 3 | 4 | - | - | 3 | 4 |
| Interest expenses | 4 | 4 | 1 | 1 | 5 | 5 |
| Repayment of actuarial gains and losses | 2 | - | - | - | 2 | - |
| **Total expenses** | **9** | **8** | **1** | **1** | **10** | **9** |

| | The group | |
|---|---|---|
| | 2010 | 2009 |
| **Pension expenses recognised in profit/loss for the year are recognised on the following line of the income statement** | | |
| Cost of goods sold | 22 | 12 |
| Selling expenses | 8 | 4 |
| Administrative expenses | 9 | 15 |
| Research and development costs | 3 | 3 |
| **Total** | **42** | **34** |

**Defined contribution plans**
In Sweden, the group has defined contribution plans for blue-collar employees; the related contributions are wholly born by the companies.
Outside Sweden, there are defined contribution plans, the related contributions are partly born by the subsidiaries and partly by fees paid by the employees.
Payment to thses plans are made on an ongoing basis accoring to the rules of each plan.

| | The group | | Parent company | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Expenses for defined contribution plans | 33 | 37 | - | - |
| **Total** | **33** | **37** | **0** | **0** |

## Note 14 Expenses distributed per type

| | The group | |
|---|---|---|
| | 2010 | 2009 |
| Change in inventories of finished goods and products in progress | -848 | -858 |
| Raw materials and consumables | -1 670 | -1 766 |
| Employee benefit expenses | -1 288 | -1 319 |
| Depreciation/amortisation and impairment | -220 | -218 |
| Other expenses | -918 | -740 |
| **Total expenses of goods sold, sales and administration** | **-4 944** | **-4 901** |

## Note 15 Lease agreement

### Operational leases

Leasing expenses
The group’s future leasing commitments as of 31 Dec 2010 for operational leasing contracts, that may not be terminated in advace, are distributed as below:

| | **The group** | | **Parent company** | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| Payments due | | | | |
| Within 1 year | 55 | 50 | 0 | 0 |
| 2-5 years | 94 | 88 | 0 | 0 |
| Later than 5 years | 1 | 6 | 0 | 0 |
| **Total** | **150** | **144** | **0** | **0** |

Among these future liabilities are leasing of properties in Denmark and the UK. The properties in Denmark and the UK have previously been included among the group's assets, but was sold in 2001 in Denmark and 2005 in the UK and has since been leased back. The lease in Denmark is for ten years. At the expiry of the agreement, in December 2011 there is an opportunity to buy back the property for a market value of DKK 35.1 M. If the call option is not exercised, the contract is extended by a further ten years. The future operating lease payments amounts to SEK 4 M. The lease expires in the UK in ten years. The agreement may be terminated as of December each year from 2011 through 2014 with a notice period of nine months. The future operating lease payments amount to SEK 2 M.

### Finance leasing

Leasing expenses
The group’s future leasing commitments as of 31 Dec 2010 for finance leasing contracts, that may not be terminated in advace, are distributed as below:

| | **The group** | | **Parent company** | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| Payments due | | | | |
| **Nominal values** | | | | |
| Within 1 year | 11 | 10 | - | - |
| 2-5 years | 28 | 33 | - | - |
| Later than 5 years | 5 | 8 | - | - |
| **Total** | **44** | **51** | **0** | **0** |
| | | | | |
| **Present values** | | | | |
| Within 1 year | 10 | 7 | - | - |
| 2-5 years | 25 | 32 | - | - |
| Later than 5 years | 4 | 5 | - | - |
| **Total** | **39** | **44** | **0** | **0** |

Among these future liabilities are financial leasing of properties in France and Belgium as well as financial leasing of company cars in Sweden. The leasing term in France is 12 years, until 2014. The contract may be terminated in advance, but the company becomes liable for damages. The property may be bought out after seven to twelve years. After the twelve years, the acquisition cost is EUR 1. The price of the buyout, after seven years, is the remaining lease amount. Thule must give notice on the buyout six months in advance, and reserve money in a special account at least three months prior to purchase. The future nominal lease fee is SEK 27 M. The leasing term in Belgium is fifteen years. There are no opportunities for early termination of the contract, but it is possible to buy the property when the contract expires. The future nominal lease fee amounts to SEK 12 M. The lease in Sweden of company cars run for 3 years per vehicle. The future nominal lease fee is SEK 5 M.

## Note 16 Net financial income/expense

| | Group 2010 | 2009 |
|---|---|---|
| Interest income | 104 | 156 |
| Net currency exchange differences | 454 | 59 |
| **Financial income** | 558 | 215 |
| Interest expenses | -421 | -564 |
| Other financial expenses | -9 | -11 |
| Interest expenses for defined benefits pension plans | -5 | -5 |
| **Financial expenses** | -435 | -580 |
| **Net financial income/expense** | **123** | **-365** |

Of the net currency exchange differences, SEK -4 M are changes in fair value of financial derivatives.

Of interest expenses, SEK 243 M are for such financial liabilities that are recognized at accrued cost and SEK 166 M are for financial liabilities.

## Note 17 Taxes

| | Group 2010 | 2009 |
|---|---|---|
| **As recognised in the income statement** | | |
| **Current tax expenses** | | |
| For the year tax expenses | -119 | -22 |
| **Deferred tax expenses/tax income** | | |
| Deferred Tax relating to temporary differences | -92 | 99 |
| **Recognised effective tax** | **-211** | **77** |

| | 2010 (%) | 2010 | 2009 (%) | 2009 |
|---|---|---|---|---|
| **Reconciliation of effective tax** | | | | |
| Profit/loss before tax | | 839 | | 131 |
| Tax according to applicable tax rate for parent company | 26,3% | 220 | 26,0% | 34 |
| Impact of other tax rates for foreign subsidiairies | -0,4% | -4 | -6,1% | -8 |
| Non-deductible expenses | 4,9% | 41 | 93,1% | 122 |
| Non-taxable income | 3,3% | -28 | -11,5% | -15 |
| Increase of deficit deduction without corresponding capitalisation of deferred tax | 0,5% | 4 | 0,0% | - |
| Fiscal deficits not accounted for earlier | -3,7% | -31 | -154,2% | -202 |
| Tax related to earlier years | 0,8% | 7 | 3,8% | 5 |
| Impact of changed tax rates/rules | 0,0% | - | -9,2% | -12 |
| Others | 0,1% | 1 | 0,8% | -1 |
| **Recognised effective tax** | **25,2%** | **211** | **-58,8%** | **-77** |

| | 2010 Before Tax | Tax | After Tax | 2009 Before Tax | Tax | After |
|---|---|---|---|---|---|---|
| Year translation differences at translation of foreign businesses | -262 | - | -262 | -25 | - | -25 |
| Year translation differences at translation of foreign businesses (extended investments) | -264 | 69 | -195 | -39 | 10 | -29 |
| **Total profit/loss, other** | **-526** | **69** | **-457** | **-64** | **10** | **-54** |

**Reported in the statement on financial position**

***Deferred tax assets and liabilities***

**Recognised deferred tax assets and liabilities**
Deferred tax assets and liabilities are attributed as below:

| | **Deferred tax assets 2010** | **2009** | **Deferred tax liabilities 2010** | **2009** | **Net 2010** | **2009** |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Property, plant and equipment | 2 | 13 | -121 | -143 | -119 | -130 |
| Intangible assets | 4 | 8 | - | -2 | 4 | 6 |
| Inventories | 25 | 30 | -10 | -12 | 15 | 18 |
| Receivables | - | 10 | - | - | - | 10 |
| Liabilities | 51 | 64 | -19 | -26 | 32 | 38 |
| Others | 9 | 16 | -4 | -1 | 5 | 15 |
| Deficit deductions | 373 | 452 | - | - | 373 | 452 |
| Tax allocation reserve | - | - | -5 | - | -5 | - |
| **Tax assets/liabilities** | **464** | **593** | **-159** | **-184** | **305** | **409** |
| Off set | | | | | | |
| **Tax assets/liabilities, net** | **464** | **593** | **-159** | **-184** | **305** | **409** |

The change between the years has been recognised as deferred tax expenses.

**Deferred tax assets, not regocnised**
Fiscal deficit deductions for which deferred tax assets has not been recognised in the statement on financial position.

| **Group** | **2010** | **2009** |
|---|---|---|
| Fiscal deficits | 251 | 853 |
| | **251** | **853** |

Of the toal fiscal deficit deductions SEK 808 M is due between years 2011 and 2024. The rest is without limitation in time.

## Note 18 Earnings per share

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | **Remaining operations** | **Discontinued operations** | **Total** | **Remaining operations** | **Discontinued operations** | **Total** |
| **Earnings per share, basic** | | | | | | |
| Net profit/loss for the year related to parent company's shareholders | 697 | -70 | 627 | 198 | 10 | 208 |
| Average number of outstanding shares (in thousands) | 366 279 | 366 279 | 366 279 | 346 837 | 346 837 | 346 837 |
| **Earnings per share, basic** | **1,91** | **-0,19** | **1,71** | **0,57** | **0,03** | **0,60** |
| | | | | | | |
| **Earnings per share, diluted** | | | | | | |
| Net profit/loss for the year related to parent company's shareholders | 697 | -70 | 627 | 198 | 10 | 208 |
| Average number of outstanding shares (in thousands) | 446 273 | 446 273 | 446 273 | 426 829 | 426 829 | 426 829 |
| **Earnings per share, diluted** | **1,57** | **-0,16** | **1,40** | **0,46** | **0,02** | **0,49** |

**Earnings per share, basic**

The calculation of earnings per share is based on profit/loss for the year related to parent company's shareholders and a weighted average number of outstanding shares.

| | **2010** | **2009** |
|---|---|---|
| **In thousands of shares** | | |
| Total number of shares 1 January | 366 060 | 320 000 |
| Impact of issue of new shares August 2010/2009 | 219 | 77 |
| Impact of issue of new shares May 2009 | - | 26 760 |
| | **366 279** | **346 837** |

**Earnings per share, diluted**

The calculation of earnings per share, diluted, is based on profit/loss for the year related to parent company's shareholders and a weighted average number of outstanding shares.

| | **2010** | **2009** |
|---|---|---|
| **In thousand of shares** | | |
| Weighted average number of shares | 366 279 | 346 837 |
| Impact of share warrants | 79 994 | 79 992 |
| | **446 273** | **426 829** |

In Februari 2011, all share warrants have been exercised and the number of share has been increased to 80,000,000. The company has no treasury shares.

## Note 19 Intangible assets

| | Goodwill | Other intangible assets | Advance | Total |
|---|---|---|---|---|
| **Accumulated cost at acquisition** | | | | |
| Brought forward 1 Jan 2009 | 5 232 | 148 | 2 | 5 382 |
| Other investments | 114 | 3 | - | 117 |
| Other changes/reclassifications | - | -12 | - | -12 |
| Currency exchange differences for the year | -161 | -3 | - | -164 |
| **Carried forward 31 Dec 2009** | **5 185** | **136** | **2** | **5 323** |
| | | | | |
| Brought forward 1 Jan 2010 | 5 185 | 136 | 2 | 5 323 |
| Acquired operations (Note 7) | 19 | - | - | 19 |
| Other investments | - | 7 | - | 7 |
| Divestments and disposals | -114 | - | - | -114 |
| Other changes/reclassifications | - | 13 | -2 | 11 |
| Currency exchange differences for the year | -493 | -5 | - | -498 |
| **Carried forward 31 Dec 2010** | **4 597** | **151** | **0** | **4 748** |
| | | | | |
| **Accumulated amortisation and impairment** | | | | |
| Brought forward 1 Jan 2009 | - | 128 | - | 128 |
| Other changes/reclassifications | - | 12 | - | 12 |
| Amortisations for the year | - | -5 | - | -5 |
| Currency exchange differences for the year | - | 2 | - | 2 |
| **Carried forward 31 Dec 2009** | - | **-119** | **-** | **-119** |
| | | | | |
| Brought forward 1 Jan 2010 | - | -119 | - | -119 |
| Other changes/reclassifications | - | -6 | - | -6 |
| Amortisations for the year | - | -7 | - | -7 |
| Impairment for the year | - | -7 | - | -7 |
| Currency exchange differences for the year | - | 4 | - | 4 |
| **Carried forward 31 Dec 2010** | - | **-135** | - | **-135** |
| | | | | |
| **Reported values** | | | | |
| | | | | |
| As of 1 Jan 2009 | 5 232 | 20 | 2 | 5 254 |
| **As of 31 Dec 2009** | **5 185** | **17** | **2** | **5 204** |
| | | | | |
| As of 1 Jan 2010 | 5 185 | 17 | 2 | 5 204 |
| **As of 31 Dec 2010** | **4 597** | **16** | **-** | **4 613** |

| | Other intangible assets |
|---|---|
| **Amortisations and impairment for the year are part of the following lines in the statement of total profit/loss for 2009** | |
| Cost of goods sold | 1 |
| Selling expenses | 1 |
| Administrative expenses | 2 |
| Development cost | 1 |
| **Total** | **5** |
| | |
| **Amortisations and impairment for the year are part of the following lines in the statement of total profit/loss for 2010** | |
| Cost of goods sold | 1 |
| Selling expenses | 3 |
| Administrative expenses | 2 |
| Development cost | 8 |
| **Total** | **14** |

**Impairment test for goodwill**
An annual test as to whether there is a need to write-down goodwill values is carried out by calculating the value in use for the cash-generating units to which the goodwill has been allocated.

Goodwill is allocated to the Group's business segments, as below.

| | **2010** | **2009** |
|---|---|---|
| Vehicle Solutions | 2 874 | 3 180 |
| Towing Solutions | 916 | 1 110 |
| Carry Solutions | 807 | 895 |
| | **4 597** | **5 185** |

For the cash-generating units of the above segments, the recovery values are based on essentially the same key assumptions. The impairment test was based on the calculation of value in use. This value is based on the following year's budget and for year two and year three of the strategic plans adopted by the Board and Executive.

The strategic plan covers three years and is organised by business unit. The strategic plan is adopted by the Board in November. The budget is a decentralised process constructed by the least-defined business unit. The budget adopted by the Board in December.

Assumptions that are important in the strategic plan and budget are described in Table below.
• Sales growth is based on assumptions about the launch of new products, the necessary price increases and planned marketing efforts.
• Review of cost of raw materials has been performed for the major categories. Consideration is given to more efficient purchasing. These assumptions are consistent with previous experience.
• Forecast for employee benefits is based on anticipated inflation, given real wage increase, planned efficiency of its production and effects of planned investments.
• Review of working capital and the necessary replacement investments.
• Exchange rates under external assessment.

Cash flows for the period beyond three years are calculated by applying the three years of projected sustainable cash flow growth figure of 2.5% (2.5%). This growth is based on internal assessments. The present value of expected future cash flows, the current weighted cost of capital, estimated to be 8.0% (8.2%) after tax and 8.3% before tax, and the required return on equity has been developed using the Capital Asset Pricing Model and the interest rate in net debt reflects a market borrowing costs. The record has been made against external assessment of the reasonable cost of capital. Debt/equity ratio has been assumed to be 25%. The recoverable amount of all operating segments exceeds the carrying value.

A sensitivity analysis shows that at a halved rate of growth, and increasing capital costs by 1% point to 8.5% after tax would still not entail a need for impairment exists for any business segment.

## Note 20 Property, plant and equipment

| Accumulated cost at acquisition | Buildings and land | Plant and machinery | Equipment, tools, fixtures and fittings | Construction in progress | Total |
|---|---|---|---|---|---|
| Brought forward 1 Jan 2009 | 890 | 1 034 | 801 | 6 | 2 731 |
| Other investments | 14 | 14 | 125 | 34 | 187 |
| Divestments and disposals | -1 | -35 | -109 | - | -145 |
| Of which, in progress | - | 2 | 1 | -3 | 0 |
| Other changes/reclassifications | 1 | 28 | 5 | -4 | 30 |
| Currency exchange differences for the year | -83 | -57 | -21 | - | -161 |
| **Carried forward 31 Dec 2009** | **821** | **986** | **802** | **33** | **2 642** |
| | | | | | |
| Brought forward 1 Jan 2010 | 821 | 986 | 802 | 33 | 2 641 |
| Business combinations | 0 | 2 | 0 | 0 | 2 |
| Other investments | 10 | 29 | 138 | 42 | 219 |
| Divestments and disposals | -9 | -52 | -131 | 0 | -192 |
| Of which, in progress | 5 | 31 | 2 | -38 | - |
| Other changes/reclassifications | 1 | -2 | 3 | -11 | -9 |
| Currency exchange differences for the year | -86 | -97 | -34 | -1 | -218 |
| **Carried forward 31 Dec 2010** | **742** | **897** | **779** | **25** | **2 443** |
| | | | | | |
| **Accrued depreciations and write-downs** | | | | | |
| Brought forward 1 Jan 2009 | -324 | -721 | -583 | 0 | -1 628 |
| Divestments and disposals | 1 | 28 | 98 | 0 | 127 |
| Other changes/reclassifications | 0 | -27 | -5 | 0 | -32 |
| Depreciation for the year | -28 | -62 | -123 | 0 | -213 |
| Currency exchange differences for the year | 55 | 46 | 19 | 0 | 120 |
| **Carried forward 31 Dec 2009** | **-296** | **-736** | **-594** | **0** | **-1 626** |
| | | | | | |
| Brought forward 1 Jan 2010 | -296 | -736 | -594 | 0 | -1 626 |
| Divestments and disposals | 4 | 40 | 122 | 0 | 166 |
| Other changes/reclassifications | -1 | 5 | -3 | 0 | 1 |
| Depreciation for the year | -25 | -58 | -123 | 0 | -206 |
| Currency exchange differences for the year | 30 | 75 | 19 | 0 | 136 |
| **Carried forward 31 Dec 2010** | **-288** | **-674** | **-567** | **0** | **-1 529** |
| | | | | | |
| **Reported values** | | | | | |
| As of 1 Jan 2009 | 565 | 313 | 218 | 6 | 1 102 |
| **As of 31 Dec 2009** | **525** | **250** | **208** | **33** | **1 016** |
| | | | | | |
| As of 1 Jan 2010 | 525 | 250 | 208 | 33 | 1 016 |
| **As of 31 Dec 2010** | **454** | **223** | **212** | **25** | **914** |

The value at reporting date is to SEK 42 M attributable to finance leases for buildings and to SEK 9 M to financial leases for company cars.

| | 31 Dec 2010 | 31 Dec 2009 |
|---|---|---|
| **Tax value (Swedish affiliated companies)** | | |
| Buildings | 43 | 43 |
| Land | 11 | 11 |
| | | |
| **Book value (Group companies outside of Sweden)** | | |
| Buildings | 346 | 402 |
| Land | 67 | 79 |

## Note 21 Inventories

| | Group | |
|---|---|---|
| | **31 Dec 2010** | **31 Dec 2009** |
| **Group** | | |
| Raw material and consumables | 257 | 291 |
| Products in progress | 111 | 127 |
| Finished products and goods for resale | 459 | 362 |
| **Total** | **827** | **780** |

## Note 22 Accounts receivables - trade

| | Group | |
|---|---|---|
| | **31 Dec 2010** | **31 Dec 2009** |
| Accounts receivables - trade , gross | 908 | 908 |
| Provision for doubtful receivables | -34 | -34 |
| **Accounts receivables - trade net** | **874** | **874** |

At reporting date, there is no singificant concentration for creditexposure, as the group's customers mainly are made up of medium-sized customers and not of a smaller number of bigger customers.

| | | |
|---|---|---|
| **Age analysis, trade receivables, without provision** | | |
| Not mature | 780 | 788 |
| Maturity of 1-30 days | 80 | 72 |
| Maturity of 31-60 days | 14 | 14 |
| **Total** | **874** | **874** |

Fair value of receivables corresponds to carrying amount.

| | | |
|---|---|---|
| **Changes in provisions for doubtful receivables:** | | |
| As of 1 January | -34 | -38 |
| Provisions for doubtful receivables | -11 | -18 |
| Receivables, written-off during the year as non-collectable | 1 | 15 |
| Cancelled unutilised amounts | 6 | 5 |
| Translation difference | 4 | 2 |
| **As of 31 December** | **-34** | **-34** |

## Note 23 Cash and cash equivalents

| | Group 31 Dec 2010 | 31 Dec 2009 |
|---|---|---|
| Cash and cash equivalents | 281 | 275 |
| Short-term investments with a term less than three months from accquisition | 36 | 151 |
| **Cash and cash equivalents** | **317** | **426** |

## Note 24 Impact of transition to IFRS

This financial statement for the group is the first to be established under IFRS, as described in Note 1 Significant accounting policies. The accounting policies set out in the note Significant accounting policies were applied in preparing the consolidated accounts for fiscal year 2010 and for the comparative year 2009 and for the group's opening balance on 1 January 2009. When preparing the consolidated opening balance sheet, amounts reported under previous accounting principles were adjusted in accordance with IFRS. Explanations of how the transition from previous GAAP to IFRS impacts the group's financial position, financial performance and cash flows are shown in the following tables and notes.

**Reconciliation of equity**

| SEK M | Note | Previous-principles 1-jan-09 | Impact at transition to IFRS | IFRS 1-jan-09 | Previous principles 31-dec-09 | Impact at transition to IFRS | IFRS 31-dec-09 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Intangible assets | a, c | 5 298 | -44 | 5 254 | 4 987 | 217 | 5 204 |
| Property, plant and equipment | b,d | 959 | 143 | 1 102 | 867 | 149 | 1 016 |
| Long-term receivables | | 9 | - | 9 | 8 | - | 8 |
| Deferred tax assets | a, b | 439 | -13 | 426 | 604 | -11 | 593 |
| **Non-current assets, total** | | **6 705** | **86** | **6 791** | **6 466** | **355** | **6 821** |
| Inventories | | 1 062 | - | 1 062 | 780 | - | 780 |
| Tax assets | | 23 | - | 23 | 23 | - | 23 |
| Accounts receivables - trade | | 871 | - | 871 | 874 | - | 874 |
| Prepaid expenses and accrued income | a | 75 | -18 | 57 | 58 | 16 | 42 |
| Other receivables | | 95 | 33 | 128 | 28 | 25 | 53 |
| Short-term investments | | 33 | -33 | 0 | 25 | -25 | 0 |
| Cash and cash equivalents | | 277 | - | 277 | 426 | - | 426 |
| **Current assets, total** | | **2 436** | **-18** | **2 418** | **2 214** | **-16** | **2 198** |
| **Assets, total** | | **9 141** | **68** | **9 209** | **8 680** | **339** | **9 019** |
| **Equity** | | | | | | | |
| Share capital | | 0 | - | 0 | 0 | - | 0 |
| Other contributed equity | | 1 000 | 0 | 1 000 | 1 026 | 0 | 1 026 |
| Reserve | c | - | - | 0 | -46 | -8 | -54 |
| Profit/loss carried forward | b | 0 | -15 | -15 | -54 | 248 | 194 |
| **Equity, total** | | **1 000** | **-15** | **985** | **926** | **240** | **1 166** |
| **Liabilities** | | | | | | | |
| Long-term interest bearing liabilities | a,d | 6 204 | -67 | 6 137 | 6 091 | -57 | 6 034 |
| Other non-current liabilities | | 7 | - | 7 | 7 | - | 7 |
| Pension provisions | | 101 | - | 101 | 103 | - | 103 |
| Other provisions | | 6 | - | 6 | 15 | - | 15 |
| Deferred tax liabilities | | 133 | - | 133 | 184 | - | 184 |
| **Non-current liabilities, total** | | **6 451** | -67 | **6 384** | **6 400** | -57 | **6 343** |
| Short-term interest bearing liabilities | | 157 | - | 157 | 17 | 92 | 109 |
| Accounts payable | | 487 | - | 487 | 504 | - | 504 |
| Tax liabilities | | 3 | - | 3 | 21 | - | 21 |
| Other liabilities | | 442 | - | 442 | 131 | -93 | 38 |
| Accrued expenses and prepaid income | b | 556 | 150 | 706 | 530 | 157 | 687 |
| Provisions | | 45 | - | 45 | 151 | - | 151 |
| **Total short-term liabilities** | | **1 690** | 150 | **1 840** | **1 354** | 156 | **1 510** |
| **Total liabilities** | | **8 141** | **83** | **8 224** | **7 754** | **99** | **7 853** |
| **Total liabilities and equity** | | **9 141** | **68** | **9 209** | **8 680** | **339** | **9 019** |

**Reconciliation, profit/loss for 2009**

| SEK M | Note | According to earlier principles | Impact transition to IFRS | According to IFRS |
|---|---|---|---|---|
| Net sales | b | 5 725 | -6 | 5 719 |
| Cost of goods sold | b, c | -4 160 | 276 | -3 884 |
| **Gross profit** | | **1 565** | **270** | **1 835** |
| Other operating income | | - | 17 | 17 |
| Selling expenses | | -665 | - | -665 |
| Administrative expenses | | -445 | - | -445 |
| Research and development costs | | -157 | - | -157 |
| Other operating expenses | | -76 | -13 | -89 |
| **Operating profit/loss** | | **222** | **274** | **496** |
| **Net financial income/expense** | **a** | **-352** | **-13** | **-365** |
| **Profit/loss before tax** | | **-130** | **261** | **131** |
| Tax | a, b | 75 | 2 | 77 |
| **Net profit/loss for the year** | | **-55** | **263** | **208** |

**Notes to the reconciliation of equity**

a. Reclassification of prepaid loan costs, attributable to Long-term interest-bearing liabilities.
b. Legal transfers of trailers that were previously reported as sales are now reported as operating leases as a result of residual risks in relation to the counterparties. The vehicles have been recovered and accounted for as tangible assets with pre-paid income entered as liabilities; pre-paid are recognised as income on straight-line basis over the lease term. Depreciation is reported in cost of goods sold.
c. As of January 1, 2009, no amortisation of goodwill. Goodwill is impairment tested annually, or upon indication of impairment.
d. Reclassification of leases.

The effect of above adjustments have affected shareholders' equity by SEK 240 M and deferred tax assets of SEK -11 M. Translation differences arising from translation of foreign operations prior to the adoption of IFRS has been reported in a separate component of equity (translation reserves). Earlier distributable reserves have been allocated to the capital nature in accordance with IFRS**.**

**Discontinued operations**
The statement above does not reflect the discontinued operations which have been made in the consolidated income statement.

**Explanation of material adjustments to the cash flow for 2009**
Adjustment for amortisation of goodwill is not required anymore as goodwill is not amortised. In fact, there are no significant differences to cash flow statements prepared in accordance with previous accounting principles.

## Note 25 Particular disclosures on equity

**Class of shares**

| | **Ordinary shares 2010** | **2009** | **Preferred shares 2010** | **2009** |
|---|---|---|---|---|
| Thousands of shares | | | | |
| Issued as of 1 January | 202 353 | 160 000 | 163 707 | 160 000 |
| Cash issue | 0 | 42 353 | 526 | 3 707 |
| **Issued as of 31 December - paid** | **202 353** | **202 353** | **164 233** | **163 707** |

The group has also granted 80 million warrants in a gratuitous special issue and these warrants are held by Nordic Capital Fund VII and have been fully utilised in February 2011. The share capital has thus increased by SEK 50,000 and 80 million ordinary shares were issued in February 2011.

Holders of ordinary shares are entitled to dividends decided over time and are eligible to vote at the AGM, with one vote per share. Holders of preferred shares have priority over common stock to a dividend equivalent to an amount, capitalised annually, for 16% of the average subscription price. Preference shares are eligible to vote at the AGM, with one vote per share.

The quota value of the shares amounts to 0.000625.

**Dividend**
No dividend has been proposed by the Board.

**Group**
**Translation reserve**
The translation reserve comprises all exchange differences arising from translation of financial statements of foreign operations that have prepared their financial statements in a different currency than the currency of the consolidated accounts are presented in. The parent company and the group present their financial statements in Swedish kronor.

**Parent**
**Restricted reserves**
Restricted reserves may not be reduced through dividends. There are no restricted reserves in the parent company.

**Unrestricted equity**
The following reserves make up, along with profit/loss for the year, the unrestricted equity, that is, the amount available for distribution to shareholders.

Share premium reserve
When shares are issued at a premium, that is, for the shares to be paid more than the shares' par value, an amount equal to the amount above the shares' par value is transferred to share premium.

Profit brought forward
Profit brought forward consists of the previous year's profit brought forward and profit after deduction of dividends during the year left.

## Note 26 Liabilities till credit institutions

| | 31 Dec 2010 | 31 Dec 2009 |
|---|---|---|
| **Long-term interest bearing liabilities** | | |
| Long-term liabilities to credit institutions | 5 077 | 5 983 |
| Leasing | 44 | 51 |
| Derivative liabilities - long-term | 41 | - |
| **Total** | **5 162** | **6 034** |
| | | |
| **Short-term interest bearing liabilities** | | |
| Short-term liabilities to credit institutions | 26 | 9 |
| Bank overdraft | 18 | 8 |
| Derivative liabilities - short-term | 14 | 92 |
| **Total** | **58** | **109** |

**Maturitystructure, liabilities to credit institutions**

| | 31 Dec 2010 | 31 Dec 2009 |
|---|---|---|
| Bank overdraft | 18 | 8 |
| 1 years | 31 | -1 |
| 2-3 years | 252 | 54 |
| 4-5 years | 650 | 603 |
| Later than 5 years | 4 269 | 5 479 |
| **Total** | **5 220** | **6 143** |

## Note 27 Other provisions

| | 31 Dec 2010 | 31 Dec 2009 |
|---|---|---|
| **Provisions, long-term liabilities** | | |
| Guarantee commitments | 15 | 15 |
| **Total** | **15** | **15** |
| | | |
| **Net value at beginning of period** | **15** | **15** |
| Provisions made during period | - | - |
| Amounts utilised during the period | - | - |
| Unutilised amounts cancelled during the period | - | - |
| **Net value at end of period** | **15** | **15** |
| | | |
| **Provisions, nature:** | | |
| Of which total long-term part | 15 | 15 |
| Of which total short-term part | - | - |

## Note 28 Accrued expenses and prepaid income

| | Group<br>31 Dec 2010 | 31 Dec 2009 |
|---|---|---|
| Accrued payroll expenses | 173 | 156 |
| Customer bonuses | 142 | 135 |
| Payroll overhead | 54 | 56 |
| Accrued interest | 6 | 99 |
| Prepaid income | 176 | 156 |
| Other items | 106 | 85 |
| **Total** | **657** | **687** |

## Note 29 Cash flow analysis

| | The group 2010 | 2009 |
|---|---|---|
| Interest paid | -288 | -347 |
| **Adjustment for non-cash items etc.** | | |
| Capitalised interest | 177 | 102 |
| Depreciation/amortisation and write-off, assets | 220 | 218 |
| Unrealised exchange rate differences, operational | -9 | 60 |
| Net profit/loss sale of non-current assets | 3 | -11 |
| Net profit/loss sale of operations/subsidiary | 82 | 0 |
| Other provisions | 12 | 32 |
| Unrealised fair value change, derivatives | -303 | -141 |
| Unrealised exchange rate differences, financial | -264 | 0 |
| Others | -11 | 0 |
| **Total** | **-93** | **260** |

Trailers has been reclassified from inventories to property, plant and equipment for use in the rental operations.

| | | |
|---|---|---|
| **Acquisition of subsidiaries and other business segments** | | |
| *Acquired assets and liabilities:* | | |
| Intangible assets | 19 | 0 |
| Property, plant and equipment | 2 | 0 |
| Inventories | 4 | 0 |
| Short-term receivables | 6 | 0 |
| **Assets, total** | **31** | **0** |
| Short-term liabilities | 11 | 0 |
| **Total minority, liabilities and provisions** | **11** | **0** |
| Purchase price | 20 | 0 |
| Deduction: | 0 | 0 |
| Paid purchase price | 20 | 0 |
| Deduction: | 0 | 0 |
| **Impact on cash and cash equivalents** | **20** | **0** |

| | Group 2010 | 2009 |
|---|---|---|
| **Divestment of subsidiaries and other business segments** | | |
| *Divested assets and liabilities:* | | |
| Intangible assets | 114 | 0 |
| Property, plant and equipment | 12 | 0 |
| Inventories | 29 | 0 |
| Short-term receivables | 112 | 0 |
| **Assets, total** | 267 | 0 |
| | | |
| Short-term liabilities | 62 | 0 |
| | | |
| **Total minority, liabilities and provisions** | 62 | 0 |
| | | |
| Purchase price | 130 | 0 |
| Deduction sales expenses | -7 | 0 |
| Outstanding receivables | -1 | 0 |
| | | |
| Received purchase price | 122 | 0 |
| Deduction: | 0 | 0 |
| | | |
| **Impact on cash and cash equivalents** | **122** | **0** |

| | | |
|---|---|---|
| **Cash and cash equivalents** | | |
| *Items in cash and cash equivalents:* | | |
| Cash and cash equivalents | 281 | 275 |
| Short-term investments, equivalent to cash and cash equivalents | 36 | 151 |
| **Total, according to statement on financial position and statement on cash flow** | **317** | **426** |

## Note 30 Shares in subsidiaries

| | 2010 | 2009 |
|---|---|---|
| Cost at acquisition, brought forward | 1 000 | 1 000 |
| | | |
| Accumulated cost at acquisition, carried forward | 1 000 | 1 000 |
| | | |
| **Value of direct holding of subsidiaries, carried forward subsidiaries** | 1 000 | 1 000 |

| | Corp. Id. No. | Seat | Share, of capital (%) |
|---|---|---|---|
| Thule AB | | Malmoe | 100 |
| Thule Holding AB | 556662-7138 | Malmoe | 100 |
| Thule Towing Systems AB | 556259-0298 | Vänersborg | 100 |
| Thule NV | | Menen | 100 |
| Thule Organization Solutions Asia Pacific Ltd. | | Hongkong | 100 |
| Thule Organization Solutions Shenzhen Co Ltd | | Shenzhen | 100 |
| Thule Organization Solutions Holding BV | | Utrecht | 100 |
| Thule Organization Solutions Pacific BV | | Utrecht | 100 |
| Thule Organization Solutions S.A. | | Gembloux | 100 |
| Thule Organization Solutions SL | | Madrid | 100 |
| Thule Organization Solutions S.A.R.L | | Rosny Sous Bois | 100 |
| Thule Organization Solutions Direct BV | | Utrecht | 100 |
| Thule S.p.A. | | Lecco | 100 |
| Thule SARL | | Les Marches | 100 |
| Simaka S.r.l. | | Lecco | 100 |
| Thule Finans AB | 556043-6858 | Malmoe | 100 |
| Thule Sp.zo.o. | | Wielen | 100 |
| Thule Japan KK | | Tokyo | 100 |
| Thule S.r.o | | Prague | 100 |
| Thule Trailers AB | 556112-5302 | Jönköping | 100 |
| Gabic AB | 556621-6247 | Gnosjö | 100 |
| Thule Sweden AB | 556076-3970 | Gnosjö | 100 |
| Thule Brasil Comércia de Acessórios | | Sao Paulo | 100 |
| Thule Brasil Distribuidora Ltda | | Sao Paulo | 100 |
| Thule Shanghai Co Ltd | | Shanghai | 100 |
| Thule Trailers AS | | Oslo | 100 |
| Thule IP AB | 556578-1282 | Bromölla | 100 |
| Thule Sport Rack Beheer B.V. | | Staphorst | 100 |
| Thule Canada Holding LLC | | Wilmington, Delaware | 100 |
| Thule Canada Inc | | Granby | 100 |
| Thule Holding ApS | | Nr. Aaby | 100 |
| Brink Nordisk Holdings ApS | | Fensland | 100 |
| Thule Towing Systems A/S | | Fensland | 100 |
| Thule Trailers A/S | | Nr. Aaby | 100 |
| Thule Netherlands Beheer B.V. | | Staphorst | 100 |
| Thule Organization Solutions BV | | Utrecht | 100 |
| Thule Towing Systems B.V. | | Staphorst | 100 |
| Thule Towing Systems Sarl | | Betheny | 100 |
| SCI L Elmontaise Société | | Betheny | 100 |
| Ellebi Srl | | S. Vittoria | 100 |
| Thule Towing Systems Sp z.o.o. | | Wolsztyn | 100 |
| Thule Towing Systems (Pty) Ltd | | Pietermaritzburg | 50 |
| Thule Holding Inc | | Seymour | 100 |
| Thule Inc. | | Seymour | 100 |
| Thule Towing Systems LLC | | Detroit | 100 |
| Thule Organization Solutions Holding Inc. | | Wilmington, Delaware | 100 |
| Thule Organization Solutions Inc. | | Longmont, Colorado | 100 |
| Thule Organization Solutions Canada Inc. | | Toronto | 100 |
| Thule Holding Ltd | | Rotherham | 100 |
| Thule Towing Systems Ltd | | Warwickshire | 100 |
| Thule (UK) Ltd | | Rotherham | 100 |
| Thule Karrite Ltd | | Rotherham | 100 |
| Thule Ltd | | Rotherham | 100 |
| Thule Automotive Ltd | | Rotherham | 100 |
| Thule Deutschland Holding AB | | Malmoe | 100 |
| Thule Deutschland Holding GmbH | | Neumarkt | 100 |
| Thule GmbH | | Neumarkt | 100 |
| Thule Trailers South Africa (Pty) Ltd | | Germiston | 100 |

## Note 31 Pledged assets

| | The group 31 Dec 2010 | 31 Dec 2009 | Parent company 31 Dec 2010 | 31 Dec 2009 |
|---|---|---|---|---|
| **In respect of liabilities to credit institutions:** | | | | |
| Property mortgage | 346 | 206 | 0 | 0 |
| Floating charges | 3 569 | 175 | 0 | 0 |
| Inter-group receivables | 3 085 | 4 436 | 0 | 0 |
| Shares in subsidiaries | 0 | 0 | 1 000 | 1 000 |
| Other pledged assets | 304 | 456 | 29 | 26 |
| **Total pledged assets** | **7 304** | **5 273** | **1 029** | **1 026** |

All assets of the group are pledged by pledges of shares in subsidiairies.

## Note 32 Contingent liabilities

| | 31 Dec 2010 | 31 Dec 2009 |
|---|---|---|
| **The group** | | |
| Pension liabilities, PRI | 2 | 2 |
| Guarantees issued | 75 | - |
| | **77** | **2** |
| **Parent company** | | |
| Pension liabilities, PRI | 80 | 77 |
| | **80** | **77** |

## Note 33 Events after the reporting period

**Group**
No significant events have arisen after the end of the reporting period.

## Note 34 Transactions with associated parties

**Group**
See note 11 Employee remuneration and Note 13 Pension provisions.

**Parent company**
See note 30 Shares in subsidiaries.

The income statement and the balance sheet will be presented to the annual general meeting on 30 March 2011 for adoption.

Malmö 3 March 2011

(signature on original document)
Roger Holtback
Chairman of the board

(signature on original document)
Hans Eckerström
Board member

(signature on original document)
Anders Pettersson
Board member

(signature on original document)
Ulf Rosberg
Board member

(signature on original document)
Åke Skeppner
Board member

(signature on original document)
Magnus Welander
President and CEO

Our audit report was submitted 3 March 2011.

KPMG AB

(signature on original document)
Helene Willberg
Authorized Public Accountant

# Audit Report - translation

To the annual meeting of the shareholders of Thule Investment AB

Corporate identity number 556770-6311

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Thule Investment AB for the year 2010. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit 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 the 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 board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and the consolidated accounts 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 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 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 have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the statutory administration report and that the board of directors and the managing director be discharged from liability for the financial year.

Malmö 3 March 2011
(signature on original document)

KPMG AB

Helene Willberg
Authorized Public Accountant