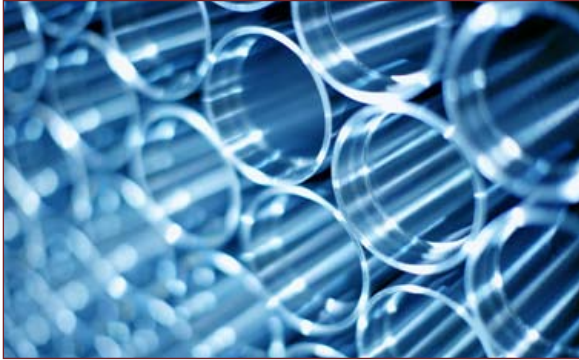


TRACTION



Our operations are based on our own methodology for **developing** and **refining** the companies in which Traction is an owner.

Traction is a publicly traded investment company with ownership interests in listed and unlisted companies. Our operations are based on our own methodology for developing and refining the companies in which Traction is an owner. The primary focus of the methodology is customer relationships, capital flows and risk management. This methodology has evolved over Traction's more than 35-year history. Traction does not focus on specific industries, because our method is based on business acumen, which is applicable regardless of industry affiliation. Traction's role as owner is based on an active and long-term engagement, together with an entrepreneur or corporate management. In addition hereto Traction conducts investment operations aimed at achieving a good return on the Company's capital.

BUSINESS CONCEPT

To apply Traction's business development method in wholly and partially owned companies, thereby generating high returns and value growth.

BUSINESS PHILOSOPHY

- ▶ We have a long-term approach.
- ▶ We are not seeking to build up a corporate group. We work instead with a number of independent companies – our clients – whose increase in value will be realised in the longer term.
- ▶ Our sphere of activity lies within the general transformation of companies. The requisite technical and industry expertise must be present in the company.
- ▶ Our primary objective is to sell management; financing is a secondary priority. It is the combination that is interesting.

GOALS

- ▶ To achieve average annual growth of shareholders' equity of at least 25 percent.
- ▶ To create profitable growth in our wholly owned and partially owned companies.
- ▶ To minimise the risk and increase the return on our projects.

STRATEGY

To achieve Traction's goals, the following are required:

- ▶ The ability to choose the right projects, in reality, the right partner – corporate managers.
- ▶ Project Managers who can provide corporate managers with the support and complementary expertise they require to carry out the business project.
- ▶ Project Managers with varying expertise and background to cover the varying needs of each company.
- ▶ Project Managers with the ability to step in, when necessary, as corporate managers during transitional periods, until a new manager has been appointed.
- ▶ Co-operation partners who can act as project manager, director, chief executive and/or joint owner.
- ▶ Sufficient financial resources to take on interesting projects.
- ▶ Consistent application of our methodology to minimize risk and raise the return on investment.

EXIT STRATEGY

It is important to Traction that our companies display long-term growth and earning power. Our basic tenet is that we regard our ownership as "perpetual", but our shares are, in principle, always for sale at the right price and to a better owner. We define a better owner as an owner that is able to do more for the company than Traction can.

SHAREHOLDER INFORMATION 2010

3 May	Interim Report for the period January – March
3 May	Annual General Meeting 2010
28 July	Interim Report for the period January – June
28 Oct.	Interim Report for the period January – September

To subscribe for financial information by e-mail, please visit www.traction.se, or e-mail the Company at post@traction.se. All reports during the year will be available at the Company's website. Traction's official Annual Report will be available for downloading at the website well in advance of the Annual General Meeting.

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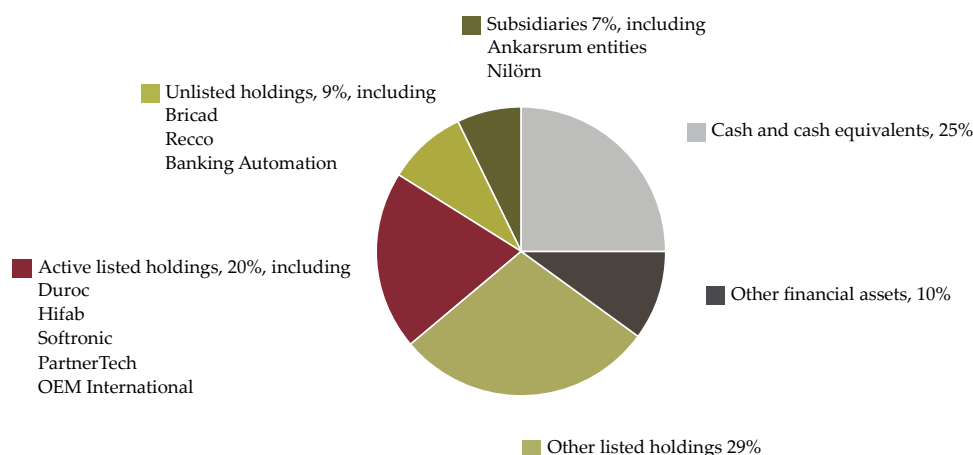
2009 in Brief

- ▶ Profit after taxes was MSEK 280 (SEK 17 per share)
- ▶ Traction completed its cash offer to the shareholders of Nilörn. By 31 December 2009 ownership stood at 65 percent of capital and 57 percent of votes.
- ▶ Guaranteed new issues in PA Resources, Eniro, Nordic Camping & Sports, SRAB Shipping, Endomines and Switchcore
- ▶ Subscribed for a convertible debenture loan in PA Resources in the amount of MSEK 47
- ▶ Traction's wholly owned subsidiary, Ankarsrum Assistant AB took over the rights to the Assistent® and launched a newly designed version on the market
- ▶ Subscribed for newly issued shares in SRAB Shipping. Traction now owns 11.7 percent of the shares outstanding
- ▶ The holding in Gnosjöplast was liquidated
- ▶ Acquired a major lot of class A shares in OEM International. Traction now owns 4.7 percent of the capital and 10.3 percent of the votes
- ▶ Started a mutual fund business through acquisition of Thenberg Fonder

KEY FINANCIAL INDICATORS	2009	2008	2007	2006	2005
Result for the year, MSEK	280	-171	81	175	310
Earnings per share, SEK	17	-10	5	11	19
Shareholders' equity, MSEK	1 350	1 147	1 348	1 297	1 137
Equity per share, SEK	85	70	82	78	69
Share price at end of period, SEK	68	54	68	76	60
Market price/equity per share, %	80	76	83	97	87
Return on equity, %	25	-13	6	15	38
Equity ratio, %	92	92	90	90	88
Dividend per share, SEK*	1,85	2,50	1,85	1,10	0,93
Dividend yield, %	2,7	4,6	2,7	1,4	1,6

*) Dividend for 2009 as proposed by the Board of Directors.

DISTRIBUTION OF EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S EQUITY HOLDERS



All in all 2009 was a prosperous year for Traction's shareholders

Dear Shareholder,

In absolute terms 2009 was one of Traction's best years to date with a reported after-tax profit of MSEK 273 attributable to the Parent Company's equity holders. The return on equity, adjusted for repurchased shares, was 25 percent, which must be regarded as acceptable, given that we had a large portion of our capital invested in cash and low-return money market instruments. This means that the return on our other investments was considerably higher.

The good result is explained primarily by a number of successful equity investments in large and medium-size companies listed on the Stockholm stock exchange, although an increase in the value of our active listed holdings also contributed to the result. Traction maintained a highly liquid position during the year in anticipation of new investment opportunities. We have sensed a great deal of concern for negative surprises in equity and money markets as the financial crisis remains a reality for most companies and nations.

The reality remains frosty for many companies, especially in manufacturing industry. Consumer-dependent companies see strong demand for consumption-prone citizens who feel they can spend because of currently prevailing extremely low interest rates. In Sweden in general, and in the Stockholm metropolitan area in particular, rising real estate prices have also contributed to sustained high consumer spending. It will be interesting to see how our right-wing politicians will come to grips with the housing bubble they have contributed to creating. That bubble will have dire consequences, especially for the younger generation. Many are those who have assumed far too much debt when acquiring their now overvalued homes.

The Stockholm stock market rose during the year by more than 45 percent, which may be seen in part as a recovery from steep drop in 2008. It is indeed fascinating to note how the negativism that prevailed at the beginning of 2009 gradually has transformed into belief in an early turn to the better for many companies. The current sense among macro experts and analysts in particular, is that a deep reversal in the stock

market is improbable at this juncture. A more common belief is that the Stockholm market will rise by a further 30 percent or so during 2011. One argument is that interest rates are so low that the alternatives for earning a return are few and far between. I am sceptical. Memory is selective for most of us and limited as to time. If what we have experienced during a year or so is one of the worst crises since the 1930s, one has to wonder if the economy won't take considerably more time to recover than many seem to be expecting today.

Perhaps it will be the export-dependent companies who will be able to handle the future well, while unemployment will rise further in the western world, where nations will be suffering under the mountains of government debt built up during the financial crisis. It seems quite possible that several of our export-dependent companies will be able to expand in China and its environs, at the same time as market demand in the western world remains weak. In such a scenario it would seem likely that that stocks are now fairly valued. But what happens if we get to see a financial crash in China? That is something we would rather not speak about.

During 2009 Traction elected to realise some of our more successful investments in order to have financial preparedness in connection with a market turnaround and, especially, to be able to participate in transactions where we can assume an active ownership role. At the same time we have a number of large investments in the likes of Swedbank, PA Resources, SCA and others, which means that Traction also will be affected positively by a general market upturn. We are also active owners in some fifteen smaller and medium-sized companies, which will be negatively impacted by increased financial unrest in the world.

During 2009 we participated in underwriting new issues in PA Resources, Eniro, Nordic Camping & Sports (NCS), SRAB Shipping, Endomines and Switchcore. In PA Resources we had to exercise our guarantee and subscribe for newly issued shares, which afterwards has turned out to be a good deal. We subscribed for a smaller number of shares in NCS

"I see continued opportunities in coming years of engaging in underwriting transactions, where we can earn commission income as well as become part owners in interesting companies at a reasonable price level."

and we had to subscribe for parts of our underwriting in SRAB, with the effect that we have become the company's second largest owner. During 2009 Traction became represented on the company's board.

I see continued opportunities in coming years of engaging in underwriting transactions, where we can earn commission income as well as become part owners in interesting companies at a reasonable price level. Our underwriting engagement in Rörvik Timber in the beginning of 2010 is an example of this.

There are plenty of companies on the various exchange listings in need of bolstering their capital bases during the coming year, in part because greater expansion will require more capital, but also because many companies have seen their capital base erode as a result of expensive, loan-financed acquisitions, combined with continued high payouts to shareholders. Several companies sold new stock during 2009 and in my estimation the number of new issues, especially among smaller and medium-sized companies, will increase substantially, which opens interesting opportunities for Traction. Some large companies are also likely to have to turn to their shareholders for new capital, but here the scenario is more difficult to assess since these companies also have direct access to the loan market, which is not a well-functioning option for smaller and medium-sized companies.

Towards the end of 2009 Traction entered into an agreement to acquire Thenberg Fonder AB. The transaction was completed in January 2010 once the Swedish Financial Supervisory Authority granted its approval. This acquisition gives us an opportunity to offer Traction's experience in wealth management to a wider audience. Traction has for a very long time recorded a high return on its investments, but it has been difficult for the general public, institutions and other larger investors to engage in this style of investment in an efficient manner. This acquisition can resolve that problem with retained liquidity also in the case of larger volumes. Traction Fonder will be a separate operation within Traction, aside from the other engagements and our investment activity.

In addition to the above mentioned business opportunities and activities, Traction will actively assist our existing project companies and also continue to look for unlisted companies in need of an active owner, where existing owners, management and/or financiers sympathise with Traction's business methodology and our approach to business.

Stockholm, February 2010
Petter Stillström



Traction's business

The common denominator for Traction's business is that we apply our own corporate development methodology to all companies in which we become involved. This means that customers, investors, partners and personnel must of necessity sympathise with our philosophy and our approach to business. Because what we sell is our methodology, that's what we make money on, and the commodity our clients buy. If you don't want it, then you should obviously not buy it. We try to be very explicit on this point, because many of those who approach us are ignorant of this fact and have entirely different preconceived ideas. This leads to long and meaningless discussions and, in the worst case, if we fail to be sufficiently observant, to the formation of a partnership where the partners are pulling in different directions. The primary focus of Traction's methodology is on the following three main areas:

Customer relationships

It is the direct contact with the company's customers tells the company what it needs to deliver and on what terms. Feedback from the customers enables the company to develop products that are unique and provide optimal solutions to the customer's problems. Identifying customers who could benefit greatly from the products or services provided by the company generates the prerequisites required for achieving high levels of sustained profitability.

The company's business model and strategy must always be subordinated to what the customers want and are willing to pay for. The business model should be seen as a hypothesis that is verified by paying customers. Close co-operation with the customers creates the potential for the company to shift focus quickly to what actually works in the marketplace. The possibility of success is at its greatest when the company ensures that it capitalises on every emerging business opportunity and only proceeds with the products and services that customers demand and pay for.

Most successful innovations are propelled by demanding customers as part of a commercial process. It is therefore important to nurture contacts with the customer and never to let the middlemen take command. The company's most important resource is therefore its qualified sales force, which is responsible for customer relationships and is able to translate the requirements to the company's other functions.

Capital flows

One additional cornerstone of Traction's methodology is based on a functioning capital flow, achieved by creating revenue before costs. By selling first and buying later, the company can let revenue control the level of costs acceptable to the company. The support of customers and the building of confidence in the company's ability to deliver the promised product/service is a prerequisite for success in this area. Capital tied up is substantially reduced and the need for financing can also be reduced, at the same time as risks are minimised.

Frequent contacts with the customers give the company hints of how demand changes. This information functions as an "early warning system," affording the company the opportunity to adapt its business and body of costs in line with the new prerequisites.

Risk management

Taking risks is a natural part of all business activity. But that doesn't mean that a company needs to bear all the risks by itself, and there are many ways in which the risks to which the business is exposed can be reduced. Customers, suppliers and other partners who participate in the company's success must naturally also share the risks, or they should be replaced.

The company's core business should comprise those products and services where the company excels and which can form a basis of support for the company's profitability and expansion. Products and services not part of the core business operations should be outsourced to specialists in these areas, with the aim of reducing operational complexity. If the company is focused on the products and services where it excels, the total business risk will diminish to reasonable levels.

In a forced development process, the risk of the company exposing itself to too many risks simultaneously increases. If different risks are combined, the overall probability for a successful outcome is reduced, and the company's survival is jeopardised thereby. The preferred option is to take one risk at a time, thereby improving control over the risk level to which the company should expose itself.

When reading these principles, they appear to be rather simple and self-evident, but in practice, they can be quite difficult to follow. And then there are those people who are unwilling to follow the principles when they discover the practical difficulties involved. Many believe that it is impossible to follow the principles.

Every time capital is injected into a company, the level of risk rises and profits usually decline. The reason for this is that management's razor-sharp focus on the company's bu-



Assistent

business disappears. It simply becomes less important to get money from paying customers. There is a tendency to go after new ventures; and costs tend to grow with a declining requirement for immediate return. The money burns a hole in the company's pocket, but it is called an investment. Companies are less good at listening to what the customers are willing to pay for when they have their own money to spend. And yet, companies need capital. But it must be injected in moderation and with care. Traction's job is to ensure that our clients nurture their capital usage and at the same time utilise every opportunity for raising external capital.

The most significant aspect of our methodology is that we let the companies develop on the basis of what they have actually succeeded in selling, rather than investing personally in what they believe others will buy in the future. Our heroes are the sales representatives who achieve two key things: they bring money into the company, and they gather information on what is saleable – in principle, on how the products should be developed and designed. Other people's heroes are the people with product ideas who build a company with the aid of a large capital infusion. We are not denying that we need ideas and inventions, but we have learned that they have to be secondary to the things that the customer will actually pay for. When they don't, the experimentation tends to be very expensive. But as we said, each to their own. We feel that we must emphasise, however, that the entrepreneur ends up with a larger slice of the pie using our method.

TRACTION'S METHODOLOGY IN BRIEF

To create income before expenses

- ▶ Sell first, buy later
- ▶ Let revenue control costs.
- ▶ Cease activities when funds are low
- ▶ Let customers and suppliers finance development

To minimise fixed costs

- ▶ Cover fixed costs by getting orders
- ▶ Convert fixed costs into variable ones
- ▶ Do not invest without secure orders
- ▶ Do not recruit without secure orders
- ▶ Outsource and use consultants

To control and execute the critical and unique aspects of the business

- ▶ Every business has a unique core – guard it jealously
- ▶ Product control
- ▶ Market control
- ▶ Do not allow suppliers and middlemen to take control
- ▶ Stay in direct contact with end customers
- ▶ Nurture the brand name and make sure you own it

To avoid involvement in those parts of the business where others have more expertise

- ▶ All business contains numerous conventional services and skills – there are always other people who specialise in these areas. Use them. But use people who know their business and are strong.
- ▶ Reduce the scope of the business to a core operation and expand it later, if possible.

To capitalise on opportunities

- ▶ Sell to one customer, then two, then four – not to everyone at once.
- ▶ Find customers who will derive massive benefits from the new product and customers who want to try something new – known as “early adopters.”
- ▶ Try lots of different approaches, make more of what works and quickly stop whatever doesn't work.
- ▶ Let the customer's wishes and willingness to pay determine what the company does.

To avoid risks

- ▶ Basic business – something to live on when things are sluggish.
- ▶ Take one risk at a time, rather than several simultaneously.
- ▶ Combine a unique aspect with the conventional ones.
- ▶ Let others share the risks – customers and suppliers. Or refrain.
- ▶ Only take the risks that the company can afford.
- ▶ Borrow for business, not losses.

Traction's formula

The key to Traction's historically good returns is a combination of a number of different profitability factors. Each factor in itself increases the value and/or minimises the risk exposure in Traction's holdings. If all of these factors are successfully combined, the return on capital infused can be very high. Traction's goal is to systematically ensure that the three most important factors, all of which are components of the model for return shown below, perform well individually, but above all, to create the sought-after combination of factors.

Factor 1 Asymmetric risk profile

Traction's capital infusion in its portfolio companies is relatively low. In part, this is Traction's way of getting paid for its very active ownership; in part it is a function of the implementation of Traction's capital-extensive business methodology in the portfolio companies. This results in a relatively small capital infusion in each respective project, which in turn means a limited risk, at the same time as a small capital base gives rise to a higher return. All we stand to lose is our stake – but the gain can be many times that stake.

Factor 2 Growth with profitability

With Traction as a partner, the goal is always to achieve growth while maintaining profitability. With Traction's participation, it is often possible to accelerate the rate of growth because the entrepreneur/company management has a strong and competent partner at their side – a partner who, in addition to management support, will bring to the company its experience of different types of change, corporate acquisitions, etc.

Factor 3 Revaluation situations

Traction trains a sharp focus on realising changes in the basis for the valuation of its holdings. As examples can be mentioned:

- ▶ If a company becomes an attractive buy-out target for an industrial investor, its value can be multiplied many times over.
- ▶ If a company becomes listed in a marketplace, the value will increase, at the same time as additional capital can be raised, and this, coupled with Traction's methodology, increases the chances for long-term growth.
- ▶ When a company suffers acute profitability and liquidity problems, its value falls drastically. The revaluation profits to be made by those with the courage to accept the challenge of successful reconstruction work are both very rapid and large.
- ▶ The value of under-capitalised companies with a competent management and interesting projects increases if they are given additional capital. And if it is subsequently possible to steer the company to a higher level, the returns can be extreme.
- ▶ The drop in value of over-capitalised companies is less than the amount taken out of them.
- ▶ Valuable companies hidden within other larger companies can also be helped to emerge into the limelight and their value is thereby increased.



Ankarsrum Motors

Result: High profitability

Each of the above-mentioned factors leads to a growth in value. Traction's task is to ensure that all three factors are combined, which leads to high leverage on capital infused. Historically, Traction has demonstrated its ability to combine its work alongside the entrepreneurs with its methodology and its skilled project managers to achieve a consistently high return over an extended period of time.

Traction's universe

TRACTION WORKS WITH SEVERAL TARGET GROUPS

Entrepreneurs who:

- ▶ Possess the right characteristics, i.e. people who are extremely industrious and resilient, who can get things done, who are simultaneously thrifty and ensure that the customer pays, is satisfied and buys again.
- ▶ Are willing to abandon strategic plans in favour of what their external universe (the customer) is willing to pay for, and who are always willing to review their business concept and adapt it on an ongoing basis.
- ▶ Believe in our methodology and are willing to work in accordance with its dictates.
- ▶ Run or are planning to start companies with the right prerequisites for expansion.

Active partners who in co-operation with Traction:

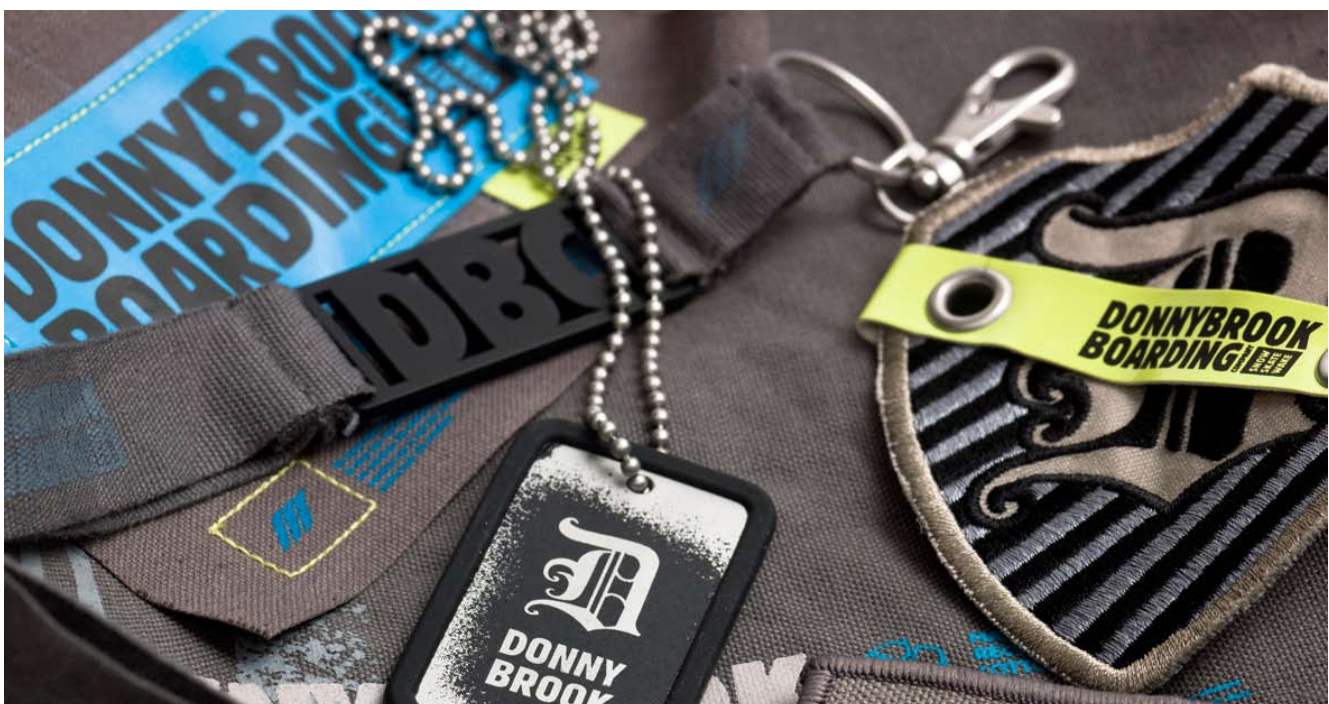
- ▶ Are able to work operatively as project managers, directors or as chief executive.
- ▶ Act as an active partner.
- ▶ Want to finance a buy-out, a new issue or participate in refinancing the business.
- ▶ Believe in our methodology and are willing to work in accordance with its dictates.

Company managements, company presidents, owners who:

- ▶ Lack an active joint owner.
- ▶ Need help in conjunction with a management buy-out, spin-off or acquisition of businesses, or a change of generations.
- ▶ Otherwise need a financially strong owner in conjunction with a major transaction.
- ▶ Believe in our methodology and are willing to work in accordance with its tenets.

Financiers, owners, reconstruction specialists who:

- ▶ Need support in specific situations when urgent operational measures are needed in critical phases of reconstruction of operations.
- ▶ Are looking for a partner with the ability to provide a reconstruction loan to save a business from financial collapse.
- ▶ Need a partner with the financial resources needed to enter into a major project.
- ▶ Need a guarantor/underwriter in connection with raising capital.



Nilörn

Underwriting

Traction has a long history as an underwriter of public issues. We get involved in underwriting in a number of different situations, for example in connection with widening ownership through private placements, initial public offerings, financing of acquisitions and expansion, refinancing of maturing debt, saving the company from insolvency, or simply strengthening of the balance sheet in general.

- ▶ Traction has issued guarantees for companies where we already are part owners, where we have intended to become part owners or merely to safeguard the issue itself. On occasion we have been the sole underwriter and sometimes we are part of an underwriting consortium.
- ▶ Traction has also been engaged in ancillary services, for instance as a lender until the company has completed the issue. Traction has also been involved in preparing prospectuses.
- ▶ Closely related services include subscribing for securities in private placements, without pre-emptive rights, and to purchase a major shareholders lot of shares.
- ▶ Traction's guarantees may be for MSEK 1 to several hundred MSEK.
- ▶ Traction sees this as a financial service, but is always prepared to become a long-term owner.

Examples of companies whose offerings Traction has underwritten

AcadeMedia
 Allgon
 Biophausia
 Duroc
 Endomines
 Eniro
 Hifab Group
 Impact Coatings
 Know IT
 Next Link (Invisio Headsets)
 Nordic Camping & Sports
 PA Resources
 Rörvik Timber (2010)
 Softronic
 SRAB Shipping
 Switchcore
 Thalamus Networks



Gold



Rörvik Timber

Business organisation

Traction's business consists of actively participating in the development of our portfolio companies and assisting them in every kind of situation. The focus is on developing and refining companies, using Traction's business philosophy and approach to entrepreneurship. Traction's central organisation is made up of a group of Venture Managers/Project Managers who are responsible for a number of engagements and who are also charged with the task of finding new projects. In addition to its Venture Managers the company has a smaller department for finance and administration. Traction's business organisation also includes a network of co-operation partners who participate actively, or have par-

ticipated in the development of Traction's associated companies, such as entrepreneurs, owners, directors, members of senior management and financiers. When necessary, Traction's Venture Managers assume operational responsibility for running the portfolio companies in conjunction with the implementation of change projects. Traction's Venture Managers collectively have a broad competence base, which means that Traction is able to offer expertise in the fields of sales, marketing, organisation, financial control and legal issues.



Petter Stillström, President and CEO, born 1972, M.Sc. (Business Administration). Worked at Traction since 1999, President and CEO since 2001. Previously worked in corporate finance.



Tomas Ståhl, Chief Financial Officer since April 2009, born 1971, M.Sc. (Business Administration). Previously active as auditor, controller and group chief accountant.



Anders Ekborg, Venture Manager and Legal Counsel, born 1968, LL.B. Worked at Traction since 2004. Previously worked for a law firm.



Joakim Skantze, Venture Manager, born 1967, M.Sc. (Eng.). Worked at Traction since 2007. Previously worked in senior positions in IT and graphic industry.



Johannes Vock, Venture Manager, born 1982, B.Sc. (Business Administration). Worked at Traction since 2008.



Gunilla Håkansson, Responsible for accounting, born 1953. Worked at Traction since 2005.



Paula Hokkanen, Financial assistant/reception, born 1982. Worked at Traction since 2008.

Listed active holdings

LISTED ACTIVE HOLDINGS COMPRISE 20 PERCENT OF TRACTION'S EQUITY

Traction is an active major owner in a number of smaller and medium-sized listed companies. We invest in companies where we see a significant revaluation potential and where the risks are manageable. Other involvement in listed companies can be that we underwrite equity offerings in companies in need of new capital and where we see a potential for good returns. Traction has been an owner in some of the companies listed below before they became publicly listed and we participated actively in their respective processes of going public. Please also refer to Traction's ownership policy for additional information on our approach to ownership in listed companies and the distribution of roles between owners, Board of Directors and corporate management.

Investment year: 2008
Proportion of capital and votes: 12%
Revenue 2009: MSEK 260
Other owners: Peter Zeidler, 19%, Pekka Mikkola, 10%, Mikael Berglund, 10%
President: Mikael Berglund

Drillcon AB is Europe's largest company in diamond core boring and a major raise boring contractor. Drillcon has been active in that industry since 1963 and has subsidiaries in Sweden, Norway (Drillcon Norge AS), Finland (Suomen Malmi Oy, Smoy) and Portugal Drillcon

Iberia SA Portugal). Drillcon is listed on First North on the Stockholm Stock Exchange. The company's head office is in Nora, but operations are on site by contractors where work needs to be done. Additional information is available at drillcon.se. Traction is a part owner of Drillcon since autumn 2008 and is engaged on the Board of Directors since spring 2009.

Traction's take on Drillcon

Traction acquired shares in Drillcon during autumn 2008 amid the raging financial crisis. What we saw then was a well managed company with good value development potential in an extended perspective. The company's chief executive and chairman are large shareholders in the company which promises a stable development. Despite a high degree of uncertainty in commodities during 2009 and non-existent new exploration activity, the company managed to deliver a positive result.



Drillcon

Investment year: 1993
Proportion of capital and votes: 24% and 27%, respectively
Revenue 2009: MSEK 385
Other owners: Bricad Holding, 9%, Sture Wikman, 7%
President: Erik Albinsson

Duroc AB is an industrial group that owns and develops industrial trading operations in a number of segments. Among Duroc's companies/businesses can be mentioned Duroc Machine Tools (the former Swedish Tool and other companies, dealing in machine tools), Micor

(saw blades), Duroc Rail (rail wheelset maintenance), Duroc Tooling (manufacture of tools) and Duroc Engineering (surface treatment using laser technology). The subsidiaries are divided into business areas industrial trading and technology/production. The group owns businesses in Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Spain and England. Duroc is listed on OMX Nordic Exchange Stockholm. Additional information is available at duroc.se.

Traction's take on Duroc

Duroc's industrial trading business was severely hurt by the crisis in the vehicle industry, which means that the company during 2008 and 2009 was engaged in extensive cost-cutting activity. Hopefully order bookings will increase gradually during the coming year so that the industrial trading operation again can contribute to Duroc's profitability. It is gratifying to note that Duroc was entrusted to take over a small business from SSAB during the summer of 2009. Aside from fine-tuning the existing Duroc companies, Traction's ambition with Duroc is to expand the group by adding complementary businesses.



Duroc

Investment year: 2004
 Proportion of capital and votes:
 42% and 36%, respectively
 Revenue 2009: MSEK 475
 Other owners: Niveau Holding,
 6%, Hans Waldaeus, 4%, Jan
 Boija, 3%, Jan Skoglund, 3%
 President: Jan Skoglund

Hifab Group AB is the Nordic Region's largest project management firm. The company is active in sectors including building, construction, installation, and environmental technology. Internationally, Hifab also offers its services to aid organisations and then with services in the fields of construction,

education and training, social development, institutional and rural development, etc. Hifab is currently leading projects in some 20 countries. Hifab now has 15 offices in Sweden and ten offices outside Sweden. Hifab today has approximately 400 employees.

Hifab captured several major projects during 2009, among which can be mentioned that Hifab was awarded the assignment as part project leader for decontamination of the Oskarshamn harbour basin, designated as Sweden's largest environmental cleanup project. The Söderleden project in Norrköping, for which Hifab is managing partner, was also named Sweden's best construction project in 2008. Read more about Hifab at hifab.se. Hifab is listed on First North on the Stockholm Stock Exchange.

Traction's take on Hifab

Traction is a believer in Hifab as being the Nordic Region's and the Baltic States' leading project planning and environmental technology company in a longer perspective. With its broad competence and geographic diversification, the company has the capability of taking on large projects, locally as well as on a nation-wide basis. Aside from broad competence, Hifab also possesses solid specialist competency in the fields of installation, environment and energy, which we believe will be increasingly in demand. The ambition is that Hifab will maintain stable, profitable growth. This growth will be organic and through acquisitions in new geographic areas and segments.

Investment year: 2005
 Proportion of capital and votes: 33%
 Revenue 2009: MSEK 27
 Other owners: Tom Sibirzeff,
 17%, Cood Investment, 9%
 President: Tom Sibirzeff

Nordic Camping & Sports

AB has as its business concept to acquire and develop camping sites with a variety of dwelling forms under a common concept. The company currently operates nine facilities from Helsingborg in the south

to Östersund in the north. The ambition is to continue growing, either by acquisition or leasehold, and to develop and expand the existing facilities. New facilities must have a clear profitability potential, if possible with opportunity for around-the-year occupancy.

NCS recorded a stable result for 2009, the effect of systematic efforts in cost optimisation at all facilities and seasonally adjusted price increases. A new issue was floated during 2009 in a total amount of MSEK 8.8, in part to finance the building of cottages at Råå Vallar Camping in Helsingborg and the acquisition of a site-leasehold right for Frösö Camping. During 2010 the "hotel concept" will be launched at the facilities with modern cottage accommodations. Additional information is available at nordiccamping.se. The company's shares are traded on Aktietorget.

Traction's take on Nordic Camping & Sports

NCS has a distinct chain concept and an ambition to grow. The market has displayed steady growth over the past ten years and the market for camping with a variety of accommodation alternatives remains fragmented, which opens for opportunities for more acquisitions. Traction believes that, over time, there are great opportunities for creating a stable company with good profitability and growth together with the company's entrepreneur and founder.



Hifab



Nordic Camping & Sports

Investment year: 2009
 Proportion of capital and votes: 6% and 11%, respectively
 Revenue 2009: MSEK 1,331
 Other owners: Orvar Pantzar, 19%, Hans Franzén, 11%, Agne Svenberg, 7%
 President: Jörgen Zahlin

OEM International AB is one of Europe's leading technology trading groups in industrial components and systems on selected markets in northern, central and eastern Europe. The group consists of 26 operating entities conducting business in 13 countries. OEM

offers a broad and deep range of

industrial components and systems from leading suppliers. Thanks to a well developed local market organisation and effective logistics, OEM makes for a better alternative than the suppliers' own sales companies. OEM contributes a high level of knowledge and service and markets the products based on the market-specific requirements in each respective market. The group consists of three divisions: Automation, Components and Production Technology. Traction has for many years had a small investment in OEM and at the end of 2009 a large block of Class A shares were acquired, which together with a smaller lot of Class B shares acquired in January 2010 means that Traction owns 6.1 percent of the capital and more than 10 percent of the votes. Read more about OEM at oem.se. OEM International is listed on OMX Nordic Exchange Stockholm.



OEM International

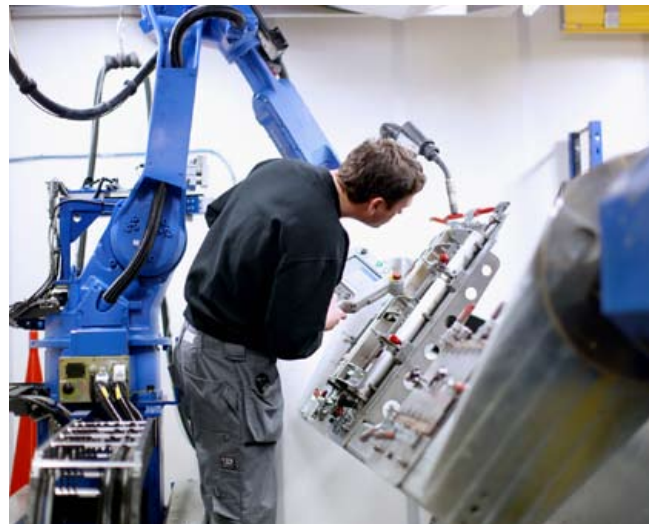
Traction's take on OEM

OEM is a well managed and stable company, which even during 2009 managed to handle the economic downturn in an exemplary manner. In a longer perspective we see excellent opportunities for developing operations organically as well as through sound acquisitions. OEM has a clear ownership structure and is controlled by a small number of large owners who for a long time have also been actively involved in the company's development

Investment year: 2008
 Proportion of capital and votes: 14%
 Revenue 2009: MSEK 2,148
 Other owners: Bure Equity, 43%,
 President: Leif Thorwaldsson,
 Takes office in 2010

PartnerTech AB develops and manufactures products on a contract basis for leading companies, primarily in the fields of defence & marine, industry, information technology, medical technology and instruments, environmental technology and sale and payment solutions.

In the customer relationship PartnerTech has the role of production partner with a holistic approach. This role assumes not only ability to handle the customer's product throughout its life cycle, but also deep competence in the fields of electronics, mechanics and systems integration. In this way the company can create solutions that strengthen the customer's competitive power. Proximity to the customers, high quality and delivery precision, short lead times and customer satisfaction are therefore important parameters for PartnerTech. PartnerTech has more than 1,300 employees at facilities in Sweden, Norway, Finland, Poland, England, USA and China. The parent company is listed on OMX Nordic Exchange Stockholm. Traction is a part owner of PartnerTech since autumn 2008 and engaged on the Board of Directors since spring 2009. Read more at partnertech.com.



PartnerTech

Traction's take on PartnerTech

Traction acquired a rather large position in PartnerTech in late autumn 2008 because we saw good opportunities for a major re-evaluation in coming years. As an entrepreneurial and competent production partner, PartnerTech should be in a good position to be entrusted with production and development for demanding customers as the economy improves.

Investment year: 2001
 Proportion of capital and votes:
 23% and 21%, respectively
 Revenue 2009: MSEK 374
 Other owners: Anders Eriksson,
 22%, Stig Martin, 22%
 President: Anders Eriksson

Softronic AB is an IT and management company with a business concept of improving its customers' operations with the latest in information technology through long-term partnership. Softronic has a holistic approach to change, which means that the company can support its

customers in everything from strategy to structure, including organisation, processes and IT. Softronic is listed on OMX Nordic Exchange Stockholm. Additional information about Softronic is available at softronic.se.

Traction's take on Softronic

Traction became a major owner of Softronic when the company floated a new issue during autumn 2001. The issue was underwritten by Traction. Our relationship with the company's chief executive, principal owner and founder has evolved over the years to the point where Traction now considers its involvement in Softronic as a long-term partnership with the company's entrepreneur. Softronic is a well-managed company which for many years has recorded significantly higher profitability than its publicly owned peers and other competitors. Traction's ambition is to continue to participate in the company's profitable expansion of its operations.



Softronic

Investment year: 2009
 Proportion of capital and votes: 12%
 Revenue 2009: MSEK 82
 Other owners: Pomonagruppen,
 30%, Lawhill 22%, Bernt Plotek,
 19%
 President: Rolf Hollmén

SRAB Shipping AB is a shipping company that offers industrial shipping services within the tank and chemical sectors. The company's principal market area is the Baltic and North Sea regions. The company owns about 60 percent in each of three chemical tankers and about 27 percent in Norswede (5 dry cargo

vessels). Traction became a part owner of SRAB Shipping AB when Traction was the underwriter of a share issue, where Traction subscribed for 12 percent of the shares offered. SRAB is traded on First North. Additional information about SRAB Shipping is available at srab.se.

Traction's take on SRAB

Much like many other shipping companies SRAB was badly hurt by the world-wide recession. Traction's ambition is to contribute to a stable development of the company over time and to the company's expansion of its fleet through acquisitions and operation of vessels owned by others.



SRAB Shipping

Investment year: 2007
Proportion of capital and votes:
28% and 22%, respectively
Other owners: Banque Carnegie
Luxembourg, 5%, Nordnet
Pensionsförsäkringar, 4%
President: Erwin Leichtle

Switchcore AB sold its business a number of years ago, which means that the company is looking for new business opportunities where the value of the company's tax-loss carryforwards in the amount of approximately MSEK

260 can be realised. The company

also has a broad shareholder base of about 15,000 shareholders, which means that the company is in compliance with the requirements of the Stockholm Stock Exchange. Once the company has identified the future business orientation, it is relatively simple and cost-efficient to list the company on a bigger list.

A rights issue was floated in January 2010 with Traction as underwriter. Proceeds to the company of the issue was MSEK 62. Over the years Switchcore's shareholders have contributed about SEK 1 billion which the company has exhausted. Switchcore will attempt to profitable businesses, or start a business of its own as a way of taking advantage of the company's tax asset in as advantageous and effective manner as possible. Awaiting such acquisition the proceeds of the rights issue will be invested in interest-bearing assets.

Traction's take on Switchcore

Traction's goal is to contribute to add an interesting and profitable business to the company during the coming year.

Unlisted active holdings

UNLISTED ACTIVE HOLDINGS (OWNERSHIP <50%) COMPRISE 9 PERCENT OF TRACTION'S EQUITY

In Traction's unlisted projects we cooperate with entrepreneurs who are large owners in their companies. The business concept is – as partner to these entrepreneurs – to develop growth companies. With Traction as a business partner the entrepreneur is able to generate the prerequisites for profitable growth. We contribute to the development of the company and then sell our stake – preferably together with the entrepreneur – and then – hopefully – realise a healthy profit. The entrepreneur consequently does not make a profit when we move in – they “buy” us in. Several of the companies involved in Traction's projects are led by a hired CEO, because Traction's partner no longer has as much of an operative role. In certain projects Traction works with other active owners, at the same time as operations are led by a president who is not a significant owner of the company. Traction's venture operations can be equated to those of an organised business angel. We also co-operate with individual business angels who want a partner.

Investment year: 1986
Proportion of capital and votes: 47%
Other owners: Alan Jeffers, 32%, David Tew, 11%, Paul O'neil 10%
Managing Director: David Tew

Banking Automation LTD is a British company that develops designs and manufactures self service banking machines – a sort of reverse ATM – and cash exchange machines, primarily for banks, but also for transport companies, shopping

malls and the like. The machines are placed both as free-standing units within the bank's premises and as “in-the-wall” machines that open to the street, and in unmanned bank branch offices. Banking Automation was founded in 1984 and has an installed base of more than 8,000 units with clients that include several leading banks and financial institutions in some thirty countries in the world. Among Banking Automation's customers in Great Britain can be mentioned Barclays, HSBC, Nat West and a growing number of municipalities, magistrate courts and public utilities. Sales take place via a well built agency network. Additional information about Banking Automation is available at bankingautomation.com.

Traction's take on Banking Automation

Banking Automation is one of our oldest holdings and the company possesses in-depth knowledge and experience in handling coins and bills in the community. The company is well organised and well managed, which is largely the work of the company's professional chief executive, David Tew, who also during a weak 2009 managed to generate a positive result.



Banking Automation

Investment year: 1997
Proportion of capital and votes: 47%
Other owner: Bo Richter
President: Claes Richter

Bricad Holding AB's business concept is to make investments in companies with a good development potential and to take an active role in those companies' development. The businesses in Bricad

Holding are today the following: Vallentuna Centrum AB owns and manages centre properties in Vallentuna. The rentable space is approximately 35,000 square metres, divided into office and retail space. The owner is Bricad (50 percent) and GE Real Estate (50 percent). Duroc AB is an industrial group where Bricad owns about 9 percent. More information about Bricad is available at bricad.se.

Traction's take on Bricad Holding

Bricad's principal asset is the holding in Vallentuna Centrum, acquired in 2006. Since the acquisition, Bricad has contributed to the development of expanded commercial space, new residences and more activity



Vallentuna Centrum

opportunities. A 3,000 square metre ICA Kvantum store has been added and parking garage with 210 spaces. Several spaces have been renovated and refurbished. A high quality gym and a swimming pool totalling about 5,000 square metres have been built, together with a new sport and skateboard hall. A total area of about 2,500 square metres of commercial and office space has been completed.

Vallentuna's strong growth creates opportunities for a positive development, which means a good, long-term value performance potential.

Investment year: 1983
Proportion of capital and votes: 20%
Revenue 2009: MSEK 2.8
Other owners: The founder with family

Geodynamik AB develops and markets measuring instruments for the control and quality assurance of compaction of soil and asphalt in connection with the building of roads, railways, airports, trash disposal facilities, factories and properties. Traction is a part owner

since 1983. Additional information about Geodynamik is available at geodynamik.se.

Traction's take on Geodynamik

The company has a unique technology in the area of compaction measurement.

Investment year: 1988
Proportion of capital and votes: 49.9%
Other owners: Magnus Granhed, 50.1%
President: Magnus Granhed

Recco Holding AB RECCO® is a life-saving system used by more than 500 life-saving organisations world-wide as an effective aid in locating avalanche victims. RECCO is based on radar technology, which allows for rapid and exact locating of victims. The system is comprised

of two parts and consists of RECCO detectors used by organised rescue groups and RECCO reflectors attached to the ski boot or built into skiing equipment, such as clothing, helmets and ski boots. The reflectors require no knowledge to be used, nor are they dependent on a supply of electrical power. Even though there are similarities with active emergency transmitters, the RECCO system is not intended to be a self-rescue system, or an alternative to using an emergency transmitter. The system is not in the way of other rescue methods, such as dogs or emergency transmitters for instance. Instead the system functions as a complement to other systems. The RECCO system allows much faster organised searching for victims and gives skiers and snowboarders one more chance of being saved in time. The RECCO system is established at all skiing resorts of distinction in the world, about 350 locations. Traction is a part owner since 1988. Additional information about RECCO is available at recco.com.

Traction's take on Recco

Recco is a very exciting company, well known among all of the world's skiers. The potential to capitalise on RECCO's brand name are significant and we see good opportunities over time to expand into other areas of use, in addition to expanding the proportion of skiers who wear the RECCO reflector when active in alpine areas. All skiers should wear a RECCO reflector since avalanches unfortunately occur in pisted areas as well as outside such areas. It is also gratifying to participate in this company that demonstrably saves lives. As recently as in the beginning of 2010, a skier in France was saved by the Recco system.



Recco

Investment year: 1997
 Proportion of capital and
 votes: 23.3%
 Revenue 2009: MSEK 21
 Other owners: President and
 employees
 President: Christer Svensson

Sigicom AB develops and markets sensors, measuring systems and communications solutions for unmanned surveillance, primarily of vibrations and noise in industry and infrastructure. The systems automatically send measurement data with intelligent communication

to a central database where it is compiled in a web-based interface. There is a major efficiency improvement potential for Sigicom's customers to simplify the installation of measuring equipment and to automate measurements, which saves many consultants' hours and was previously performed "by hand." Sigicom now sells its measuring systems on a global market. The measuring instruments are extremely accurate and Sigicom also offers support and regular calibration. Traction is a part owner of Sigicom since 1997. Additional information about Sigicom is available at sigicom.se.

Traction's take on Sigicom

Sigicom owns a market-leading competence in remote surveillance of vibrations and noise and represents a new approach in the industry. The technology developed in-house allows the company to apply its systems to other types of measurement. In a short and medium-term perspective, Sigicom will benefit from growing infrastructure investments and increased regulation in the environmental area.



Sigicom

Subsidiaries

SUBSIDIARIES COMPRISE 7 PERCENT OF TRACTION'S EQUITY

Our subsidiaries are usually turn-around projects, reconstructions, management buy-outs/buy-ins, or similar situations. Our principals can be banks, reconstruction specialists, major companies, "old" owners or management. The chief executive is usually an employee, but often participates in incentive programmes/bonus systems. Just like other projects, our work is based on Traction's business methodology and approach to entrepreneurship. Basically, Traction uses the same model for all investments, but the relationship with management differs significantly when the primary responsibility rests with us.

ANKARSRUM ENTITIES

In 2001 Traction took over the then FHP Elmotor AB from Electrolux. The Ankarsrum entities today exist of several companies briefly described below. More information about the operations is available at ankarsrum.com. Ankarsrum Fastighets AB owns and manages the Group's property consisting of approximately 30,000 square metres of premises.

Investment year: 2001
Proportion of capital and votes: 100%
Revenue 2009: MSEK 158
President: Thomas Håkansson

Ankarsrum Motors AB

develops and manufactures electric motors and related components as well as complete products that incorporate electric motors. In the welding feed motor area Ankarsrum Motors is today the leading

independent producer in the world. The production is characterised by solutions adapted to customer requirements with demand for high quality in the end products. Among the customers are the world's leading producers of welding equipment. This market suffered a sharp downturn during autumn 2008 in connection with the financial crisis. A slow recovery began during the second half of 2009.

The company also sells motors for kitchen appliances and assembles and packs complete, finished kitchen appliances. In terms of volume, this market was stable during 2009.

Ankarsrum's competitive advantage is a high level of automation in production and a highly skilled development department that develops customised solutions and various application modules. Development was begun during 2009 of an entirely new modular electric DC motor. The ambition is to make it even more cost-efficient than previous models and adaptable to new application areas.

Traction's take on Ankarsrum Motors

Ankarsrum Motors possesses broad industrial knowledge and a long tradition in manufacturing of electric motors. The strong position in welding feed motors is an important base. The decline in volume during 2009 prompted cost-cutting action, the full effect of which will be seen in 2010. Highly successful production of electric motors and kitchen appliances, where Ankarsrum's reliable motors are world-leading, is expected to continue. The development of a new modular DC motor will augment the company's competitive power in existing segments and opens opportunities in new areas of application.

Investment year: 2009
Proportion of capital and votes: 100%
Revenue 2009: MSEK 12
President: Thomas Håkansson

Ankarsrum Assistent AB

is a newly established sales company. The company markets and sells the classic Assistent® food processor/kitchen appliance, which was taken over from Electrolux during 2009. The Assistent appli-

ance is manufactured and assembled by Ankarsrum Motors. The product has been given a new design and a stronger motor. The machine is sold via well-established sales channels in Sweden, Norway and Denmark, and as new distributors are added, also in the rest of Europe and America.

Traction's take on Ankarsrum Assistent

The Assistent appliance is a classic Swedish household product with a stamp of high quality and which has been a natural part in the kitchens of several generations. We believe that there is great potential for a renaissance for this product in the Nordic countries and a new market outside the Nordic region.



Ankarsrum

Investment year: 2001
 Proportion of capital and votes: 100%
 Revenue 2009: MSEK 45
 President: Håkan Sundell

Ankarsrum Die Casting AB

is a high-tech casting company that works with products in aluminium and zinc. During 2007 and 2008 there was major expansion of the business in order to streamline

operations and respond to the increased demand for die-cast components. The expansion has among other things resulted in highly efficient machining cells to meet growing demands for precision and flexibility. Die Casting's customers are found among companies in industries such as the vehicle and white goods industries.

Traction's take on Ankarsrum Die Casting

The challenge for Ankarsrum Die Casting is to grow in the segment for high-tech aluminium die-cast products. The ambition is to grow in, among other, the automotive industry where Ankarsrum Die Casting today has a couple of large customers. Precision and purity requirements are very high. Customers that look for this kind of die-cast product therefore are more inclined to value quality over price, which we consider to be a strength that makes future expansion possible.

Investment year: 2005
 Proportion of capital and votes: 65% and 52%, respectively
 Revenue 2009: MSEK 341
 Other owners: Investor, 15%
 President: Claes af Wetterstedt

Nilörngruppen AB is an international group, founded in 1977, with expertise in adding value to brands in the form of labels, packaging, and accessories to customers, especially in the fashion and ready-made clothing industries. Nilörn is focused on increasing customers'

competitiveness by offering services that cover all design resources, plus a logistic system that ensures reliable and short delivery times. Nilörn is also one of the leading companies in the label industry when it comes to developing and using modern IT systems. Such systems, both internal and external, are used in connection with design, production, labelling of goods, surveillance of shipments and communication.

Nilörngruppen is one of Europe's leading players with revenue of MSEK 340. In all, Nilörn manufactures around 10 million labels per day, of different sizes and types. Nilörngruppen is represented by subsidiaries in Sweden, Denmark, Germany, Belgium, United Kingdom, Portugal, Hong Kong, India, Turkey, Bangladesh and, shortly, also China.

Nilörn lives by the motto "maximum customer satisfaction." The entire corporate structure is based on this central tenet, which constitutes the foundation for all business conducted in the Nilörn Group, from design to manufacturing, sales, logistics and service.

2009 was an eventful year. The name badge business in Belgium and the business in Nilörn Produktion AB were sold during the first quarter and Claes af Wetterstedt took office as Chief Executive Officer. Traction, who has been a shareholder since 1995, increased its holding to 65 percent of the shares outstanding and Nilörn was delisted effective as of 30 June 2009.

The weak economy caused a weak beginning of the year, but Nilörn's strong concept and attractive offer attracted several large international customers and this led to higher order bookings and revenue. During the first half of the year an extensive cost-cutting program was implemented.

The next step

Nilörn has trimmed its organisation, increased profitability and is the leading supplier in the Nordic region, where the company is well known for its design and product development. Nilörn has established logistic centres in important locations, such as Hong Kong, Turkey, India, Bangladesh and, before long, in China. The vision is "To become Europe's

leading label and branding company" and to achieve that, additional structural action will be required in the rest of Europe. Nilörn will review the organisation and raise the level of activity in this market in coming years.

Traction's take on Nilörn

During 2009 Traction increased its stake in Nilörngruppen in conjunction with a cash offer to the other shareholders. The reason why we decided to increase our ownership was that we saw considerable risk in the ownership control that resulted from the previous ownership structure. The company had a long history of weak profitability and in co-operation with new management we have scaled back the company's extensive cost structure and simplified the decision-making process. The delisting from the Stockholm Stock Exchange has resulted in cost savings. Nilörngruppen is active in a competitive niche in the apparel industry and even if 2009 was a good year from a profitability point of view, active engagement will be required to create a stable and competitive company on a long-term basis.



Nilörn

Investment year: 2007/2008
Proportion of capital and votes:
97% and 100%, respectively

Zitiz och Sourze are web newspapers written by their readers.

The media market is in a state of transformation. Printed media can't keep up in terms of speed, contain-

ing everything from text, image, sound to video, contain large archives, be interactive with the customer and deliver exactly what each customer wants. Printed media are also expensive to produce and distribute. TV sets will integrate the entire computer function and have access to the web's entire offerings. The radio and TV channels also accessed via computers on the web and via mobile phones. The boundary between who is consumer and who is producer of the media content is also being obscured. Individuals become both suppliers and consumers. The interaction is changed by the enormous diversity and the simple and fast access to others and stored content. Companies will have enormous opportunities of communicating, not only to broadcast a message, but also to get something in return and enhance the content of their products and services.

During these turbulent circumstances new companies may emerge and develop. The old entrenched companies typically will have hard time keeping up in the transformation. There are therefore many who feel a calling to find their place in this new world, which we don't quite know what it will look like.

Traction's take on Zitiz and Sourze

Our web newspapers Zitiz and Sourze are working to find success in this new media world. We have not yet found the winning concept, but we are experimenting to do so. The business model is therefore is, on a relatively small scale, with small costs, to find out what works in the new market, and what doesn't, and when we do to expand under profitability. Go to zitiz.se and sourze.se. Become both a reader and a contributor. Or a corporate customer.

Investment year: 2010
Proportion of capital and votes: 100%
President: Ulf Deckmark

Traction Fonder AB The acquisition of Thenberg Fonder AB was completed in January 2010. Thenberg Fonder today manages nine specialized funds, mainly aimed at the Swedish stock market.

In March 2010 the company will change its name to Traction Fonder AB, which will constitute a separate business in Traction aside from Traction's other engagements and investment activities. Ulf Deckmark, today the company's chief executive, will continue to be responsible for the business.

Traction Fonder is planning to concentrate the number of funds, but also to complement with funds with a special Traction philosophy and orientation.

Traction's take on Traction Fonder

Traction has for a very long time recorded high returns on its investments, but it has been difficult for the general public, institutions and other larger investors to engage in this style of investment in an efficient manner. This acquisition can resolve that problem with retained liquidity also in the case of larger volumes.

TRACTION
— FONDER —

Ownership policy for listed companies

Below is a summary of Traction's ownership policy for listed companies. Traction's ownership policy for unlisted companies in which we have a partner is also governed by a partnership relationship.

- ▶ A company shall always be run on behalf of its owners and to afford the maximum possible return for those owners.
- ▶ Major shareholders should be represented in the company's Board of Directors.
- ▶ A principal owner has the ultimate responsibility and the authority to initiate changes to operations, business concepts, the company's management, the composition of the Board of Directors, major transactions and acquisitions.
- ▶ A principal owner should consult with other major owners and explain the owners' intentions to the Board of Directors and corporate management, and ensure that suggestions for new board members are presented.
- ▶ The Board of Directors and management shall also gather and embrace the intentions of the owner and work in line with the specified orientation.
- ▶ Takeover bids, mergers and major acquisitions should in the first instance be handled by the principal owner.
- ▶ The Chairman of the Board of Directors, or the principal owner, must obtain support for major structural changes from the largest owners.
- ▶ A principal owner may not grant favours to himself or herself at the expense of the company, but shall be entitled to reasonable compensation for his or her participation in the management of the company.
- ▶ In the absence of a principal owner, the major owners should consult and formulate a form of corporate governance to compensate for the lack of a principal owner.
- ▶ In the absence of a principal owner or group of major owners who assume responsibility, it shall be incumbent upon the Chairman, with the aid of the Board of Directors, to compensate for such lack to the best of his or her ability.
- ▶ The Board of Directors should be composed of persons with large personal shareholdings and other persons who can contribute to the development of the company, and who have the time to be actively involved.
- ▶ The composition of the Board of Directors should be such that it includes numerous different skills, fields of experience and contact interfaces.
- ▶ Traction wants to see a business-like and active Board of Directors, that knows its company and its business environment well, and that can complement and support the Chief Executive. The Board of Directors shall make critical decisions regarding the company's strategies, orientation, major transactions and other significant changes.
- ▶ The Board of Directors shall exercise effective control over the company's finances, risks and opportunities. The Board of Directors works on behalf of the owners.
- ▶ As a major owner, Traction always wants to participate in nomination committee work.
- ▶ The nomination committee should be composed solely of representatives of the owners. If ownership ceases, the representative in question should immediately resign from the nomination committee.
- ▶ Traction wishes at all times to appoint at least one director in companies in which Traction has a major shareholding, and, when Traction is the principal owner, also the Chairman of the Board of Directors.
- ▶ Traction intends, at all times and in all companies, to implement Traction's business development methodology and expects other directors and corporate managers to work in the same spirit.
- ▶ The company shall have zero tolerance for arbitrary conduct.
- ▶ Option programs to employees should only be offered on terms adjusted to market conditions so that taxation is as income from capital rather than income from employment.
- ▶ Private placement of new shares with major owners are welcome in smaller companies, which thereby can keep new issue costs low, avoid negative effects on the market price of the share and also get a better ownership structure.

The CEO's terms and conditions for employment should comply with the following principles:

- ▶ A reasonable basic salary and a bonus for good performance.
- ▶ Terms and conditions should be renegotiable, both upwards and downwards, usually on an annual basis.
- ▶ Notice periods should not exceed six months and golden parachutes should definitely not exist.
- ▶ The period of notice should be the same for the Chief Executive and the company.
- ▶ The Chief Executive should preferably be a major joint owner of the company.
- ▶ Pension plans should be of the defined contribution variety and should, of course, be at a reasonable level.
- ▶ The Chief Executive should devote all of his or her working hours to the company and should not hold other positions. If an exception is granted, any compensation shall be deducted from the Chief Executive's contractual compensation from the company.

Traction from an investor perspective

Holding	Number of shares (thousands)	Stake % (votes)	Share price (SEK)	Market value (MSEK)	% of total	SEK per Share
Listed active holdings and stake >10% of votes						
Drillcon	5 387	12 (12)	2,2	12	1	
Duroc	1 750	24 (27)	17,7	31	2	
Hifab Group	12 452	41 (36)	3,9	48	4	
Nordic Camping & Sports	2 392	33 (33)	4,1	10	1	
OEM International	1 086	5 (10)	41,3	45	3	
PartnerTech	1 719	14 (14)	26,0	45	3	
Softronic	11 178	23 (21)	6,0	67	5	
SRAB Shipping	39 975	12 (12)	0,2	7	1	
Switchcore	111 000	18 (18)	0,03	3	0	
Total active listed holdings				268	20	17
Other listed holdings						
PA Resources (convertible)	-	-	-	75	6	
SCA B	700	-	95,5	67	5	
Statoil ASA	200	-	179,3	36	3	
Swedbank (Class A and Preferred)	1 500	-	70,8	106	8	
Bilia (including options)	152	-	69,8	21	2	
Listed holdings value MSEK <20/holding				69	5	
Total other listed holdings				374	29	23
Subsidiaries *						
Nilörn		65		65		
Other subsidiaries		-		34		
Total subsidiaries				99	7	6
Unlisted holdings						
Banking Automation		47		14		
Bricad Holding		47		43		
Recco Holding		49		60		
Other unlisted holdings				4		
Total unlisted holdings				121	9	8
Other financial assets						
Interest-bearing investments and loans				128		
Properties *				11		
Total other financial assets				139	10	9
Cash and cash equivalents				349	25	22
TOTAL				1 350	100	85

* Book value

The above compilation shows how the Group's equity, attributable to the Parent Company's equity holders, is distributed as of 31 December 2009. In addition interest-bearing investments, Other financial assets also include investments in shares where the return is mainly of an interest character. These assets are carried in the consolidated balance sheet as equity assets, however. In the opinion of the Company, the above compilation provides a truer picture of Traction's financial position the consolidated balance sheet, which includes the consolidated operating subsidiaries.

Five-year Overview

Pro forma* MSEK

Income Statements	2005	2006	2007	2008	2009
Operating income	317	314	309	380	526
Operating expense	-332	-335	-326	-384	-523
Change in value of securities	305	187	73	-189	267
Operating result	290	166	56	-193	270
Net finance items	1	10	26	22	14
Tax	0	0	-1	0	-4
Discontinued operations	19	-	-	-	-
NET RESULT FOR THE YEAR	310	175	81	-171	280
Of which attributable to:					
The Parent Company's equity holders	310	175	81	-171	273
Minority interest	0	0	0	0	7
Balance Sheets					
Shares	718	593	557	584	690
Other financial non-current assets	4	12	29	25	160
Other non-current assets	87	91	112	96	74
Current assets	142	103	152	121	197
Cash and cash equivalents	346	646	653	421	385
TOTAL ASSETS	1 297	1 445	1 503	1 247	1 506
Equity attributable to the Parent Company's shareholders	1 137	1 297	1 348	1 147	1 350
Equity attributable to the minority	0	0	0	0	32
Interest-bearing liabilities	63	66	75	27	4
Non-interest-bearing liabilities and provisions	97	82	80	73	120
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 297	1 445	1 503	1 247	1 506

Ten-year Overview

Pro forma*

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net result for the year**, MSEK	108	118	-127	58	193	310	175	81	-171	273
Shareholders' equity**, MSEK	680	781	612	656	833	1 137	1 297	1 348	1 147	1 350
Equity ratio, %	80	74	77	77	82	88	90	90	92	92
Return on equity, %	17	18	-17	10	30	38	16	6	-13	25
Equity per share, SEK	40	47	37	40	50	69	78	82	70	85
Earnings per share, SEK	21	7	-8	3	12	19	11	5	-10	17
Dividend per shares, SEK***	1,05	1,28	0,50	0,80	0,93	0,93	1,10	1,85	2,50	1,85
Dividend yield, %***	3,0	3,7	1,9	3,0	2,5	1,6	1,4	2,7	4,6	2,7
P/E ratio	2	5	-	8	3	3	7	14	-	4
Share price at year-end, SEK	35	35	26	27	37	60	76	68	54	68
Market price/Equity	0,85	0,75	0,71	0,68	0,74	0,87	0,97	0,83	0,77	0,80
Number of shares outstanding at year-end, thousands	5 616	5 589	5 515	5 515	5 515	5 515	16 545	16 367	16 367	15 830
Average number of shares outstanding at year-end, thousands	5 658	5 592	5 547	5 515	5 515	5 515	16 545	16 512	16 367	16 069

* In the above pro forma accounting relating to the period 2000-2005, the change in value on listed holdings is included in profit and negative goodwill has been recognised as it has arisen. There has been no retroactive revaluation of unlisted holdings. Adjusted for 3:1 split in 2006.

** Attributable to the Parent Company's equity holders.

*** As proposed by the Board of Directors.

Traction's return

RETURN ON REPORTED SHAREHOLDERS' EQUITY AFTER TAXES 2000-2009

	Annual return, %	Year
2009	25	2009
Best year	38	2005
Worst year	-17	2002
Ten-year average	13	00-09
Five-year average	14	05-09
Traction's goal	25	all years

DEFINITIONS

Equity/assets ratio

Shareholders' equity including minority interest as a percentage of balance sheet total.

Earnings per share

Net profit divided by the average number of shares outstanding during the year.

Equity per share

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

P/E ratio

Market price divided by earnings per share.

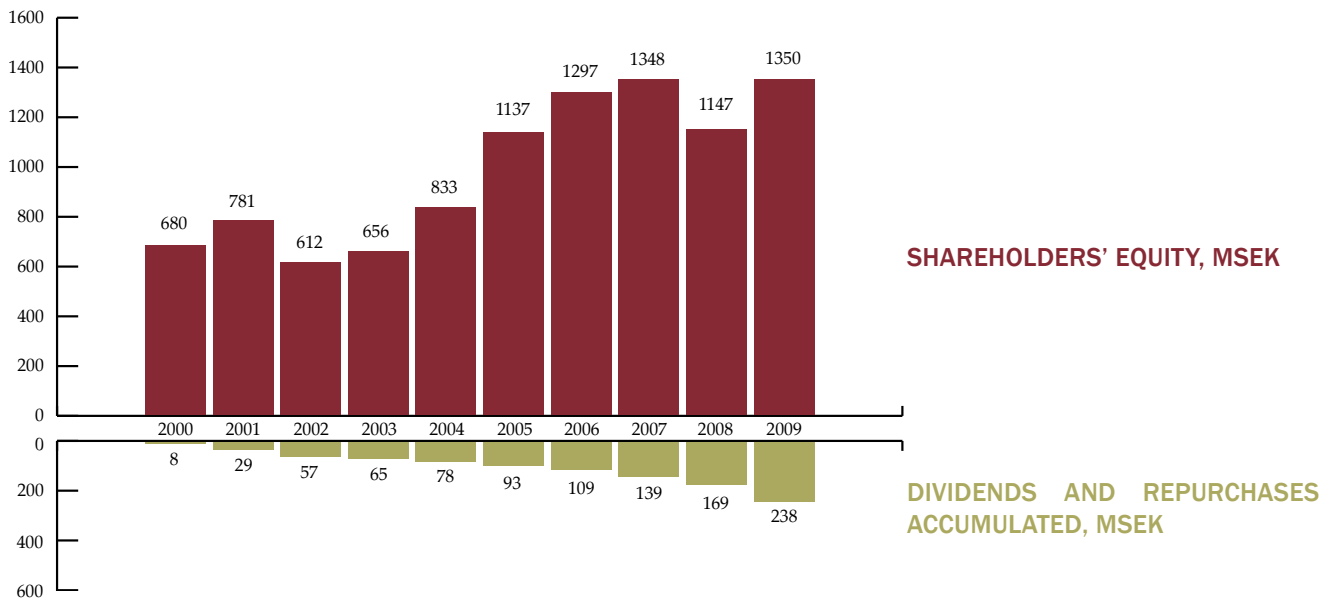
Return on equity

Net profit for the year after taxes as a percentage of shareholders' equity at the beginning of the year adjusted for repurchased shares and dividend paid.

Dividend yield

Dividend as a percentage of market price of share at year-end.

SHAREHOLDERS' EQUITY AND DISTRIBUTION TO SHAREHOLDERS 10 YEARS, MSEK



The company's business model and strategy must always be subordinated to what the customers want and are willing to pay for. The business model should be seen as a hypothesis that is verified by paying customers.

A small selection of transactions over the past ten years

Traction was started in 1974 by Bengt Stillström as a one-man consulting company with a capital of a few thousand kronor and is today a listed investment company with a market capitalisation of approximately SEK 1.3 billion. Below is a small selection of transactions over the past ten years.

2000 AcadeMedia bought BIG, Business Intelligence Group, sold its holding in Epic Multimedia, yielding a large capital gain, and floated a rights issue in the amount of SEK 100 million. The holdings in PC Card International, Executive Entertainment and Mobilsystem were sold. A claim was converted to equity in Biophausia. Reduced the holding in Thalamus Networks, yielding a substantial capital gain. Thalamus Networks made an equity offering in the amount of MSEK 250 and was listed on the Stockholm Stock Exchange. Invested in Arvako Företagspoolen and RealeX Communications. A bid was made for all outstanding shares in Kjessler & Mannerstråle, but the bid was withdrawn when it was rejected by KM's second largest owner. Subsequently accepted a cash bid from J&W, which contributed to the year's good results. Increased the holding in Bricad Holding. Sigicom floated a private placement. Participated in a new share issue in Swedish Tool ahead of an acquisition in January 2001. Sold the shares in MedMera Distribution and received shares in Gandalf (the present JLT Mobile) in payment. Liquidation of Tempelman AS began. Wound up Fast Forward and Lobbit. Became the largest shareholder in Haldex and one of the largest owners of Ångpanneföreningen. Traction's share was moved from the SBI-list to the O-list of the Stockholm Stock Exchange (the current Small Cap List).

2001 Invested in Azign Management. Participated in an equity offering in AcadeMedia's subsidiary, ReCALL. Sold the shares in Just Group Plc. Phased out of the engagements in Soneruds Maskin, Berg & Hav, RealeX Communications and Hagakure Network. Sold the shares in Ångpanneföreningen to Sweco, which added considerably to profit. Petter Stillström was appointed CEO. Underwrote new share issues in Know IT and Softronic and became a major owner in both companies. Increased the ownership stakes in AcadeMedia and Thalamus Networks by buying shares over the stock exchange. Associated company Swedish Tool grew through the acquisition of Vislanda Maskin, Bonthron & Ewing and Bergander Karlson Maskin. Acquired all shares in Ankarsrum Motors (the formerly FHP Elmotor AB) from Electrolux. Acquired Gnosjö Plast from Lear Corporation in partnership with a group of private individuals.

Acquired EDN Storage Technology and Karlberg & Karlberg from listed company Gandalf (JLT). Significant profitability problems in Svecia had a strongly negative effect on the year's result.

2002 Participated in a new share issue in Biophausia. Svecia was reconstructed during the spring and Traction acquired the assets from the receiver in bankruptcy. The bankruptcy had a strongly negative effect on the result. It was decided to liquidate subsidiary Maxitech. The result was also burdened by changes in the value of listed holdings, which meant that Traction reported a loss. The shares in Hjalmarsson &

Thias were sold. The holdings in Azign Management, EDN Storage Technology and Promecta were sold. Became the biggest shareholder in JC through purchases of shares over the stock exchange. Realised significant foreign exchange gains in USD. The stakes in AcadeMedia and Thalamus Networks were increased during the year. Associated company Thalamus Networks acquired Fiberdata from TurnIT. Thalamus also underwrote a new share issue in the company. Bought a small holding in Ticket and became the company's third largest owner.

2003 Acquired, together with other private partners in the Gnosjö plastics group, Silva Plastic Center from Silva Sweden AB. Sold the holding in FAB Valhalla, together with the wholly owned subsidiary, Sweden Table Tennis (STT), at a good profit. Associated company Thalamus Networks acquired a major shareholding in ProAct and sold the majority of its shares in TurnIT. The holding was subsequently sold at a good profit. Subsidiary Berganova AB sold a property in Åkersberga. Sold the shareholding in Ticket. Improved the terms of the convertible loan to Biophausia. Became a joint owner of Bombus. Substantial restructuring costs in the wholly and majority owned companies had a negative effect on the result.

2004 Traction turned 30. Subsidiary Silva Plastic Center was sold. Became joint owner in SMA Maskin with a number of private individuals. Staffing company Arvako was sold to the global staffing company Randstad. Financed share purchases in Hifab for a number of private individuals. This led to a situation where a new board of directors could be appointed. AcadeMedia made three acquisitions during the year: Företagspoolen, Reagens and Inductus, turned around to profit and was the year's winner in the stock market with a rise of 448 percent. Underwrote an issue and became joint owner Nextlink in connection with the company's listing on the NGM OTC-list. Bombus was merged with Scoop Publishware. Duroc floated its associated company Impact Coating on Nya Marknaden, an issue that was underwritten, in part, by Traction. Increased the stake in Duroc. German associated company Leipzig Rail Service GmbH expanded through acquisitions. A strong stock market, with JC and Know IT showing gains of 157 percent and 93 percent, respectively, contributed to the year's robust earnings.

2005 Sold shares in project companies for MSEK 296, most of which refers to Traction's entire holding in Know IT and JC, and most of the class B shares in AcadeMedia. The holdings in Nextlink (today Invisio headset) and Biophausia were sold at a good profit. Most of our shares in Sigicom AB and Scoop Publishware were sold to the companies' respective principal owners.

Became joint owner during the year in Edilen, which in turn is the majority owner in Hifab. Engaged ourselves in Nordic Camping & Sports AB. TBookHolding sold its business to Softronic against payment in Softronic shares. Bricad sold its

properties in Åkersberga at a good profit. Acquired a major holding in Nilörngruppen. The Haldex share performed well (+27 percent), Duroc (+29 percent) and Softronic (+55 percent) contributing to the year's result.

2006 Subsidiary Tolerans was sold, generating a capital gain of MSEK 100. Traction has been a part owner in Tolerans since the spring of 1995 and the company has performed well ever since, with revenue rising from approximately MSEK 30 to MSEK 96 during 2005, with sharply rising profitability. Close to half of the holding in Haldex was sold for about MSEK 230, which meant that the original investment was recouped. Increased the stake in AcadeMedia from 5 percent to 19 percent of capital. Became a major owner in Mandator and gained board representation. Acquired just over 12 percent of the shares outstanding in El & Industrimontage (EIAB) and became the company's second largest owner. Extensive restructuring work in Ankarsrum Industries, Gnosjöplast and Thalamus Networks in the quest for creating profitability. Bricad sold its property in Vallentuna Centrum, simultaneously becoming a fifty percent owner of Vallentuna Centrum AB, which acquired a number of central properties in Vallentuna Centrum. Swedish Tool was merged with Wikman & Malmkjell. Strong earnings performance in, among other, Banking Automation, Swedish Tool and Recco, resulting appreciation of the unlisted holdings by MSEK 45.



Nilörn

2007 The entire holding in AcadeMedia was sold. Traction had been a part owner of the company since the start in 1994. During January 2007 AcadeMedia acquired NTI independent schools and became a substantially larger company and was considerably revalued in the stock market. In that situation Traction elected to sell its holding. All shares outstanding in El & Industrimontage (EIAB) were sold after a bid from the company's founder and principal owner.

More Haldex shares were sold. The holding in Mandator was sold to Fujitsu Services in connection with a public tender offer. The unlisted Swedish Tool was sold to Duroc for cash and shares in Duroc. SMA Maskin was sold to the company's principal owner. ASJ was sold. Svecia East Ltd and Svecia Spares & Services were sold to the staff of the companies. A major block of shares in Switchcore (8 percent) was bought. Traction became the company's largest shareholder.

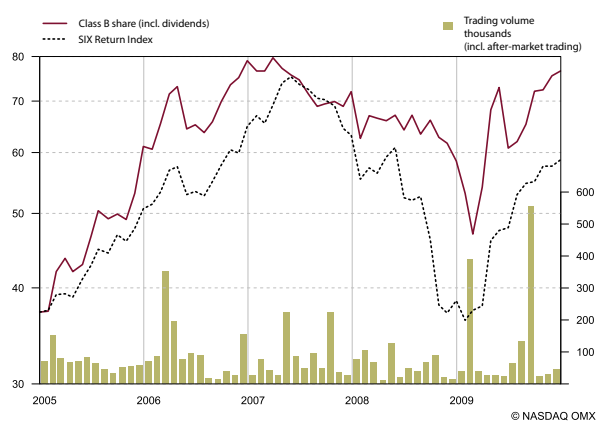
A new investment was made in software company PSA Easy Interaction and a supplementary investment was made in Sigicom. Zitiz was started.

2008 The return on equity was -13 percent in a year when the Stockholm market dropped by some 40 percent. The loss relates to negative changes in value on long-term listed holdings and other equity investments, where only a small number of losses was realised during the year. Unacceptably weak earnings performance by Traction's wholly owned subsidiaries and additional action is required before these companies will be profitable. Revaluation of the unlisted holdings in Banking Automation, Bricad Holding and Recco by a total of MSEK -32. Net investments in listed companies amounted to MSEK 238. Purchase and sale of a large block of shares in Teleca (8.5 percent). Purchase of major blocks of shares in Bilia (3.6 percent), Drillcon (11.3 percent) and PartnerTech (9.7 percent). Increased ownership in Switchcore to 17.9 percent. Increased the stake in Softronic from just over 10 percent to 20.9 percent of the votes. Thalamus Networks acquired Hifabgruppen with payment in own shares and cash. The earnings effect in connection with the tender offer for Hifab amounted to MSEK +43; the ensuing drop in the price of the shares in new Hifab during the autumn impacted Traction's result by MSEK +20. Zitiz acquired the internet newspaper Sourze. The active holding in PSA Easy Interaction was sold. The Group's subsidiaries repaid bank loans totalling MSEK 48 during the year.

2009 Traction turned 35. After a weak 2008 there was a significant turnaround and Traction recorded a return on equity of 25 percent. Participated in the underwriting consortium for PA Resources and ended up subscribing for convertibles in an amount of MSEK 47. The change in value on securities was MSEK 267, of which the holding in Swedbank accounted for MSEK +54. Bilia for MSEK +38, PA Resources for MSEK +29 and SCA for MSEK +20. Realised successful investments in large companies as well as medium-sized companies, which rose sharply after they were purchased during 2008, including Bilia, Billerud and Duni. Sold the last shares in Haldex after the share had doubled in value during the year. Wholly owned subsidiary Ankarsrum Assistent took over the rights to the Assistent® kitchen appliance and launched a newly designed version on the market. Completed a cash offer to the shareholders of Nilörngruppen, which became a subsidiary during the year and was delisted from the Stockholm Stock Exchange. Ownership in Nilörngruppen stood at 65 percent of the capital and 56 percent of the votes at year-end 2009. Underwriting of issues in Eniro, Nordic Camping & Sports, Endomines and Switchcore. The issue in Switchcore was completed in January 2010 and 88 percent of the issue was subscribed, with the effect that Traction's ownership stake increased to 28 percent of the capital and 22 percent of the votes. Gnosjöplast filed for bankruptcy following a failed reconstruction attempt. Sold Gnosjöplast Fastighets AB, which owned Gnosjöplast's 15,000 square metre production facility. Became a major owner in SRAB Shipping (11.7 percent) and became represented on the company's Board of Directors. Increased the ownership stake in Nordic Camping & Sports to just short of 33 percent of the capital. Board of Directors representation in Drillcon. Increased the ownership in PartnerTech (13.7 percent) and became represented on the company's Board of Directors. Repurchased shares in Traction for just over MSEK 28 (SEK 53 each). Acquired a large holding of Class A shares in technology trading company OEM International. Started mutual fund operations by acquiring Thenberg Fonder, which in the beginning of 2010 changed its name to Traction Fonder.

The Traction share

Traction's class B share is listed on the NASDAQ OMX Nordic Stockholm Small Cap list: Ticker TRAC-B. Market maker is Remium FK. Previously, since July 1997, the share was traded on NGM's share list. During 2009 Traction's share price rose by 26 percent. At year-end 2009 the latest paid price was SEK 68.0 per share. The market price of the share peaked at SEK 68.7 during the year; the lowest price was SEK 42.0. There are no convertible debentures, options or other dilutive instruments outstanding. The Board has been authorised, for the period up to the next Annual General Meeting, to acquire a maximum number of shares that would correspond to one tenth of all shares outstanding in the Company.



Total return* 2005-2009 – investment companies

Ratos	233%
Latour	113%
Traction	108%
Öresund	91%
Investor	78%
Kinnevik	62%
Svolder	60%
Industrivärden	48%
Lundbergföretagen	41%

*Return on the share during the period, taking dividends paid into account.

Over the past five years the Traction share has displayed more stable and better performance than the Stockholm market as a whole as well as most investment companies. On a risk-adjusted basis the risk in the Ratos share has been substantially lower as the Company during the aforementioned period was not fully invested but has had a positive cash and cash equivalents position, as opposed to, for instance, Ratos, who recorded the highest total return, but which in a successful way worked with high leverage. Refer also to Traction's return on page 25 of this document, which shows the return on the Company's equity, which over time is a more interesting parameter for assessing Traction as an investment alternative.

SHAREHOLDERS

31 December 2009	Class A	Class B	Total	Votes	Capital stake, %	Number of votes, %
Ann Stillström	315 000	2 727 000	3 042 000	5 877 000	19,2	15,7
Bengt Stillström	315 000	2 724 450	3 039 450	5 874 450	19,2	15,7
Petter Stillström incl. companies	795 000	1 677 150	2 472 150	9 627 150	15,6	25,7
Hanna Kusterer		1 583 100	1 583 100	1 583 100	10,0	4,2
David Stillström		1 556 700	1 556 700	1 556 700	9,8	4,2
Niveau Holding AB*	975 000	545 460	1 520 460	10 295 460	9,6	27,5
Länsförsäkringar Small Cap Fund		400 436	400 436	400 436	2,5	1,1
SIX SIS AG		166 557	166 557	166 557	1,1	0,4
Avanza Pension		111 943	111 943	111 943	0,7	0,3
N.G.L Förvaltning AB		102 900	102 900	102 900	0,7	0,3
Åke Svensson		80 200	80 200	80 200	0,5	0,2
Ulla-Britt Månsson		77 250	77 250	77 250	0,5	0,2
Esilento AB		66 610	66 610	66 610	0,4	0,2
Investment AB Spiltan		66 455	66 455	66 455	0,4	0,2
Other shareholders		1 543 789	1 543 789	1 543 789	9,8	4,1
Total number of shares outstanding	2 400 000	13 430 000	15 830 000	37 430 000	100,0	100,0

* Owned by the Stillström family

Dividend and distribution policy

Traction's basic policy is that dividends and other transfers of assets to the shareholders shall be effected in a tax-efficient manner. For the purposes of Swedish tax legislation, Traction is an investment company, which means, inter alia, that dividends are deductible against interest income and the standard income, which comprises 1.5 percent of the Company's net asset value as of the beginning of the year. Under current tax regulations, the dividend is adapted to the Parent Company's revenue in such a way that no tax expense arises in the Parent Company. Under current regulations, there is no standard income on unlisted holdings and listed holdings where the percentage of votes exceeds 10 percent. Buyback of the company's own shares occurs when it is deemed attractive for the shareholders.

The number of shareholders increased to 903 during the year (846), which is gratifying.

REPURCHASES OF OWN SHARES

Year	Number	Amount	Percentage
2000	163 050	6 471 150	0,96
2001	80 400	2 921 200	0,47
2002	221 550	6 616 500	1,30
2003	-	-	-
2004	-	-	-
2005	-	-	-
2006	-	-	-
2007	177 600	11 810 400	1,05
2008	-	-	-
2009	537 400	28 462 000	3,16
Total	1 180 000	56 281 250	6,94

SIZE CLASSES

Holding	No of owners	Shares	Proportion of capital, %	Proportion of votes, %
1-500	431	73 780	0,5	0,2
501-1 000	192	127 652	0,8	0,3
1 001-5 000	201	392 685	2,5	1,0
5 001-20 000	52	485 112	3,1	1,3
20 001-100 000	17	801 125	5,1	3,2
100 001-1 000 000	4	781 836	4,9	2,2
1 000 001-	6	13 167 810	83,1	91,8
Total	903	15 830 000	100,0	100,0

EVOLUTION OF SHARE CAPITAL

Year	Transaction	Increase in Number of shares	Increase in share capital, SEK	Total share capital, SEK	Number of shares	Quotient value of share, SEK
1994	Bonus issue	20	10 000	460 000	920	500
1994	Split	459 080	0	460 000	460 000	1
1995	Bonus issue	0	4 140 000	4 600 000	460 000	10
1997	Split	4 140 000	0	4 600 000	4 600 000	1
1997	New issue	700 000	700 000	5 300 000	5 300 000	1
1997	New issue	370 000	370 000	5 670 000	5 670 000	1
2005	Split	11 340 000	0	5 670 000	17 010 000	0,33

The share capital in Traction totals SEK 5,670,000, divided into 17,010,000 shares, 2,400,000 of which are class A shares and 14,610,000 of which are class B shares. All shares entitle their holder to equal rights to the Company's assets and profit. Class A shares entitle their holder to 10 votes and class B shares entitle their holder to one vote at annual and extra meetings. Every person entitled to vote at annual and extra meetings may vote for the full number of shares owned and represented, without limitation.

Corporate governance

Corporate governance in Traction is based on Swedish legislation, primarily the Swedish Companies Act and the listing agreement with NASDAQ OMX Nordic Exchange. Traction adheres to The Swedish Code of Corporate Governance since the revised code came into force on 1 July 2008. This corporate governance report for 2009 and the report of the Board of Directors on internal control have not been examined by the Company's external auditor.

Corporate governance

AB Traction ("Traction") is a Swedish public limited liability company, the Class B shares of which are listed on NASDAQ OMX Stockholm. Traction and the Traction Group adheres to the Swedish Companies Act, the body of regulations for issuers on NASDAQ OMX Stockholm, other applicable laws and regulations and, from 1 July 2008, The Swedish Code of Corporate Governance ("The Code"). The Articles of Association is also a basis for governance of the Company. The contents of the Articles of Association are governed by the Swedish Companies Act and is adopted by the Annual Meeting. Traction's Articles of Association are available at Traction's website, traction.se.

Annual Meeting

The general meeting of shareholders is the Company's highest decision-making body. Here Traction's shareholders decide on central issues, such as adoption of income statements and balance sheets, dividend to shareholders, composition of the Board of Directors, discharge from responsibility for the directors and the President, amendments to the Articles of Association, election of auditor and principles for compensation to management. Preparations for and procedures at general meetings of shareholders shall be such that conditions exist for shareholders to exercise their right in an active and well informed manner.

Shareholders whose names are entered in the share register on the record day and who file notice to attend the general meeting of shareholders, either personally or by proxy, have the right to attend and vote at the meeting. Every shareholder has the right to have one issue dealt with by the Annual General Meeting.

Information about time and place for the Annual General Meeting will be found at Traction's website, not later than in conjunction with the third quarterly report. The website also provides information on what shareholders have to do to have an issue brought before the Meeting. The President & CEO, at least one representative of the nomination committee and one auditor must be present. The Chairman of the Board of Directors must be present and a sufficient number of directors to constitute a quorum, if possible, all directors.

Nomination committee

Traction has a nomination committee to safeguard the interests of the shareholders and which prepares the resolution of the general meeting of shareholders with respect to election of chairman, directors and auditors and the fees for same.

The nomination committee shall consist of two representatives of the owners. The composition of the nomination committee is a departure from the body of regulations of the Code. The reason for this is that the ownership situation is simple and concentrated. The 2009 Annual General Meeting resolved that the nomination consists of Bengt Stillström and Gunnar Lindberg.

The website contains information on how shareholders may make suggestions to the nomination committee. The recommendation of the nomination committee is announced in connection with the notice for the Annual General Meeting.

Board of Directors

At the 2009 Annual General Meeting all directors were re-elected, Petter Stillström, Jan Andersson, Pär Sundberg, Jan Kjellman and Bengt Stillström, and new election of Maria Linde. Bengt Stillström was appointed to serve as Chairman of the Board of Directors. In December 2009 Jan Andersson chose to resign from the Board of Directors by reason of a hypothetical conflict of interest with his primary principal. Refer to press release on Traction's website. A description of the members of the Board of Directors will be found on page 33.

The Board of Directors is charged with the overall responsibility for the Company's organisation and management of the Company's affairs. The Board of Directors makes decisions about the Company's over-arching goals, strategies acquisitions, disposals and investments, and ratifies the financial reporting and makes decisions regarding the Group's financial structure. The Board of Directors is charged with responsibility for the existence of adequate control of the Company's compliance with laws and other rules and regulations, and that the Company's communication of information is open, correct, relevant and reliable.

The rules of procedure for the Board of Directors, and the instructions on the division of responsibility between the Board of Directors and the chief executive, is evaluated, updated and adopted annually. Traction's Board of Directors has not set up any committees within itself; instead, the Board of Directors in its entirety deals with board-of-directors issues. Once per year the Board of Directors shall evaluate the procedural forms of the Board of Directors and its effectiveness. The relevant parts of the result is reported to the Nomination Committee. The Board of Directors shall evaluate the work of the chief executive at least once per year. Nobody from the Company's management may be present when this issue is dealt with.

2009			Attendance		Independence	
Name of member	Elected	Fee	Regular Board of Directors meetings	Statutory Board of Directors meetings	Relative to the Company and its management	Relative to major shareholders
Bengt Stillström (Chairman)	1974	-	5/5	1/1	ja	nej
Jan Andersson *	2005	75 000	4/5	1/1	ja	ja
Jan Kjellman	2005	75 000	5/5	1/1	ja	ja
Maria Linde	2009	75 000	5/5	1/1	ja	ja
Petter Stillström	1997	-**	5/5	1/1	nej	nej
Pär Sundberg	2005	75 000	5/5	1/1	ja	ja

* Jan Andersson resigned in December 2009.

** The President draws a salary. Refer to AB Traction's Annual Report.

The Board of Directors holds five regularly scheduled meetings and one statutory meeting per year. The regularly scheduled meetings take place in conjunction with publication of interim or annual financial statements and there is one separate strategy meeting. In addition hereto, extra Board of Directors meetings are held as needed. All directors are provided with a proposed agenda, including documentation, before each meeting.

During 2009 five regularly scheduled meetings were held, and one statutory meeting in connection with the Annual General Meeting. Strategic issues, the Company's and the Group's financial position and development, the financial reporting and control, personnel and organisational issues, legal matters and the development in financial markets were dealt with at all meetings. The Company's auditor was present at one meeting, at which time the audit report was presented. The work of the chief executive was evaluated at one meeting, at one meeting the Board of Directors evaluated its own work, and at one meeting the Company's future strategy and goals was under special scrutiny. All decisions of the Board of Directors during 2009 were unanimous.

The Chief Executive

The President and Chief Executive Officer is responsible for day-to-day management and control of the Group's operations. This includes implementing the Group's over-arching strategy, business control, compiling and supervising the financial reporting, allocating financial resources and assuming responsibility for financing and risk management. The rules of procedure for the Board of Directors govern the division of responsibilities between the Board of Directors and the President & CEO. The Board of Directors evaluates the performance of the President & CEO once a year at a meeting when nobody else from the Company's management participates.

Compensation

The principles for compensation to senior management imply that reasonable terms of employment apply for the Company's management. Members of senior management may receive variable salary in addition to fixed salary.

No changes in principles compared to those applied for 2009 are suggested for 2010.

Decisions regarding compensation and other terms of employment for the President & CEO are made by the Board of Directors. The guidelines for compensation to members of senior management essentially mean that reasonable terms and conditions for employment are applied. The compensation and other terms and conditions of employment for other members of senior management are negotiated and agreed upon by the President & Chief Executive Officer.

Audit

Auditor is elected by the general meeting of shareholders for a term of four years. At the 2007 Annual General Meeting KPMG Bohlins AB was elected as auditor, with Carl Lindgren, Authorised Public Accountant, as chief auditor. Carl Lindgren is also an auditor of Nordea, MTG and Investor. The auditor examines AB Traction's Annual Accounts, consolidated financial statements and the management by the Board of Directors and the President & CEO. The compensation to the auditor is resolved by the Annual General Meeting. At the 2009 Annual General Meeting it was resolved that the fee to the auditor shall be paid in accordance with approved invoice.

Board of Directors



Upper row, from left to right: Bengt Stillström, Pär Sundberg, Jan Kjellman. Front row: Maria Linde, Petter Stillström.

Bengt Stillström, born 1943, M. Sc. (Eng.) and Master of Management. Chairman of the Board. Founded Traction in 1974. CEO between 1974 and 2001. Member of the Board of ELAB, Hifab Group, Nättidningen Sourze, Switchcore (Chairman) and Zitiz. Director since 1974. Shareholding, including wife's holding: 630,000 class A shares, 5,451,450 class B shares.

Jan Kjellman, born 1947, economist and President of CenterCom AG, Basel, a concept company for IKEA Group's shopping centre operations. Jan has had a long and varied career at IKEA. Director since 2005. Shareholding: 6,000 class B shares.

Maria Linde, born 1966, M. Sc. (Eng.) and Executive MBA. Works as management consultant and is manager of the group Finance & Employee Transformation at Capgemini Consulting.

Petter Stillström, born 1972, President and CEO since 2001. M.Sc. (Business Administration). Director of Duroc (Chairman), Nilörngruppen (Chairman), Drillcon, PartnerTech and Softronic and a number of unlisted companies in Traction's sphere of interest. Director since 1997. Shareholding, privately and via companies: 795,000 class A shares, 1,677,150 class B shares and part owner of the Niveau Holding AB.

Pär Sundberg, born 1972, M. Sc. (Eng.), entrepreneur and investor, active in editorial communication. Director of Buzzador AB and IPS Förändringskompetens AB. Director since 2005. Shareholding: 2,000 class B shares.

Missing in the picture is **Jan Andersson**, who resigned in December 2009 by reason of a hypothetical conflict of interest with his primary principal. Active as a consultant director of Swedbank Robur Fonder AB and FPG media AB. Elected 2005.

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Carl Lindgren, born 1958, Authorised Public Accountant, auditor in charge. Traction's auditor since 2007.

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