



TRACTION

ANNUAL REPORT 2010



Ankarstrum Assistent AB

SHAREHOLDER INFORMATION 2011

May 9	Interim Report for the period January – March
May 9	Annual General Meeting 2011
July 21	Interim Report for the period January – June
October 27	Interim Report for the period January – September

Subscription to financial information via e-mail may be made at traction.se, or by e-mail to post@traction.se. All reports during the year will be available at the Company's website. Traction's official annual accounts are available for downloading at the website well before the Annual General Meeting.

CONTENTS

- 4** 2010 SUMMARY
- 6** PRESIDENT'S STATEMENT
- 8** TRACTION'S BUSINESS
- 15** BUSINESS ORGANISATION
- 16** LISTED ACTIVE HOLDINGS
- 19** UNLISTED ACTIVE HOLDINGS
- 23** SUBSIDIARIES
- 26** OWNERSHIP POLICY
- 28** TRACTION FROM AN INVESTOR PERSPECTIVE
- 32** A SMALL SELECTION OF TRANSACTIONS OVER THE PAST TEN YEARS
- 36** THE TRACTION SHARE
- 38** BOARD OF DIRECTORS
- 39** ADDRESSES



Niörgruppen AB

2010 SUMMARY

- Profit after taxes amounted to MSEK 206 (SEK 12.11 per share).
- The change in value of securities was MSEK 110 (267).
- Operating profit in the operative subsidiaries amounted to MSEK 67 (–13).
- Underwriting of new issues in Switchcore, Rörvik Timber, PA Resources and Alm Brand, which generated revenue of MSEK 15.5 (7.8).
- The return on equity was 15 (25) %.
- Equity per share amounted to SEK 95 (85).
- Sharp increases in profit of Nilörngruppen and Ankarsrum Motors.
- Traction's liquid capacity for new, active engagements amounts to MSEK 800.

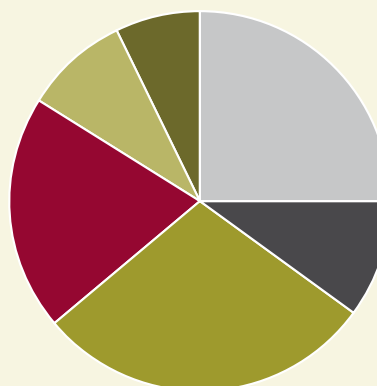
KEY FINANCIAL INDICATORS	2010	2009	2008	2007	2006
Result for the year, MSEK*	193	273	–171	81	175
Earnings per share, SEK	12	17	–10	5	11
Shareholders' equity, MSEK	1,495	1,350	1,147	1,348	1,297
Equity per share, SEK	95	85	70	82	78
Market price at end of period, SEK	73	68	54	68	76
Market price/equity per share, %	77	80	76	83	97
Return on equity, %	15	25	–13	6	15
Equity ratio, %	93	92	92	90	90
Dividend per share, SEK*	1.85	1.85	2.50	1.85	1.10
Dividend yield, %	2.5	2.7	4.6	2.7	1.4

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

**) Dividend for 2010 as proposed by the Board of Directors.

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

■ Unlisted holdings, 9%, including, i.a. Bricad Recco Banking Automation	■ Other listed holdings 29%
■ Active listed holdings, 20%, including OEM International Softronic PartnerTech Hifab Duroc	■ Other financial assets 10%
	■ Cash and cash equivalents, 25%
	■ Subsidiaries, 7%, including, i.a. Nilörngruppen Ankarsrum Motors



Development and enhancement of companies

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 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.



During 2010 Traction's subsidiaries delivered a robust earnings improvement

Dear shareholders,

For 2010 Traction recorded a profit of MSEK 193 attributable to the Parent Company's equity holders, equivalent to a return on equity of 15 percent. If one were to exclude the funds that Traction has invested in interest-bearing investments with a low rate of return (and low risk) and deposits with banks, the return exceeded 20 percent. However, the reported result does not provide a totally fair picture of the increase in value that occurred during the past year, primarily as a consequence of the sharply higher earnings in subsidiaries Ankarsrum Motors and Nilörngruppen. Since Traction's subsidiaries are not valued to market as other holdings, but are rather carried at book value, only subsidiary earnings are included in the reported consolidated result. In all, earnings of Traction's operating subsidiaries increased by a highly gratifying MSEK 80, from MSEK -13 to +67 compared to the preceding year.

Without passing judgement on what today's market value of Traction's subsidiaries is, it is quite obvious that the value exceeds equity by a considerable margin. This means that the discount assigned to Traction, as well as most other listed investment companies, is clearly greater than what is indicated when estimates are based on the reported key financial indicators. Regardless of whether a discount or a premium is reasonable or not, I draw the conclusion that 2010 was a year when Traction's return significantly exceeded the return on most other investment alternatives with a similar risk profile.

Traction's capital is currently to a significant degree invested in large, liquid, listed companies and in other investments where we are not actively involved. In principle, I don't see any problems with Traction at an overarching level having a broad distribution of ac-

tive as well as passive engagements, as well as large and small investments. What's important is that we over time manage to generate a good return on the Company's capital, which actually will require that a larger portion than today is invested in assets with a potential to be re-valued. Also, today's total lack of indebtedness in Traction makes it difficult to generate a high rate of return on equity. In a situation where Traction should be fully invested, there may be reason to consider certain indebtedness in order to get better leverage on our investments. In phase one we will be looking over the balance sheets of the companies in which we are engaged in order to increase the indebtedness where appropriate, at the same time paying out any surplus liquidity to the shareholders.

In the beginning of 2011 Traction's organisation was strengthened, primarily to identify new investment opportunities among medium-sized companies. As I have communicated on previous occasions, the ambition is to increase the number of active holdings, but also to identify other investment alternatives that can provide some leverage on our capital.

Some of the people in my environment are of the opinion that Traction is an investment company and should only have a small number of investments, where each individual investment would be able to substantially affect the Company's asset value. I am of a different opinion. Traction can and should also in the future work with lesser engagements, but these must naturally be handled in a different way than large, passive investments and active investments in well-functioning medium-sized companies. In the latter case we are an active owner where our efforts primarily are based on a role as a member of the Board of Directors.

In smaller engagements, our engagement is based on an entrepreneur, or other owner, who wants Traction as an active partner in developing the company's business. We sell active participation and get paid in the form of ownership. Traction thus provides a management service, as opposed to the situation with our engagements in medium-sized companies, where we take an active ownership role as the principal owner, or a big owner, or sometimes in co-operation with another principal owner. Medium-sized companies must also have a

functioning management with broad competence, and are therefore not as dependent on Traction's day-to-day support in the form of business or legal advice, which is normally in demand by smaller, entrepreneurially operated companies depending on a single individual.

Engagement in smaller companies assumes that we are able to see a substantial development potential in the business and, above all, that we have a hard driving entrepreneur, who we believe possesses the right qualities. Even if the qualities of the entrepreneur are crucial, we must be able to see good expansion opportunities in the business per se. We are thus not interested in engagements in small companies that will continue to be small! This also means that we should avoid to engage in smaller companies in established lines of business that do not add some kind of new thinking to the market. All companies in which Traction gets involved must also be "self-propelled" and have a principal owner, entrepreneur or manager filled with fervour for the business and who runs day-to-day operations. In closing I would like to say that is also our duty to exit from engagements in companies that fail to create a well-functioning business model, or where the prerequisites for our participation have changed significantly.

Common for all active engagements is Traction's vision of business development that we apply to all companies in which we become engaged. Traction's business methodology and view of enterprise is central and is what sets us apart from other owners and investors, who do not have a clearly communicated business vision.

Stockholm, March 2011

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 is responsible for customer relationships and 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.

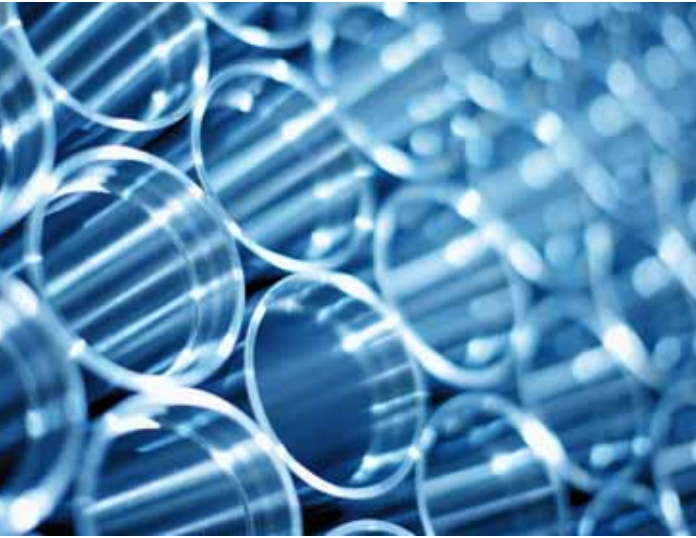
Frequent contacts with the customers give the company hints of how demand changes. This information functions as an "early warning system," affording the company the opportunity to adapt its business and body of costs in line with the new prerequisites.

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.



PartnerTech AB



Ankarstrum Assistent AB

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 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.



Ankarsum Motors AB

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.

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.



Ankarsum Motors AB

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.
- Run or are planning to start companies with the right prerequisites for expansion.
- Believe in our methodology and are willing to work in accordance with its dictates.

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.



Nordic Camping & Sports AB

Examples of companies, in whose offerings Traction has participated as underwriter:

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

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.

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. In addition to active ownership in smaller and medium-sized companies, Traction is active as in investment activities through investments in equities and interest-bearing assets with the aim of achieving a good return on the Company's capital.

Traction's venture managers are responsible for a number of engagements and are also charged with the task of finding new companies. Traction's corporate legal counsel also lends support to Traction's venture man-

agers as well as to the President and members of senior management in Traction's wholly and partly owned companies.

Traction's business organisation also includes a network of co-operation partners who participate actively, or have participated 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, M.Sc. (Business Administration). Worked at Traction since 1999, President and CEO since 2001. Previously worked in corporate finance.



Carl Östring,
Corporate Legal Counsel, Bachelor of Laws. Worked at Traction since 2011. Former attorney and law firm partner in Stockholm and Moscow.



Peter Benson,
Vice President, B.Sc. (Business Administration). Worked at Traction since 2011. Previously worked as financial journalist, small business owner and investment manager.



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



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



Gunilla Håkansson,
Controller. Worked at Traction since 2005.

Listed active holdings

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 2010: MSEK 292
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.



Investment year: 1993
Proportion of capital and votes: 24% and 27%, respectively
Revenue 2010: MSEK 439
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 (dealer in machine tools), Duroc Special Steel (specialty steel), Duroc Engineering (i.a. surface treatment using laser technology), Duroc Rail (rail wheel-set maintenance), Duroc Tooling (manufacture of tools) and Micor (saw blades). The subsidiaries are divided into business areas industrial trading and technology/production. The group owns businesses in Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, and England.

During 2010 the company's order bookings, order backlog and revenue increased, even though market growth was somewhat restrained. Business area industrial trading increased its market shares and the development in business area technology/production was strong in several segments. Two smaller companies were sold and liquidated. Operations at Duroc Engineering in Umeå has moved to Special Steel in Luleå. Duroc is listed on OMX Nordic Exchange Stockholm. Additional information is available at duroc.se.

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 2010, among which can be mentioned that Hifab is involved in the renovation of Slussen in Stockholm, development projects at Arlanda Airport and construction management of road 50 between Mjölby and Motala, which includes 8 new traffic interchanges and 40 new bridges. Read more about Hifab at hifab.se. Hifab is listed on First North, Stockholm Stock Exchange.



Investment year: 2004
Proportion of capital and votes: 43% and 36%, respectively
Revenue 2010: MSEK 423
Other owners: Niveau Holding, 7%,
Hans Waldaeus, 5%, Jan Boija, 4%, Jan Skoglund, 3%
President: Jan Skoglund

Nordic Camping & Sports AB has as its business concept to acquire or lease camping sites and to develop them in a chain concept. The company currently operates nine facilities from Helsingborg in the south to Östersund in the north.

Nordic Camping reports a very strong result for 2010. During the year the company has developed two of the facilities into Resorts, launched a hotel concept and expanded its offerings of adventure packages, which has increased occupancy, particularly during the off-season. The first phase of a smaller real estate project was also completed during the year. The ambition is to continue growing strongly, 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.

Additional information is available at nordiccamping.se. The company's shares are traded on Aktietorget.



Investment year: 2005
Proportion of capital and votes: 33%
Revenue: 2010 MSEK 30
Other owners: Tom Sibirzeff, 17%, Cood Investment, 9%
President: Tom Sibirzeff

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 20 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. Traction has been a major owner of OEM since the end of 2009 and is engaged on the Board of Directors since the spring of 2010. OEM International is listed on OMX Nordic Exchange Stockholm.



Investment year: 2009
Proportion of capital and votes: 7% and 11%, respectively
Revenue 2010: MSEK 1,430
Other owners: Orvar Pantzar, 19%, Hans Franzén,
11%, Agne Svenberg, 7%
President: Jörgen Zahlin



Investment year: 2008
Proportion of capital and votes: 14%
Revenue 2010: MSEK 2,181
Other owners: Bure Equity, 43%,
President: Leif Thorwaldsson

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 1,200 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.



Investment year: 2001
Proportion of capital and votes: 22% and 20%, respectively
Revenue 2010: MSEK 404
Other owners: Anders Eriksson, 21%, Stig Martin, 8%
President: Anders Eriksson

Softronic AB is an IT and management company the services of which spans the spectrum from consulting and new development to management and operation. 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. Most customers are medium-sized and large companies, and organisations in Sweden. Softronic was founded in 1984 by Anders Eriksson, who still is the company's chief executive and largest owner. Softronic expanded at the end of 2010 by acquiring industry colleague Modul 1, with about 150 employees. At the beginning of 2011 Softronic has about 500 employees in Stockholm, Göteborg, Malmö, Sundsvall, Arjeplog, Överkalix, Denmark and Estonia. Softronic is listed on OMX Nordic Exchange Stockholm. Additional information about Softronic is available at softronic.se.

Switchcore AB sold its business a number of years ago, which means that the company is now 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 17,000 shareholders, which means that the company is in compliance with the requirements of the Stockholm Stock Exchange for ownership distribution. 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 before issuing costs. Over the years Switchcore's shareholders have contributed about SEK 1 billion which the company has exhausted. Switchcore will attempt to acquire profitable businesses, or start a businesses 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.

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

Unlisted active holdings (ownership <50%)

In Traction's unlisted projects we co-operate 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 companies 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.

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 are via a well built agency network. Additional information about Banking Automation is available at bankingautomation.com.



Investment year: 1986
Proportion of capital and votes: 47%
Revenue 2010: MGBP 3.6
Other owners: Alan Jeffers, 32%, David Tew, 11%, Paul O'Neill 10%
Managing Director: David Tew

Bricad Holding AB's business concept is to make investments in companies with 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 owners are 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.



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

Investment year: 2010
Proportion of capital and votes: 50%
Other owner: Traction 50%
Owner: Negróni 50%

Creatum Holding AB is a jointly owned parent company for development of the Jarl 20 property in the Municipality of Danderyd. The property extends over two detailed zoning plans, where one offers the opportunity of building multi-family homes with about 4,000 square metres of floor area and the other allows for one or two single-family homes. The project is expected to extend continue over several years with building permits, planning, selling, production and, finally, occupancy. The property is in an attractive part of Djursholm. The company is owned equally by Traction and two real construction contractors.

Modular Streams with its unique proprietary platform, allows so called peer-to-peer investments to be made aided by a social network and an environment for crowdsourcing. This means that individuals as well as professional investors may follow investment strategies developed by individuals or professional investment managers and published on Modular Stream's service.

Customers can also use the service as a support system and as a strategy development tool for their own securities trading. The intuitive, interactive and totally web-based interface makes Modular Streams a unique solution to find and experiment with new investment strategies. More information about the company and the service is available at www.modularstreams.com.

Investment year: 2010
Owners: Traction 15%,
Founders 14.5% each, Innovationsbron 12%
President: Hans Möller

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.



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

Sigicom AB develops and markets sensors, measuring systems and communications solutions for unmanned surveillance, primarily of vibrations and noise in the construction and infrastructure industry. 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.



Investment year: 1997
 Proportion of capital and votes: 23.3%
 Revenue 2010: MSEK 32
 Other owners: President and employees
 President: Christer Svensson

SignTrace AB develops solutions that combine physical and digital media by using so-called Near Field Communication (NFC) technology. NFC is a standard that was launched in smartphones during 2011.

Investment year: 2010
 Proportion of capital and votes: 28%
 Other Owners: Erik Ottosson 45%, Dominique Sjögren 17%, Ecoscandinavia 11%
 President: Erik Ottosson

Thalamus IT Consulting Thalamus is a consulting company in IT and technology also offering recruitment, outsourcing and specialist knowledge in the field of IT solutions. The company has existed for 10 years and possesses a high degree of expertise and extensive experience in its field. The work of Thalamus' knowledge-driven associates is distinguished by quality, innovative thinking and personal engagement.

Investment year: 2010
 Proportion of capital and votes: 36%
 Revenue 2010: MSEK 25
 Other owners: President and employees
 President: Kaj Böving



Ankarsrum Assistent AB

Subsidiaries (ownership <50%)

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.

THE ANKARSRUM COMPANIES

In 2001 Traction took over the then FHP Elmotor AB from Electrolux. Ankarsrum companys today consists 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 25,000 square metres of premises.

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 segment 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. The company manufactures the Ankarsrum Assistent among other things, as well as motors and products for other household appliance makers.

Ankarsrum recorded a very strong result for 2010. The company has implemented cost-saving measures and streamlined production which has generated a positive effect amid growing volumes. Production at Ankarsrum is highly automated and its research and development department is very skilled at developing customised products and application modules. During 2010 a new modularised DC motor was developed. It will be introduced during 2011 and is both cost-efficient and adaptable to new application areas. The successes with production of electric motors and household appliances, where Ankarsrum's reliable motors are world-leading, are expected to continue.

<u>Investment year:</u>	2009
<u>Proportion of capital and votes:</u>	100%
<u>Revenue 2010:</u>	MSEK 190
<u>President:</u>	Thomas Håkansson

Ankarsrum Assistent AB is a sales company that markets and sells the classic Assistent® food processor/kitchen appliance, which was taken over from Electrolux during 2009. The Assistent appliance 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.

<u>Investment year:</u>	2001
<u>Proportion of capital and votes:</u>	100%
<u>Revenue 2010:</u>	MSEK 32
<u>President:</u>	Thomas Håkansson

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.

<u>Investment year:</u>	2001
<u>Proportion of capital and votes:</u>	100%
<u>Revenue 2010:</u>	MSEK 62
<u>President:</u>	Håkan Sundell



Nilörngruppen AB

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.

Nilörngruppen is one of Europe's leading players with revenue of MSEK 363. 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 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.

Several of the actions taken in 2009 took full effect during 2010. Lower costs, higher volumes and wider margins contributed about equally to the improved result. The increase in sales was especially attributable to further sales of additional product groups to existing customers, at the same time as the company had the privilege of delivering to several new and interesting customers. All subsidiaries contributed during 2010 to a positive result, adjusted for costs of a one-time nature.

During 2010 a company was established in Shanghai to offer additional services in the so important Chinese market. Operative units were strengthened in terms of marketing, customer support, and purchasing in order to be able to take the next step and continue the positive development now begun. Nilörngruppen has also initiated structural changes among the subsidiaries in Europe in order to become a more competitive and even more efficient supplier of branding and design services.

The next steps

Nilörn has optimized 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 logistics centres at important locations, such as Hong Kong, Turkey, India, Bangladesh and China. The vision is to become Europe's leading label and branding company and to get there additional structural action in other parts of Europe will be required, work that has now begun.

Investment year: 2005, subsidiary since 2009

Proportion of capital and votes: 68% and 59% respectively

Other owners: Investor 15%

President: Claes af Wetterstedt

Zitiz och Source zitiz.se and source.se are web newspapers active in editing and publishing articles written by the readers themselves. The same entrepreneurs run poplight.se, an internet entertainment newspaper in the same way.

Investment year: 2007/2008
Proportion of capital and votes: 96%/96%

Traction Fonder AB is a small, independent fund company owned by Traction since January 2010. Traction currently manages four specialty funds, primarily focused on the Swedish equity and interest rate market: Track Traction, Small Cap, Yield and Global Value. Read more at tractionfonder.se.

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

Nilörngruppen AB



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 chief executive'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.



PartnerTech AB



Nordic Camping & Sports AB



Ankarsrum Assistent AB

Traction from an investor perspective

Holding	Number of shares (thousands)	Stake % (votes)	Market price (SEK)	Market value (MSEK)	% of total	SEK per share
<i>Listed active holdings and stake</i>						
<i>>10% of votes</i>						
Drillcon	5,387	12 (12)	3.0	16	1	
Duroc	1,750	27 (24)	18.3	32	2	
Hifab Group	13,027	37(41)	4.3	57	4	
Nordic Camping & Sports	2,392	33 (33)	6.0	14	1	
OEM International	1,677	11 (5)	54.5	91	6	
PartnerTech	1,719	14 (14)	25.3	44	3	
Softronic	11,529	20 (23)	7.5	87	6	
Switchcore	1,037,549	22 (18)	0.03	31	2	
Total active listed holdings				372	25	24
Other listed holdings						
SCA B	1,000	–	106.2	106	7	
Swedbank (Class A and Preferred)	1,500	–	94.2	142	10	
Other listed holdings value <MSEK 20/holding				136	5	
Total other listed holdings				432	30	28
Subsidiaries*						
Nilörngruppen		68		82	6	5
The Ankarsrum companies and other subsidiaries		–		47	3	3
Total subsidiaries				129	9	8
Unlisted holdings						
Banking Automation		47		13		
Bricad Holding		47		50		
Recco Holding		49		50		
Other unlisted holdings				10		
Total unlisted holdings				123	8	8
Other financial assets						
Interest-bearing investments and loans				267		17
Total other financial assets				428	32	27
Cash and cash equivalents						
				220	15	14
TOTAL				1,495	100	95

*) 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 2010. In addition, Other financial assets include interest-bearing investments and also 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 than the consolidated balance sheet, which includes the consolidated operating subsidiaries.

Five-year Overview

MSEK					
Income Statements	2006	2007	2008	2009	2010
Operating income	314	309	380	526	642
Operating expense	-335	-326	-384	-523	-549
Change in value of securities	187	73	-189	267	110
Operating result	166	56	-193	270	203
Net finance items	10	26	22	14	15
Taxes	0	-1	0	-4	-11
	-	-	-	-	-
Net result for the year	175	81	-171	280	206
Of which attributable to:					
The Parent Company's equity holders	175	81	-171	273	193
Minority interest	0	0	0	7	13
Balance Sheets					
Shares	593	557	584	690	495
Other financial instruments	12	29	25	160	2
Other non-current assets	91	112	96	74	66
Current assets	103	152	121	197	807
Cash and cash equivalents	646	653	421	385	28
Total assets	1,445	1,503	1,247	1,506	1,651
Equity attributable to the Parent Company's equity holders	1,297	1,348	1,147	1,350	1,495
Equity attributable to the minority	0	0	0	32	38
Interest-bearing liabilities	66	75	27	4	-
Non-interest-bearing liabilities and provisions	82	80	73	120	118
Total shareholders' equity and liabilities	1,445	1,503	1,247	1,506	1,651

Ten-year Overview*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net result for the year**, MSEK	118	-127	58	193	310	175	81	-171	273	193
Shareholders' equity**, MSEK	781	612	656	833	1,137	1,297	1,348	1,147	1,350	1,495
Equity ratio, %	74	77	77	82	88	90	90	92	92	93
Return on equity, %	18	-17	10	30	38	16	6	-13	25	15
Equity per share, SEK	47	37	40	50	69	78	82	70	85	95
Earnings per share, SEK	7	-8	3	12	19	11	5	-10	17	12
Dividend per share, SEK**	1.28	0.50	0.80	0.93	0.93	1.10	1.85	2.50	1.85	1.85
Dividend yield, %**	3.7	1.9	3.0	2.5	1.6	1.4	2.7	4.6	2.7	2.5
P/E ratio	5	-	8	3	3	7	14	-	4	6
Market price at year-end, SEK	35	26	27	37	60	76	68	54	68	73
Market price/Equity	0.75	0.71	0.68	0.74	0.87	0.97	0.83	0.77	0.80	0.77
Number of shares outstanding at year-end, thousands	5,589	5,515	5,515	5,515	5,515	16,545	16,367	16,367	15,830	15,689
Average number of shares outstanding at year-end, thousands	5,592	5,547	5,515	5,515	5,515	16,545	16,512	16,367	16,069	15,816

* 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 for 2010 by the Board of Directors.

Traction's return

RETURN ON REPORTED SHAREHOLDERS' EQUITY AFTER TAXES 2001-2010

	Annual return, %	Year
2010	15	2010
Best year	38	2005
Worst year	-17	2002
Ten-year average	13	2001-2010
Five-year average	10	2006-2010
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

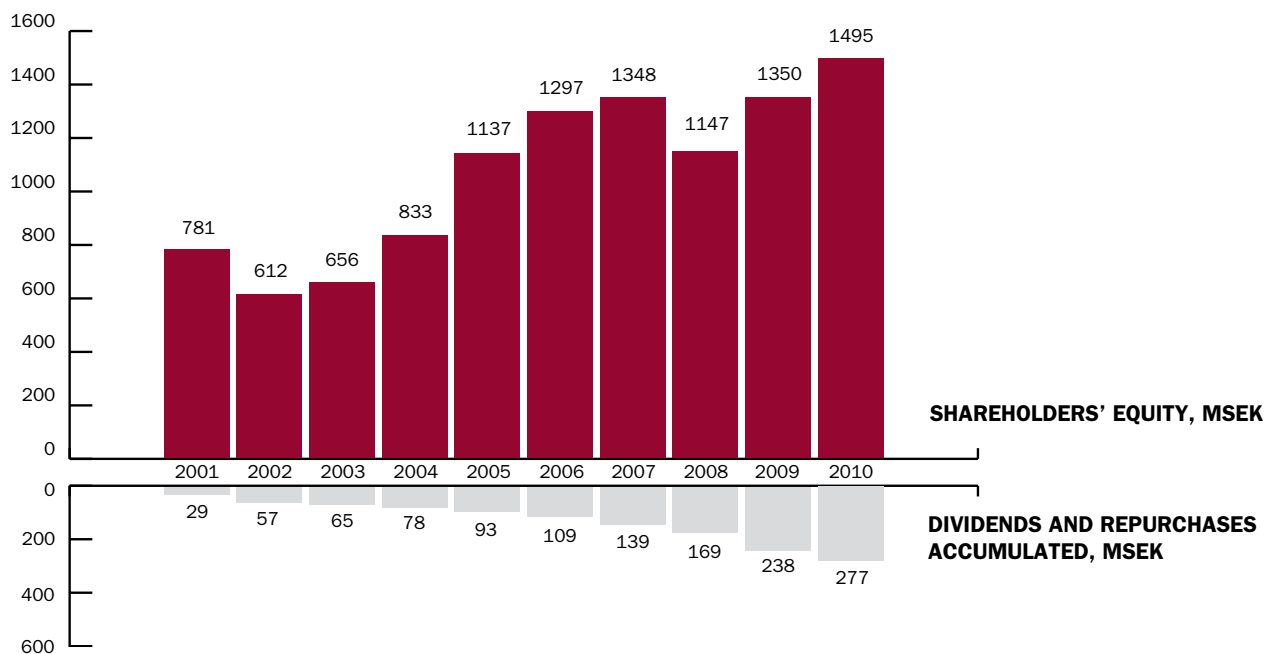
Market price divided by earnings per share.

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.



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.

Source: Traction's Methodology



Nordic Camping & Sports AB



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 1.5 billion. Below is a small selection of transactions over the past ten years.

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 of Nextlink (today Invisio Headsets) in connection with the company's listing on the NGM OTC-list. Bombus was merged with Scoop Publishware. Duroc listed 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 Headsets) 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.

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.



Ankarsrum Assistent AB



Sigicom AB

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 Hifab 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



Nilörngruppen AB

percent of the votes at year-end 2009. Underwriting of issues in Eniro, Nordic Camping & Sports, SRAB Shipping and Endomines. 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 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.

2010 Started mutual fund operations by acquiring Thenberg Fonder, which in the beginning of 2010 changed its name to Traction Fonder and gained Board of Directors representation. Participated as the largest underwriter of a new issue in Rörvik Timber in an amount of MSEK 100 in connection with a reconstruction of the

company. Traction's expectation was to become a major owner in Rörvik, but that did not happen since the issue was fully subscribed. Also participated in underwritings for Switchcore, PA Resources and Alm Brand. The issue in Switchcore was 88 percent subscribed, which meant that Traction's ownership increased to 28 percent of the capital and 22 percent of the votes. Increased ownership in OEM International and gained representation on the company's Board of Directors. Participated in the financing of a real estate development project in the Stockholm suburb of Djursholm. Successful implementation of change programs meant that Nilörngruppen and Ankarsrum Motors displayed strong earnings increases. Associated company Softronic expanded by acquiring industry colleague Modul 1. We became engaged in two newly started entrepreneur-driven companies: Modular Streams and SignTrace. Acquired 36 percent of the shares in Thalamus IT Consulting, which is run by an entrepreneur, with whom Traction has previously co-operated in staffing company Arvako (sold to Randstadt in 2004).

The Traction share

Traction's class B share is listed since 24 May 2000 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 2010 Traction's share price rose by 7.4 percent. At year-end 2010 the latest paid price was SEK 73 per share. The market price of the share peaked at SEK 77 during the year; the lowest price was SEK 64. There are no convertible debentures, options or other things that may cause a rise in the number of shares 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.

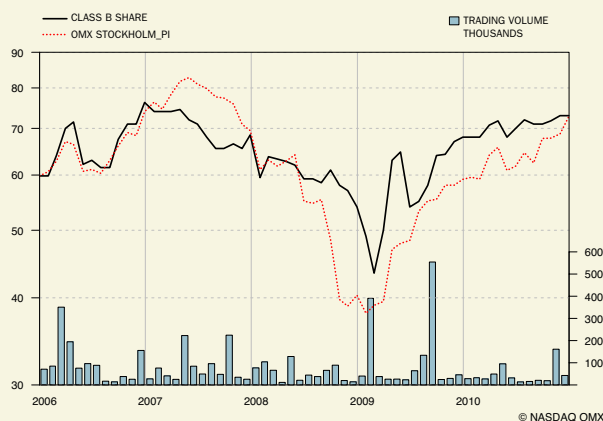
SHAREHOLDERS *

	Class A shares	Class B shares	Total	Capital stake, %	Number of votes, %
Ann Stillström	315 000	2 727 000	2 892 000	19,4	18,4
Bengt Stillström	315 000	2 724 450	2 889 450	19,4	18,4
Petter Stillström incl. company	795 000	1 677 150	2 772 150	15,8	30,2
Hanna Kusterer		1 583 100	1 583 100	10,1	5,0
David Stillström		1 556 700	1 556 700	9,9	4,9
Niveau Holding AB**	375 000	1 145 460	1 520 460	9,7	15,4
Länsförsäkringar Small Cap Fund		360 436	360 436	2,3	1,1
SIX SIS AG		189 621	189 621	1,2	0,6
Avanza Pension		108 353	108 353	0,7	0,3
N.G.L Förvaltning AB		102 900	102 900	0,7	0,3
Esilentio AB		88 460	88 460	0,6	0,3
Åke Svensson		80 200	80 200	0,5	0,3
Ulla-Britt Månsson		72 472	72 472	0,5	0,2
Investment AB Spiltan		66 455	66 455	0,4	0,2
Other shareholders		1,406,243	1,406,243	9,0	4,4
Total number of shares outstanding	1 800 000	13 889 000	15 689 000	100,0	100,0

*) Shareholders as of 31 December 2010 adjusted for conversion of 600,000 Class A shares to Class B shares in March 2011.

Does not include share held in treasury.

***) Owned by members of 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 is 900 (903).

REPURCHASES OF OWN SHARES

Year	Number	Amount	
2000	163 050	6 471 150	
2001	80 400	2 921 200	
2002	221 550	6 616 500	
2003	–	–	
2004	–	–	
2005	–	–	
2006	–	–	
2007	177 600	11 810 400	
2008	–	–	
2009	537 400	28 462 000	
2010	141 000	10 081 500	
Total	1 321 000	66 362 750	
Cancellation 2009	-610 000	–	
Remaining repurchased shares	711 000	–	Proportion, % 4,84

SIZE CLASSES

Holding	Number of owners	Shares of capital, %	Proportion of votes, %	Proportion
1-500	467	87 039	0,55	0,27%
501-1 000	192	138 406	0,88	0,43%
1 001-5 000	176	373 000	2,38	1,17%
5 001-20 000	40	385 063	2,45	1,21%
20 001-100 000	15	730 322	4,65	2,29%
100 001-1 000 000	4	761 310	4,85	2,39
1 000 001-	6	13 213 860	84,22	92,24
Total	900	15 689 000	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
2010	Cancellation	-610 000	-201 300	5 468 700	16 400 000	0,33

The share capital in Traction totals SEK 5,468,700, divided into 16,400,000 shares, 2,400,000 of which are class A shares and 14,000,000 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 general meetings. Every person entitled to vote at annual and extra general meetings may vote for the full number of shares owned and represented, without limitation.

In March 2011, 600,000 Class A shares were converted to Class B shares.



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

Board of Directors

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 Empire, Feelgood, Hifab Group, Nättidningen Sourze, Switchcore (Chairman), SignTrace, Ringvägen Venture and Zitiz. Director since 1974. Shareholding, including wife's holding: 660,000 class A shares, 5,461,450 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. Management consultant and CEO of FlowMotion AB. Director since 2009. Shareholding: 1,250 class B shares.

Petter Stillström, born 1972, President and CEO since 2001. M.Sc. (Business Administration). Director of Nilörngruppen (Chairman), Softronic (Chairman), OEM International and PartnerTech, and a number of unlisted companies in Traction's sphere of interest. Director since 1997. Shareholding, including via wholly owned company and closely related parties: 795,000 class A shares, 1,677,150 class B shares and part owner of Niveau Holding AB.

Pär Sundberg, born 1972, M. Sc. (Eng.). President & CEO of Metronome Film och Television AB. Director of Buzzador AB and IPS Förändringskompetens AB. Director since 2005. Shareholding: 2,000 class B shares.

Auditor

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

Addresses

AB Traction

Birger Jarlsгатan 33
Box 3314
103 66 Stockholm
Telephone: 08-506 289 00
Telefax: 08-506 289 30
E-mail: post@traction.se



Ankarsrum Motors AB

Bruksvägen 1
590 90 Ankarsrum
President: Thomas Håkansson
Telephone: 0490 533 00
Telefax: 0490-509 90
E-mail: info@ankarsrum.com
www.ankarsrum.com



Ankarsrum Assistent AB

Bruksvägen 1
590 90 Ankarsrum
President: Thomas Håkansson
Telephone: 0490 533 00
Telefax: 0490-509 90
E-mail: info@ankarsrum.com
www.ankarsrum.com



Ankarsrum Die Casting AB

Bruksvägen 1
590 90 Ankarsrum
President: Håkan Sundell
Telephone: 0490 533 00
Telefax: 0490-509 90
E-mail: info@ankarsrum.com
www.ankarsrum.com



Banking Automation Ltd

510 Eskdale Road
Wokingham
RG41 5TU
Storbritannien
Executive Director: David Tew
Telephone: +44 (0)118 969 2224
Telefax: +44 (0)118 944 1191
E-mail: info@bankingautomation.co.uk
www.banking-automation.com



Bricad Holding AB

Tellusvägen 43
186 36 Vallentuna
President: Bo Richter
Telephone: 08-540 865 50
Telefax: 08-540 865 51
E-mail: bricad@bricad.se
www.bricad.se



Creatum Holding AB

Birger Jarlsгатan 33
Box 3314
103 66 Stockholm
Telephone: 08-506 289 00
E-mail: post@traction.se

Drillcon AB

Industrivägen 2
713 91 Nora
President: Mikael Berglund
Telephone: 0587-82820
Telefax: 0587-311895
E-mail: info@drillcon.se
www.drillcon.se



Duroc AB

Reprovägen 15
183 13 Täby
President: Erik Albinsson
Telephone: 08-789 11 30
Telefax: 08-789 11 31
E-mail: info@duroc.se
www.duroc.se



Hifab Group AB

Sveavägen 167
Box 190 90
104 32 Stockholm
President: Jan Skoglund
Telephone: 08-546 666 00
Telefax: 08-546 667 80
E-mail: info@hifab.se
www.hifab.se



Modular Streams AB

President: Hans Möller
Vallongatan 1, 5 tr
752 28 Uppsala
Telephone: 018-13 42 50
E-mail: contact@modularstreams.com
www.modularstreams.com



Nilörngruppen AB

Alingsåsvägen 6
Box 499
503 13 Borås
President: Claes af Wetterstedt
Telephone: 033-700 88 88
Telefax: 033-700 88 19
E-mail: info@nilorn.com
www.nilorn.se



Nordic Camping & Sports AB

Artillerigatan 10
Box 55582
114 51 Stockholm
President: Tom Sibirzeff
Telephone: 08-782 90 05
Telefax: 08-665 39 06
E-mail: info@nordiccamping.se
www.nordiccamping.se



OEM International

Box 1009
573 28 Tranås
President: Jörgen Zahlin
Telephone: 075-242 40 00
Telefax: 075-242 40 29
www.oem.se



PartnerTech AB

Industrigatan 2
Box 103
235 22 Vellinge
President: Leif Thorwaldsson
Telephone: 040-10 26 40
Telefax: 040-10 26 49
E-mail: info@partnertech.se
www.partnertech.se



Recco AB

Box 4028
181 04 LIDINGÖ
President: Magnus Granhed
Telephone: 08-731 59 50
Telefax: 08-731 05 60
E-mail: recco@recco.se
www.recco.com



Sigicom AB

Alfred Nobels Allé 214
146 48 TULLINGE
President: Christer Svensson
Telephone: 08-449 97 51
Telefax: 08-449 97 69
E-mail: info@sigicom.se
www.sigicom.se



SignTrace AB

President: Erik Ottosson
Skeppsbron 30
111 30 Stockholm
Telephone: 070-260 36 82
www.signtrace.com
E-mail: info@signtrace.com

Softronic AB

Ringvägen 100
118 60 Stockholm
President: Anders Eriksson
Telephone: 08-51 90 90 00
Telefax: 08-51 91 90 00
E-mail: info@softronic.se
www.softronic.se



Switchcore AB

President: Johannes Vock
Telephone: 08-506 289 00
E-mail: info@switchcore.se
www.switchcore.se



Thalamus IT Consulting

Gustavslundsvägen 137
167 51 Bromma
President: Kaj Böving
Telephone: 08-120 88 700
Telefax: 08-120 88 795
E-mail: info@thalamus.se
www.thalamus.se



Traction Fonder AB

Biblioteksgatan 3
111 46 Stockholm
President: Ulf Deckmark
Telephone: 08-20 74 70
Telefax: 08-20 83 80



Zitiz AB / Nättidningen Source AB, c/o Excanto AB

Sveavägen 63, 4th floor
SE-113 59 Stockholm
President: Anders Hansson
Chief Operating Officer of Zitiz
Carl Olof Schlyter
Managing Editor of Nättidningen Source
Telephone: +46-8-506 289 00
E-mail: info@zitiz.com / Info@source.se
www.zitiz.com / www.source.se



