

**NUMBERS**



# ANNUAL REPORT 2009

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# THE CEO'S VIEW.

*Daniel Sachs CEO Proventus*

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HERE ARE WE?

As 2010 begins, the relevant and deeply complex question to ask is probably: where are we? In the autumn of 2008, the abyss opened up and we went through a “near death” experience in the global economy. In addition to the collapse of the financial system – leading to inter-bank funding markets being totally non-existent for days – economic activity also collapsed – trade flows decreasing by no less than 90 per cent for a while. The fear of entering a period resembling the 1930s also spurred the most drastic and powerful coordinated global policy response ever seen. The total fiscal stimulus within the G20 in 2009 was almost USD 700 billion, or 1.4 per cent of the combined GDP. Over time, the fiscal stimulus in the US will be even larger than the global amount for 2009 – and that is only the fiscal side. The monetary stimulus is the most aggressive in the 96-year history of the Federal Reserve. After six months, financial markets started rallying and economic activity slowly started to return. There is no doubt that the enormous fiscal and monetary response to the crisis succeeded in restoring

functionality to financial markets and a certain level of economic activity. However, the structural problems that were made painfully apparent by the crisis of the financial system have not gone away. They have not begun to be addressed – in fact last year’s policies have exacerbated them. The other real question right now is – when will stimulus be wound down and what will happen then? My fear is that the perceived recovery has been so rapid that we have missed some of the opportunities for fundamental change that come in times of crisis. It is too easy to return to business as usual; or as Bill Clinton recently put it: “It is hard to get people to agree with the truth when the lie is in fact financing their lifestyle”.

As I wrote in our annual report last year – the “Mythology of Crisis” – we at Proventus do not see this as a “financial crisis” or even a typical “recession”. We believe that what we saw in the autumn of 2008 and the spring of 2009 was not simply a blip in a positive long-term trend, but rather a symptom that something is fundamentally wrong. This was not just a financial crisis – it was the culmination of 20 years of living over our means,

economically, socially and ecologically. The real issue is the consumption bubble in the West and all the structural problems that come with it. Savings are still at too low a level, and an increase is bound to have an effect on consumption and corporate profits at some point. Also, the sovereign crisis in Europe shows that the overspending has existed on many levels. The required fiscal tightening will further hamper growth. In addition to the economic challenges, we also see increased inequality and weak social cohesion in the West. Larry Summers has put it aptly: “What we see is a statistical recovery and a human recession”.

One of the biggest structural problems from a European perspective is the weak competitiveness of European industry. Even if the weak Euro helps in the short term, the fundamental competitiveness is weak. We see already how European automotive companies are forced to rationalise heavily or even go out of business, but competitiveness is a much broader issue. European industry with its high cost levels has a hard time competing with China. Chinese companies, and companies from other newly industrialised countries, have very rapidly gone from exploiting short-term cost advantages to investing in innovation and competing through quality. Technology is far more omnipresent than at any time in history, but many mid-sized European companies have not had the resources to invest sufficiently in long-term strategic development. Also, there are a large number of smaller companies that need to go through generation shifts, and large companies that need restructuring. Not least, we are seeing a reversal in the strong

trend of outsourcing and off-shoring that has been the rule for the last decade; more companies are taking back control over their supply chains and moving production closer to management and key markets. To sum up, there is a need for entrepreneurship, innovation and capital to replace and convert the old European industrial base into a new, competitive one.

In our annual reports from 2003 until 2008, we have focused on these structural problems and our view on them. However, this year it is time to look ahead – what can we do to contribute towards development and create good returns?

### PROVENTUS PHASE THREE

Proventus has a long history of being innovative and contrarian in its investment approach. We have always looked for the “blind spots” in the capital market. In the early days of Proventus, even before the formal start of Proventus in its current form, back in the 1970s and early 1980s, the Swedish stock market was illiquid and underdeveloped. Valuations of Swedish companies were far lower than for their European counterparts. This was driven by the fact that the market was heavily regulated and exchange rate control meant that non-Swedish investors could not invest in Swedish stocks. Proventus was very active on this market.

As exchange rate controls were lifted and deregulation became the norm, the functioning of the stock market changed fundamentally, resulting in much greater transparency and liquidity. However, the Swedish, indeed the European, industrial structure was still inefficient in many

aspects. The engineering bias in corporate management and the lack of an efficient corporate governance function had led to many large and unfocused conglomerates being built up. This created a void in which Proventus turned its focus to restructurings and actively working to bring focus and development to companies in need of change. Between the early 1980s and the early 1990s, Proventus carried out almost 70 restructurings with fundamentally positive results.

Following upon the two experiences of investing in stocks in an underdeveloped stock market in the 1970s and being active in restructurings in the 1980s and early 1990s, we can refer to our current focus as the third phase of development. We have now turned our focus towards corporate bonds and loans. This is the third time we act to address unmet needs by focusing on what we see as underdeveloped areas of the financial markets.

### DEMAND FOR AND SUPPLY OF CAPITAL

This third phase is based on our analysis of macro-developments in general, and more specifically on what we are seeing in the capital markets. In 2009, both the demand and supply of capital were on hold. On the demand side, very little happened in terms of deals and other activities – the exception of course being refinancing of old debts as well as restructuring in cases where it could not be avoided. As regards refinancing, the use of the proceeds of bond issues changed from 90 per cent going towards acquisitions in 2008 to 75 per cent being used for refinancing in 2009. On the restructuring side, it seems that the many European restructurings that took place were

focused on waiving bank covenants, extending maturities and postponing interest payments. Few restructurings involved injections of new cash and even fewer resulted in write-downs of senior debts. In essence, time has been bought, but there is bound to be a second wave of restructurings within the next 12-24 months where real changes in balance sheets need to happen and new capital will be key.

On the supply side, the banks withdrew from the market entirely and did not start to return – albeit slowly – until the end of the year. The primary equity markets were also closed for most of the year. The bond market however took care of most of the funding needed for refinancing – issuance of corporate bonds in Europe was more than double the average for the past ten years.

In 2010, we already see the demand for capital returning. First of all, refinancing needs are enormous. In the market for high-yield bonds and loans, maturities are increasing from less than EUR 10 billion in 2008 to over EUR 50 billion in 2013. In addition, we see signs of mergers and acquisitions starting to take place. Many companies are looking to resolve challenges to their competitiveness by increasing scale and efficiency through mergers. Some are healthy enough to be proactive in their merger activities, while others are reacting to pressure from banks or financial markets. Also, the demand for working capital in many industries is radically changing. Weakened customers and suppliers mean that a larger working capital needs to be funded externally. During the phase of lower economic activity, many companies have survived the decreases in demand by letting stock levels drop and cutting their wor-

king capital drastically. When demand starts to return, they will find themselves in a new situation with much higher needs for working capital. Overall, we foresee that the needs of financing and restructuring in European industry will be considerable in the years to come.

Things are also changing when it comes to the supply of capital. The banks are slowly returning to lending. Primarily, the banks are taking care of their existing customers, especially the bigger accounts which were in many cases treated as frugally as the smaller ones in 2009. However, we find it very unlikely that banks in general will return to the type of risk attitude and activity that prevailed before 2007. First of all, there are still a large amount of non-performing credits that need to be taken care of. IMF predicts that we are only halfway through the necessary write-downs and loss provisions in US and European banks, with over USD 1,300 billion still to come. Also, we will still see the effects of deleveraging over time – the banks need to shrink their balance sheets. Many banks and financial institutions have also gone out of business or have refocused on their home markets, reducing the supply of international credit. As always with this type of crisis, there is also a new attitude to risk that will be present for a number of years – the span of possible outcomes in any given situation has expanded, making banks increasingly cautious. Also, the competition for capital is increasing with the sovereign crisis in Europe which risks leading to severe crowding-out effects. And finally, we will see increasing regulation both as a result of among other things the Basel process that was

already in progress before the crisis in the financial markets, and new regulations that are being drafted to prevent a similar collapse to that which we saw in 2008. The proposals that the Basel Committee on Banking Supervision has recently published – Basel III – include major changes, not least with regard to capital requirements and liquidity. This has the potential of increasing the cost of lending and restricting the supply of credit.

As for equity markets, liquidity is improving. We have seen some IPO activity in the spring of 2010 and private equity firms are well financed and are moving from dealing with old problems to making new investments. However, the public equity market remains very sensitive to shocks. The expectation in the S&P 500 is that profit levels in 2010 should be 90 per cent of what they were in 2006 – a year when corporate profits hit a record 14.6 per cent of GDP in the US and when a large proportion of the profits came from banks and financial institutions. The risk of disappointments looms large.

On a different level, we are also demographically challenged in that we are living with ageing populations in the West. This also means that a large part of the population will need to make use of savings – or de-save – in coming years, which means that the volatility of the stock market could be a problem. In many ways, the bond markets offer a better match for the large pension liabilities on the balance sheets of companies as well as nations. In fact, over the last 20 years in Sweden, the total yield of the bond market has been higher than the stock market.

#### THE NEED FOR A NEW BOND MARKET

So, while the need for capital and restructuring will be substantial in coming years, the supply of capital is likely to be less reliable. From this perspective, it is a problem and a major cost to society that the market for corporate bonds and subordinated capital is so underdeveloped in Europe. In relative terms, the market for corporate bonds in Europe is just a fifth of the US market. There are several reasons for this, but I would claim that the main explanation is the reliance on relationship banking in Europe. Historically, the primary source of capital was the bank, which was also often an advisor to the company and even willing to step in as an owner if the situation so required. The US bond market was opened up in the early 1980s – largely through the activities of Michael Milken and his colleagues at Drexel, Burnham & Lambert. Even though this ended badly for Milken and some of his colleagues, the development of the bond market that they initiated helped fund a lot of small and mid-sized companies and also acted as a catalyst for the restructuring of many large and inefficient US corporations in the hands of able entrepreneurs. Europe needs a similar development. In view of the banks' changing risk appetite, there will be a need for capital ready to take on a greater risk than the banks. Equity is not suitable in all these situations.

The European market for corporate bonds – especially the lower end of this market – is veritably archaic in its function. Trading is done over the phone with virtually no trading statistics and a low level of standardisation when it comes to

corporate governance. At the moment, this market is trapped in a Catch 22 situation – the institutional investors do not invest since the lack of transparency and liquidity makes it a difficult market for them. Many companies and potential issuers do not see the bond market as an alternative because of the lack of institutional interest and the high costs of capital that result from the lack of liquidity and demand. Changes in the regulations have been discussed at European level, for example as regards the transparency of bond markets, but change will take time and self-regulation would be vastly preferable.

In addition to the issue of transparency and liquidity, corporate governance is a problem. In the past year a number of restructurings have been carried out in Europe where the senior lender and the equity owner have agreed on a restructuring plan that has squeezed out the mezzanine or junior lenders. This is partly a result of weak agreements that became standard in the heyday of LBO funding up until 2007 and which gave the junior capital virtually no rights in an insolvency situation, but partly also because there are very few guardians of junior lenders' interests. We need more active players who protect the interests of all investors in the markets for corporate bonds and mezzanine financing. Also, if we are to increase transparency and liquidity and thus hopefully open this market up to individuals and smaller investors, we will need to standardise the terms of corporate bonds to a much larger extent – who can take the time to read a 400-page prospectus? We will also need much more independent research and analysis as well as the type of structured and institutionalised

self-regulation that is present in the stock market. As regards transparency, liquidity and governance of bond markets, we have taken an initiative together with Nasdaq OMX to gather investors, issuers, banks and regulators in a discussion of how this market could be developed.

Our view is that Europe needs a much more transparent, liquid and effective market for corporate bonds, especially for mid-sized companies. This market will also need active investors who are willing to engage in the necessary restructurings.

#### PROVENTUS CAPITAL PARTNERS

This is the reason for our strategy focusing entirely on investing in subordinated lending and corporate bonds for mid-sized companies in Europe. We feel that we have the experience and know-how to be an active investor in these markets and contribute to their growth and development. Proventus has a long history of being active in the capital markets and in funding mid-sized businesses for growth and restructuring. We have been active in the bond markets for at least a decade and our solid experience and track record in restructurings make us well positioned to take on an active role in the companies we finance should the need arise.

In 2009, we took an additional step in this development through the formation of Proventus Capital Partners. To be successful in these markets we will need more capital in order to build a well-diversified portfolio and at the same time be large enough in each investment to have a seat at the table. Proventus Capital Partners is a 220 million euro co-investment structure which

is to be placed over the next two years. Our co-investors are the Fourth National Pension Fund (AP4), the insurance companies Folksam and Länsförsäkringar and a further 20 investors both institutional and private.

We realise that it will take some time for this market to develop, especially since stimulus is currently making capital markets unnaturally liquid and risk premiums unnaturally low, but we are convinced that within five years the market for bonds and loans to European companies will be much more active and liquid than it is today. And we intend to be a major actor in that market.

Daniel Sachs  
*CEO Proventus*  
Stockholm, 25 May 2010

# ANNUAL REPORT 2009

# ADMINISTRATION REPORT

The Board of Directors and Chief Executive Officer of Proventus AB, 556042-3443, hereby present the annual report for the operations in the Parent Company and the Group for the 2009 financial year. The following income statements and balance sheets, specification of changes in equity, cash flow analyses, accounting principles, and notes to the accounts comprise an integral part of the annual report.

## Financial Year 2009

### OPERATIONS

Proventus is a privately-owned investment company. Operations include both lending activities and bond investments, which are conducted by the subsidiary Proventus Capital, and liquidity management, which is conducted by the Parent Company, as well as the management of a number of portfolio companies in the subsidiary Proventus Invest.

Proventus has traditionally invested in companies in need of change, actively contributing to their development; however, during 2009, the investment focus was reassessed. The lending activities have been developed, and now constitute Proventus' primary investment focus. The investment focus is on both listed and unlisted corporate loans and bonds.

In addition to its investing activities, Proventus owns the cultural institutions, Magasin 3 Stockholm Konsthall and the Jewish Theatre.

Proventus was founded by Robert Weil in 1980. The Company is predominantly owned by the Weil family, and by companies controlled by the family. Robert Weil holds a majority of the shares and votes.

### THE GROUP

The Group's net worth, as at 31 December 2009, amounted to MSEK 2,785 (3,018), a net change of MSEK -233 (91). During the year, a dividend of MSEK 72 (103) was paid to shareholders, which should be taken into account in any comparison between years. Equity also decreased as a consequence of a dilution in the holdings in J.Lindeberg, which, at the time of a new share issue

during 2009, went from being a subsidiary to being an associated company. The closing minority participation impacted equity in an amount totalling MSEK -51. The Board estimates that the net worth, including hidden reserves, amounts to approximately SEK 3.5–4 billion.

The Group's operating income amounted to MSEK -94.0 (208.8). Profit/loss after financial items amounted to MSEK -164.7 (178.0). Proventus benchmark currency is Euro and the results measured in SEK therefore fluctuate substantially when currency markets are volatile. During 2009 the euro has strengthened against the SEK. The group's result for 2009 amounts to -6.8 MEUR, which is substantially better than the result in SEK, -164.7 MSEK. The Group's income for the year amounted to MSEK -193.2 (133.5) and total comprehensive income amounted to MSEK -187.5 (126.6).

Income from operating activities decreased from MSEK 294.5 to MSEK 15.2. This result was impacted by a write-down on a loan contract, totalling MSEK -64.1, a lower yield on outstanding derivative positions, a generally lower interest rate level, and a negative currency effect, resulting from the fact that the portfolio management is predominantly carried out in Euro.

Income from the portfolio companies and other holdings decreased by MSEK -23.5, from MSEK -85.7 to MSEK -109.2. This decrease is primarily attributable to BRIO, which reported an income before net financial income/expenses of MSEK -122.3 (-44.7), a decrease of MSEK -77.6. BRIO's result for 2008 included capital gains of MSEK 82, from the sale of a property. Artek also had a weaker year in 2009, MSEK -6.5 (4.1) before financial items. The investments in wind energy made a positive contribution, with income before financial items increasing by MSEK 55.7 from MSEK 16.4 to MSEK 72.1. The other companies in the Group are on a level with 2008.

Proventus is exposed to the Euro (EUR). Slightly more than a third of the Group's assets at the end of the year were invested in EUR. During the year, the Euro weakened by -5.4 percent (15.4) against

the Swedish krona. The currency effect on Group income resulting from this weakening amounted to approximately MSEK -60 (183). A certain amount of exposure remains against the dollar (USD) due to the Group's property holdings in Israel and the US, which are financed by the Parent Company. The SEK has strengthened against the USD during 2009 by 7.0 percent, but weakened during 2008 by -19.9 percent. Net assets had previously been hedged at their full amount, however, during 2008 hedging was reduced which has resulted in increased positive impact of exchange rate effects on equity. The translation effect on the Parent Company's receivables against foreign subsidiaries amounts to MSEK -26.0 (60.5). Profit from hedging amounts to MSEK 4.5 (6.6). The effect is reported directly in equity.

At the end of the financial year, the Group's liquid funds amounted to MSEK 299.4 (197.6). With the inclusion of current investments, the Group's liquidity totals MSEK 1 641.8 (851.4).

Interest-bearing current and long-term liabilities amounted to MSEK 1,129.9 (1237.1). The equity/assets ratio amounted to 58.5 (61.1) percent. The Group's equity/assets ratio diminished as a result of the negative performance in 2009 and the Group's investments in wind power, which have been more than 70 percent financed with loans from credit institutions.

#### THE PARENT COMPANY

The Parent Company's operating profit amounted to MSEK -33.5 (243.6). Net income for the year amounted to MSEK -31.0 (201.0).

The Company has received no dividends from subsidiaries during 2009. Dividends during 2008 amounted to MSEK 18.3.

The Parent Company's portfolio management is primarily conducted in Euro. The Swedish krona strengthened against the Euro by a total of 5.4 percent during 2009, which produced a negative effect on the management results, accounted for in SEK. The exchange rate effect is estimated at MSEK -60. During 2008, the opposite effect was seen as the krona weakened against the Euro. The exchange rate effect was then positive, at MSEK 181. The majority of the Parent Company's bond portfolio has a short duration, implying that continual profits have decreased as interest rates have declined.

Profits from the bond portfolio, including exchange rate differences, amounted to MSEK 38.6 (49.9).

The Parent Company has also reduced the risk in asset management by terminating derivative positions which have previously had a positive effect on profits. During 2008, profits from the position in the share index S&P 500 amounted to MSEK 30.2. By the start of 2009, this position was entirely terminated and, consequently, no profits were generated during 2009. During 2008, the Parent Company returned a profit in its position in USD against EUR and on an interest position in credit derivatives, which is the primary explanation for the improvement in profits in the derivative positions. Other holdings and derivatives contributed with MSEK 10.8 (30.9).

The Parent Company has had a subordinated debenture in BRIO. With consideration of the development of BRIO's results, this item was written-down by MSEK -49.3. The write-down is reported as an additional financial expense in the Parent Company's results.

The Parent Company's balance sheet total, as of 31 December 2009, amounted to MSEK 3,913 (3,561). The increase in the balance sheet total is primarily attributable to a non-cash issue totalling MSEK 501.5 from the Company's main shareholder Robert Weil and the Chief Executive Officer, Daniel Sachs. The issue consisted of shares in the subsidiary Grafon (formerly Proventus Capital). Equity amounted to MSEK 3,068 (2,662). The Parent Company's equity was further impacted by the year's profits and the translation difference on loans to foreign subsidiaries, as well as paid Group contributions and paid dividends amounting to MSEK 72 (-).

### Investing Activities

#### DEVELOPMENT CAPITAL

During 2005, Proventus began conducting lending operations to small and medium-sized companies on a larger scale. These operations have shown positive growth and the assessment is that there will be opportunities for further growth during coming years, as conditions in the capital market have changed. The crisis in financial markets has meant that many companies have depleted balance sheets, and therefore, increased needs for borrowed

capital. At the same time, traditional credit providers within the banking system need to lend less, rather than more, both in order to repair their own balance sheets, and in order to satisfy new statutory requirements, such as Basel III. Proventus made the decision during 2009 to intensify investment in development capital and, thereby, shift the focus of operations away from investing in shares in companies in need of change, and towards investments in private loans and corporate bonds.

Earlier investments in development capital were financed entirely through Company funds, but, in order to increase the pace of investments, Proventus decided to offer participating loans to outside investors. During September and October, contracts were signed with slightly more than 20 institutional and private investors. The total loan frame is MEUR 166, of which 10 percent had been used by the end of the year. Proventus has simultaneously undertaken to contribute MEUR 50 to the new operations. The participating loan runs up to and including September 2016.

The Parent Company continues to hold the former loan portfolio, while the new investments with co-investors has been placed in Proventus Capital (formerly Grafon). The new portfolio amounted at the end of the year to MEUR 22.2. During the first quarter of 2010, an additional MEUR 33.2 of the loan frame has been utilised, and, at the same time, Proventus has contributed with MEUR 10.

In total, interest income from borrowing operations amounted to MSEK 75.5 (95.4).

#### LIQUIDITY MANAGEMENT

Earnings from liquidity management amounted to MSEK -22.8 (237.2). The decline in results compared to 2008 is primarily due to the following major factors:

During 2008, Proventus held four derivative positions which were all positive. Proventus earned MSEK 98.4 in total from these positions during 2008. In conjunction with the crisis, the positions were terminated and the risk reduced. By the end of 2009, two active positions remained but at a lower level than previously. In total, these two active positions have provided only MSEK 0.6 during 2009.

A provision of slightly more than MSEK -64 has been reported for a specific commitment and

this negatively impacts the asset management results. The Parent Company's investments are primarily made up of European government bonds. The return on the portfolio, combined with the Euro's strengthening against the Swedish krona, has contributed a total of MSEK 38.6 (105.3) of total results within asset management. Additional holdings in asset management contributed a total of MSEK 2.5 (60.4).

For additional information on Proventus' risk management, holdings and underlying positions in derivative contracts see Notes 3 and 22.

#### PORTFOLIO COMPANIES AND OTHER HOLDINGS

Equity holdings are conducted primarily in Proventus Invest. The Company is 85 percent owned by Proventus. The remaining shares in Proventus Invest are owned by Daniel Sachs AB. Financing of Proventus Invest has primarily taken place through conditional shareholders' contributions from Proventus.

The following are portfolio companies: BRIO, the wind-power company o2 Produktion, J.Lindeberg, Design Research, with subsidiaries Artek and Tom Dixon.

The reported development in the value of the holdings is summarised below.

#### BRIO

During the spring, BRIO had acute liquidity problems and refinancing was necessary to save the company. Proventus guaranteed a new issue of preferential shares totalling MSEK 164, of which Proventus finally provided a total of MSEK 144.9. At the same time, the bank converted MSEK 151 of the company's loans to equity. In total, the company's equity was strengthened by MSEK 315. Proventus increased its holding in the company through this contribution and increased its share percentage from 57.8 percent to 89.8 percent, as well as increasing its voting majority from 61.5 percent to 87.8 percent.

A new MD joined the company on 1 January and portions of the management have also been renewed during the year. Additional cost reductions have been carried out and, as a result of these, total expenses will decrease by MSEK 80 per year,

with full effect from 2011. Additionally, operations have been focused through a clear division into two sectors, BRIO Toy and BRIO Baby, as well as an increased concentration on the Nordic countries and Northern Europe.

As an effect of the difficult liquidity situation during the year's first two quarters, the company was unable to completely guarantee its purchases during this period. At the same time, the USD strengthened, implying that net profit was negatively impacted. During the third and fourth quarters, the company has shown increased positive signs as a result of the measures taken during the spring.

Sales grew overall during the year and net sales amounted to MSEK 951.0 (892.5). Operating income amounted to MSEK -122.3 (-126.8). Capital gains, from the sale of properties in BRIO during 2008, were excluded in an amount of MSEK 82. The reported operating income including the sale was MSEK -44.8. The consolidated result before tax amounts to MSEK -137.0 (-55.9) and net after tax to MSEK -140.6 (-75.2).

BRIO shares were transferred, in conjunction with the share issue, from the Stockholm Stock Exchange to NGM Equity. Three of the company's share series are quoted, B, C pref and D pref. B shares are quoted at 3.1, C shares at 2.8 and D shares at 0.8. The company's market value amounted to MSEK 228 (187).

## o2 PRODUKTION

o2 Production is Proventus' company for investments in wind power. The company was started in 2006, together with the Vindkompaniet in Mörbylånga, which is a subsidiary of o2 Vind AB. Proventus' primary contribution has been to provide the financing for the jointly-owned company. In order to facilitate further investments and to strengthen the company's possibility to obtain financing, Proventus Wind Power was established in 2008, in which Proventus' share in o2 Produktion was contributed. Proventus sold an equivalent of 25 percent of its holdings in Proventus Wind Power to Foundation Asset Management AB. Both companies have, thereafter, jointly invested in o2 Vind in an amount of MSEK 100 and have contributed MSEK 278 (190) in financing for ongoing wind power projects in o2 Produktion.

o2 Produktion's facilities (Röbergsfjället Vind, Säliträdberget Vind, Hedbodberget Vind and Bliekevare Vind) had total net sales of MSEK 130.8 (33). The company's contribution to the Group's income amounted to MSEK 36 (6.8) before tax, and net after tax to MSEK 32.6 (6.7).

A decision has been reached regarding the building of two additional facilities during 2010.

Total investments in wind power amounted to MSEK 1,100 (1,056).

## J.LINDEBERG

In connection with the new share issue carried out by the company, J.Lindeberg has gone from being a subsidiary company to being reported as an associated company. In total, the company received MSEK 20.8, of which Proventus' share amounted to MSEK 7.2. Proventus' initial participating interest amounted to 34.7 percent of capital and 84.1 percent of the votes through its subsidiary company JL Development, a company partly owned by the management of J.Lindeberg. In conjunction with the share issue, the management subscribed to shares directly in J.Lindeberg, resulting in a dilution in Proventus' voting power. At the end of the year, Proventus' participating interest amounted to 34.7 percent of capital and 43 percent of the votes.

The results from J.Lindeberg in 2009 are reported as a participation in an associated company, and impact the Proventus Group by MSEK -9.1. During 2008, when the company was consolidated as a subsidiary, reported net sales amounted to MSEK 272.1 and the consolidated net result amounted to MSEK -15.8. The company's reported net sales for 2009 amounted to MSEK 238.7, and the net result to MSEK -27.9.

The restructuring carried out by the company, beginning in 2007, is now complete. Among other things, this restructuring has resulted in a more efficient organisation and greatly reduced costs. The current focus is to refine the trademark and range.

## OTHER HOLDINGS

Operating investments also include results from the design group, Design Research, with subsidiaries Artek and Tom Dixon, Magasin 3 Stockholm Konsthall, the Jewish Theatre, Newsmill and the advertising agency Voice – The Brand Liberation

Company. Operating investments also include Proventus Israel and Proventus Inc, which own the Group's real estate properties.

Design Research have maintained a positive development during 2009. Net sales increased to MSEK 75.4 (53.7). Reported net profit amounted to MSEK 1.2 (2.7) after tax. Artek have felt the effects of the financial crisis during 2009. The company, which had positive growth during 2008, lost approximately MSEK 23 in sales during the year. Reported net sales amounted to MSEK 130.6 (153.1). Despite strong measures, the company did not maintain its profitability from 2008, reporting a net result after tax amounting to MSEK -7.9 (0.1).

Proventus invested a total of MSEK -37.7 (-35.5) in these cultural activities.

## Financial expenses

Financial expenses have increased, mainly due to the financing of the construction of wind power facilities. During 2009, four parks have been in operation, three of which since the beginning of the year. During the construction phase, financing expenses have been capitalised for each respective facility, but interest expenses will begin to impact the result fully with commencement of production. In total, approximately MSEK 27 of the growth between the years is related to the wind power project.

## Personnel

The number of employees within the Group amounts to 478 (613). Of these, 8 (7) work primarily within investing activities. The reduction in the total number of employees is related to BRIO, which decreased its number of employees by 48 in total, and Artek which decreased by 6 individuals. The reduction is also a consequence of the fact that J.Lindeberg is no longer consolidated as a subsidiary, but as an associated company. During 2008, J.Lindeberg's 81 employees were included.

## Work of the Board of Directors within Proventus

The Board of Directors consists of four individuals, including the Chief Executive Officer.

Proventus has Board representation in all investments of major significance.

## Risks and risk control

The risks in Proventus' asset management operations are monitored on a daily basis. All positions are based on proprietary macroeconomic analyses. These analyses are supplemented with supporting documentation from external analysts. The Investment Committee provides support for the strategies which are being developed. Thereafter, the Board determines a risk mandate for the different strategies. Risks and results are reported to management on a weekly basis and a smaller group of senior managers within Proventus continually evaluates the asset management operations based on these reports. For further information regarding holdings and positions, see Notes 3 and 22.

## Future development

Proventus' main activity during the coming years will be to provide loans for small and medium-sized companies, as well as investment in listed corporate bonds.

Proventus' direct investments in companies in need of a change will be limited, and any acquisitions other than companies already in the portfolio are not planned.

## Important Events after the Balance Sheet Date

During the first quarter of 2010, Proventus has issued additional participating loans within the existing loan capacity among investors with whom the company has signed agreements.

In total, liquidity has been strengthened by MEUR 43.2, of which Proventus has contributed MEUR 10. This financing has been utilised for the purposes of investment in listed corporate bonds, as well as for new lending.

## Dividends

The Board of Directors has not proposed any dividends to the annual general meeting of shareholders.

## Appropriation of profits

The proposed appropriation of profits is presented on page 70.

# CONSOLIDATED INCOME STATEMENT

1 January – 31 December

TSEK	Note	2009	2008
<b>Investing activities</b>			
Dividends		-	-
Interest income		75,536	95,446
Changes in value	6	-22,753	237,233
Other income		7,636	-
Administrative expenses		-45,224	-38,194
<b>Net income – Investing activities</b>		<b>15,195</b>	<b>294,485</b>
<b>Operating investments</b>			
Net sales		1,294,701	1,409,860
Cost of goods sold		-725,733	-779,027
Selling costs		-378,649	-490,962
Research and development expenses		-15,831	-50,931
Administrative expenses		-324,535	-289,671
Other income		75,221	144,976
Other expenses		-34,397	-29,931
<b>Net income – Operating investments</b>		<b>-109,223</b>	<b>-85,686</b>
<b>Operating income</b>	5, 7, 8, 9	<b>94,028</b>	<b>208,799</b>
Result from participations in associated companies		-10,531	-931
Financial income	10	2,431	2,739
Finance expenses	11	-62,602	-32,598
		-70,702	-30,790
<b>Profit/loss after financial items</b>		<b>-164,730</b>	<b>178,009</b>
Tax on profit/loss for the year	12	-28,466	-44,521
<b>Net profit/loss for the year</b>		<b>193,196</b>	<b>133,488</b>
Attributable to:			
Parent Company's shareholders		-178,577	100,767
Minority shareholding		-14,619	32,721
		<b>-193,196</b>	<b>133,488</b>

# STATEMENT OF COMPREHENSIVE INCOME FOR THE GROUP

TSEK	Note	2009	2008
Profit/loss for the year		-193,196	133,488
Other comprehensive income for the year, net after tax:			
Cash flow hedging, borrowing		8,748	-64,899
Taxes attributable to hedging items		-2,430	17,198
Hedging of net investment		4,541	6,642
Currency translation differences (exchange rate differences)		-5,118	34,206
Total other comprehensive income		5,741	-6,853
<b>Net profit/loss for the year</b>		<b>-187,455</b>	<b>126,635</b>
Attributable to:			
Parent Company's shareholders		-172,836	92,047
Minority shareholding		-14,619	34,588
		<b>-187,455</b>	<b>126,635</b>

# CONSOLIDATED BALANCE SHEET

31 December

TSEK	Note	2009	2008
<b>Assets</b>			
Intangible fixed assets	13		
Capitalised development expenditure		25,907	36,492
Trademarks		142,806	165,098
Goodwill		80,667	108,904
Renting rights		56,963	63,344
Investments in progress		5,362	3,204
		<u>377,042</u>	<u>377,042</u>
Tangible fixed assets	14		
Buildings, Land and land improvements		267,231	277,436
Plant and machinery		1,007,425	1,019,484
Equipment		96,324	58,464
Investments in progress		16,771	1,231
		<u>1,356,615</u>	<u>1,356,615</u>
Financial fixed assets			
Participations in associated companies	15	59,080	1,796
Other investments held as fixed assets	16	101,329	102,894
Deferred tax assets	18	127,896	158,710
Long-term receivables	19	536,157	677,642
		<u>824,462</u>	<u>941,042</u>
<b>Total fixed assets</b>		<u>2,523,918</u>	<u>2,674,699</u>
Inventories	20	301,178	438,724
Current receivables	21		
Accounts receivable - trade		141,779	187,816
Other receivables		83,164	744,095
Prepaid expenses and accrued income		73,635	45,909
Current investments	22	1,342,441	653,831
Cash and bank balances	24	299,445	197,595
<b>Total current assets</b>		<u>2,241,642</u>	<u>2,267,970</u>
<b>Total assets</b>		<u>4,765,560</u>	<u>4,942,669</u>

# CONSOLIDATED BALANCE SHEET

31 December

TSEK	Note	2009	2008
<b>Equity</b>			
Share capital	24	58,980	58,300
Other contributed equity		31,431	31,431
Other reserves		-11,483	-10,906
Profit/loss brought forward		2,580,978	2,325,851
<b>Equity attributable to the Parent Company's shareholders</b>		<u>2,659,906</u>	<u>2,404,676</u>
Minority shareholding		125,790	613,402
<b>Total equity</b>		<u>2,785,696</u>	<u>3,018,078</u>
<b>Long-term liabilities</b>			
Pension commitments	25	68,269	63,970
Other provisions	26	38,584	35,732
Other long-term liabilities	27	1,338,352	1,325,736
Deferred tax liabilities	18	53,421	54,599
<b>Total long-term liabilities</b>		<u>1,498,626</u>	<u>1,480,037</u>
<b>Current liabilities</b>			
Accounts payable - trade		147,918	185,504
Income tax liabilities		3,335	2,117
Other liabilities	28	162,535	132,130
Accrued expenses and deferred income	29	167,450	124,803
<b>Total current liabilities</b>		<u>481,238</u>	<u>444,554</u>
<b>Total liabilities</b>		<u>1,979,864</u>	<u>1,924,591</u>
<b>Total equity and liabilities</b>		<u>4,765,560</u>	<u>4,942,669</u>
<b>Pledged assets</b>			
Pledged assets	31	1,581,030	1,586,197
<b>Total pledged assets</b>		<u>1,581,030</u>	<u>1,586,197</u>
<b>Contingent liabilities</b>			
Other contingent liabilities	32	571,677	191,311
<b>Total Contingent liabilities</b>		<u>571,677</u>	<u>191,311</u>

## CHANGE IN EQUITY FOR THE GROUP

TSEK	Attributable to Parent Company shareholder		Other reserves	Profits brought forward	Minority-interest	Total equity
	Share capital	Other contributed capital				
<b>Opening balance, 1 January 2008</b>	58,300	31,431	-1,698	2,224,596	613,952	2,926,581
<b>Total transactions recorded directly against equity</b>						
New share issue	-	-	-	-	67,588	67,588
Dividend	-	-	-	-	-102,726	-102,726
<b>Total transactions reported directly in equity</b>	-	-	-	-	-35,138	-35,138
Net income for the year	-	-	-9,208	101,255	34,588	126,635
<b>Closing balance, 31 December 2008</b>	58,300	31,431	-10,906	2,325,851	613,402	3,018,078
<b>Opening balance, 1 January 2009</b>	58,300	31,431	-10,906	2,325,851	613,402	3,018,078
<b>Total transactions recorded directly against equity</b>						
Structural changes	680	-	-	499,386	-500,066	-
New share issue, minority	-	-	-	-	86,469	86,469
Expenses, new share issue	-	-	-	-	-2,900	-2,900
Dividend, minority	-	-	-	-	-5,814	-5,814
Closing minority as a result of dilution	-	-	-	-	-50,682	-50,682
<b>Total transactions reported directly in equity</b>	680	-	-	427,386	-472,993	-44,927
Net profit/loss for the year	-	-	-577	-172,259	-14,619	-187,455
<b>Closing balance, 31 December 2009</b>	58,980	31,431	-11,483	2,580,978	125,790	2,785,696

## CONSOLIDATED CASH FLOW STATEMENT

1 January – 31 December

TSEK	Note	2009	2008
<b>Cash-flow from operating activities</b>			
Acquisitions/disposals net		-649,112	744,696
Received interest		75,536	95 446
Operating investments and operating expenses		-108,056	-162 841
Income tax paid		-3,047	-5,040
	30	<u>-684,679</u>	<u>672,261</u>
<b>Cash flow from investing activities</b>			
Decrease in long-term receivables		-	245,976
Increase in short-term receivables		-	- 647,085
Acquisition of intangible fixed assets		-6,118	-30,680
Acquisition of tangible fixed assets		-118,482	-779,567
Acquisition of financial fixed assets		-11,044	-104,640
Increase in long-term receivables		-	-48,446
Increase in short-term receivables		-	-82 613
Increase in short-term liabilities		78,785	-
Decrease in long-term liabilities		-	-115,070
		<u>-1,562,125</u>	<u>-1,562,125</u>
<b>Cash flow from financing activities</b>			
Increase in long-term liabilities		42,463	818,002
New share issue		83,569	51,836
Sale of tangible assets		-	78,876
Sale of other long-term securities holdings		-	41,750
Decrease in long-term receivables		57,011	-
Decrease in short-term receivables, other operations		764,437	-
Dividends paid		-77,814	-102,726
Cash flow from financing activities		<u>869,666</u>	<u>887,738</u>
Cash flow for the year		128,128	-2,126
Cash and cash equivalents at beginning of year		197,595	199 721
Structural change		- 26,278	-
<b>Cash and cash equivalents at year-end</b>		<u>299,445</u>	<u>197,595</u>

# PARENT COMPANY INCOME STATEMENT

1 January – 31 December

TSEK	Note	2009	2008
<b>Investing activities</b>			
Dividends		-	18 256
Changes in value	6	28,396	272,626
Administrative expenses		<u>-44,554</u>	<u>-36,451</u>
<b>Net income – Investment activities</b>		<b>-16,158</b>	<b>254,431</b>
<b>Operating investments</b>			
Administrative expenses		-4,162	-2 803
Other income		9,020	11,638
Other expenses		<u>-22,158</u>	<u>-19,661</u>
<b>Net income – Operating investments</b>		<b>-17,300</b>	<b>-10,826</b>
<b>Operating income</b>	5, 7, 8, 9	<b>-33,458</b>	<b>243,605</b>
Financial income	10	25,120	38,511
Financial expenses	11	<u>-14,128</u>	<u>-55,948</u>
		<b>10,992</b>	<b>-17,437</b>
<b>Profit/loss after financial items</b>		<b>-22,466</b>	<b>226,168</b>
Tax on profit/loss for the year	12	<u>-8,562</u>	<u>-25,135</u>
<b>Net profit/loss for the year</b>		<b><u>-31,028</u></b>	<b><u>201,033</u></b>

# PARENT COMPANY BALANCE SHEET

31 December

TSEK	Note	2009	2008
<b>Assets</b>			
Tangible fixed assets	14		
Land and buildings		19,000	19,557
Equipment		18,767	19 41
		<u>37,767</u>	<u>38,975</u>
Financial fixed assets			
Participations in Group companies	17	1,266,859	608,047
Receivables from Group companies		578,433	779,152
Deferred tax assets	18	91,796	117,196
Long-term receivables	19	515,405	633 374
		<u>2,452,493</u>	<u>2,137 769</u>
<b>Total fixed assets</b>		<b>2,490,260</b>	<b>2,176,744</b>
Current receivables			
Accounts receivable - trade	21	914	320
Receivables from Group companies		263,808	61,208
Other receivables		4,139	654,763
Prepaid expenses and accrued income		2,323	2 133
		<u>271,184</u>	<u>718,424</u>
Current investments	22	1,110,075	623,041
Cash and bank balances	23	41,946	43,176
<b>Total current assets</b>		<b>1,423,205</b>	<b>1,384,641</b>
<b>Total assets</b>		<b><u>3,913,465</u></b>	<b><u>3,561,385</u></b>

# PARENT COMPANY BALANCE SHEET

31 December

TSEK	Note	2009	2008
<b>Equity</b>			
Restricted equity			
Share capital	24	58,980	58,300
Statutory reserve		31,411	31 411
		<u>90,391</u>	<u>89 711</u>
<b>Non-restricted equity</b>			
Other funds		45,162	66 575
Profits brought forward		2,963,934	2,304,778
Net profit/loss for the year		-31,028	201 033
		<u>2,978,068</u>	<u>2,572,386</u>
<b>Total equity</b>		<b>3,068,459</b>	<b>2,662,097</b>
<b>Provisions</b>			
Provisions for pensions	25	14,058	14 324
<b>Total provisions</b>		<b>14,058</b>	<b>14,324</b>
<b>Long-term liabilities</b>			
Other long-term liabilities	27	189,617	195 374
Liabilities to Group companies		-	42,514
Deferred tax liabilities	18	9,390	15 772
<b>Total long-term liabilities</b>		<b>199,007</b>	<b>253,660</b>
<b>Current liabilities</b>			
Accounts payable - trade		1 623	1 312
Liabilities to Group companies		597,838	589,945
Other liabilities	28	21,563	26,246
Accrued expenses and deferred income	29	10,917	13,801
<b>Total current liabilities</b>		<b>631,941</b>	<b>631,304</b>
<b>Total liabilities</b>		<b>845,006</b>	<b>899,288</b>
<b>Total equity, provisions and liabilities</b>		<b><u>3,913,465</u></b>	<b><u>3,561,385</u></b>
<b>Pledged assets</b>			
Receivables	32	52,979	50,211
Pledged assets for forward and warrant agreements		26,486	29,433
<b>Total pledged assets</b>		<b><u>79,465</u></b>	<b><u>79,644</u></b>
<b>Contingent liabilities</b>			
Financing commitments	32	465,885	-
Unfunded pension commitments in foundations		-	3,164
Guarantees		6,965	7 357
Other contingent liabilities		259	262
<b>Total contingent liabilities</b>		<b><u>473,109</u></b>	<b><u>10,783</u></b>

## CHANGE IN EQUITY FOR THE PARENT COMPANY

TSEK	Share capital	Statutory reserve	Other funds	Profit/loss brought forward	Net profit/loss for the year	Total equity
<b>Opening balance, 1 January 2008</b>	58,300	31,411	-643	1,895,049	422,501	2,406,618
<b>Transactions reported directly against equity</b>						
Hedging of net investment	-	-	6,642	-	-	6,642
Currency differences (Exchange rate differences)	-	-	60,576	-	-	60,576
Group contributions	-	-	-	-12,772	-	-12,772
Reversal of previous year's profit	-	-	-	422,501	-422,501	-
<b>Total transactions reported directly against equity</b>	-	-	67 218	409 729	-422 501	54 446
Net profit/loss for the year	-	-	-	-	201 033	201 033
<b>Closing balance, 31 December 2008</b>	58,300	31,411	66,575	2,304,778	201,033	2,662,097
<b>Opening balance, 1 January 2009</b>	58,300	31,411	66,575	2,304,778	201,033	2,662,097
<b>Total transactions reported directly against equity</b>						
Non-cash issue	680	-	-	500,820	-	501,500
Hedging of net investment	-	-	4,541	-	-	4,541
Currency differences (Exchange rate differences)	-	-	-25,954	-	-	- 25,954
Dividend paid	-	-	-	-72,000	-	-72,000
Group contributions	-	-	-	29,303	-	29,303
Reversal of previous year's profit	-	-	-	201,033	-201,033	-
<b>Total transactions reported directly against equity</b>	680	-	-21 413	659 156	-201 033	437 390
Net profit/loss for the year	-	-	-	-	-31 028	-31 028
<b>Closing balance, 31 December 2008</b>	58,980	31,411	45,162	2 963,934	-31,028	3,068,459

## PARENT COMPANY CASH FLOW STATEMENT

1 January – 31 December

TSEK	Note	2009	2008
<b>Cash flow from operating activities</b>			
Dividends received from subsidiaries		-	18,256
Asset management, acquisitions/disposals net		-371,031	708,242
Other operations and operating expenses		-37,457	-42,685
Income tax paid		-	-
	30	<u>-408,488</u>	<u>683,813</u>
<b>Cash flow from investment activities</b>			
Acquisition of tangible fixed assets		-1,031	-1,921
Capital contribution to subsidiaries		-157,312	-76,474
Increase in long-term receivables		-120,709	-614,013
Increase in short-term receivables		-	-651,063
Decrease in receivables Group companies		-	30,699
Dividend paid		-72,000	-
Decrease in short-term liabilities		-2,138	-
		<u>-353,190</u>	<u>-1,312,772</u>
<b>Cash flow from financing activities</b>			
Decrease in long-term receivables		48,669	-
Decrease in short-term receivables		711,048	-
Increase in long-term liabilities		731	143,582
Increase in short-term liabilities		-	480,645
<b>Cash flow from financing activities</b>		<u>760,448</u>	<u>624,227</u>
Cash flow for the year		-1,230	-4 732
Cash and cash equivalents at beginning of year		43,176	47,908
<b>Cash and cash equivalents at end of year</b>		<u>41,946</u>	<u>43,176</u>

# NOTES

## 1. General information

The Parent Company is a limited liability company with its registered offices in Stockholm. The address of the head office is Katarinavägen 15, Box 1719, SE-111 87 Stockholm. This annual report was approved by the Board on 30 April 2010.

## 2. Accounting principles

### *General principles*

The Group applies the International Financial Reporting Standards, IFRS, as adopted by the European Commission, the Swedish Annual Accounts Act and RFR 1.2, Supplementary Reporting Regulations for Groups. The Parent Company applies the Swedish Annual Accounts Act and RFR 2.2, Accounting for Legal Entities. The applied principles are unchanged in comparison with previous years. In cases in which the Parent Company applies accounting principles other than those applied by the Group, this is separately stated at the end of this Note.

### *Changed accounting principles due to new or changed IFRS*

Below, the amended accounting principles applied by the Group from 1 January 2009 are described. Other changes to IFRS, applicable from 2009 onwards, have not had any material effect on the Group's accounting.

– IAS 1 (Revised), 'Presentation of financial statements', (effective from 1 January 2009). The change has resulted in income and expenses, which were previously recorded in equity, now being recorded in a separate report entitled 'Statement of comprehensive income', which is presented directly following the income statement. Comparison periods have been changed throughout the annual report, so that it is in conformity with the new presentation. Another change is that some new reporting terminology has been used, although this is not mandatory. Proventus has chosen to keep the previous terminology.

– IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. Proventus will apply IAS 23 (Amendment) from 1 January 2009.

– IFRS 7 Financial instruments: 'Disclosures' (effective from 1 January 2009). The changes entail mainly new

disclosure requirements regarding financial instruments valued at fair value in the balance sheet. The instruments are divided into three levels depending on the quality of the ingoing data in the valuation. The division into levels determines the nature of, and the manner in which, information is to be disclosed concerning the instruments. These disclosure requirements have mainly affected Note 3 and Note 22.

– IFRS 8 'Operating segments'. The standard is mandatory for listed companies. Proventus will not apply IFRS 8.

### *New IFRS and interpretations applicable 2010 or later*

At the time of the preparation of the consolidated accounts, on 31 December 2009, certain standards, amendments and interpretations have been published which have yet to come into effect. The standards and interpretations that could affect the establishment of financial reports are disclosed below.

– IFRS 3 (Revised), 'Business combinations' and amended IAS 27 'Consolidated and separate financial statements' will be applied to all acquisitions from 1 January 2010 onwards. The changes entail a number of alterations regarding the consolidated accounts and the recording of the acquisition of operations. For instance, the definition of operation has been changed; transaction expenses at the acquisition of operations are to be reported as expenses, conditional purchase prices will be established at fair value at the time of acquisition and the effect of revaluations of liabilities referring to conditional purchase prices will be recorded as an income or expense in net profit for the year. Furthermore, there will be two alternative methods for recording minority and goodwill. The changes will affect Proventus' accounting only in the future.

– IFRS 9, 'Financial instruments' will replace IAS 39 'Financial instruments: recognition and measurement' by 2013 at the latest. IASB has published the first of at least three parts that will comprise IFRS 9. This first part refers to classification and valuation of financial assets. The categories for financial assets present in IAS 39 are replaced by two categories, where valuation is at fair value or acquisition value. Acquisition value is used for instruments which are held in a business model where the goal is to acquire the contractual cash flows comprising payments of the capital amount at specified dates. Other financial assets are valued at fair value and the possibility of applying the fair value option as in IAS 39 is retained. Changes in fair value should be recorded in the income statement with the exception of the value changes in equity instruments not held for trade, and for which the initial choice is made

to record the value changes in Other total comprehensive income. Value changes on derivatives and hedge accounting are not affected by this aspect of IFRS 9, but are, instead, currently recorded in accordance with IAS 39. These changes are not assessed to lead to any changes in amounts in Proventus' accounting, as the majority of Proventus' financial instruments are recorded in accordance with the "fair value option". No decision has been taken regarding the manner in which the application will be made.

– IFRIC 16, 'Hedges of a net investment in a foreign operation', states e.g. that hedge accounting in respect of net investment shall only refer to foreign exchange risks arising between the parent company's and subsidiaries' functional currencies. The EU has stated that the interpretation should be applied on financial years beginning 1 July 2009 or later. The interpretation will not entail any change in Proventus' reported figures, but could affect future reporting.

### *Basis for the reporting*

The consolidated accounts have been prepared in accordance with the cost method, except as regards certain financial assets and liabilities (including derivative instruments), which are valued at fair value via the income statement. The balance sheet items under the headings Current assets and Current liabilities are expected to be recovered or paid within a 12 month period. All other balance sheet items are expected to be recovered or paid at a later date.

## 2.1 Basis for the preparation of the reports

The Parent Company's functional currency is SEK which is also the reporting currency for both the Parent Company and the Group. All amounts are rounded to the nearest thousand unless otherwise stated. The consolidated accounts are prepared according to the cost method, except as regards certain financial assets and liabilities which are valued at fair value. Financial assets valued at fair value comprise shares in associated companies, current investments and derivatives. These are classified as financial assets at fair value and financial assets held for sale. Preparing reports in accordance with IFRS requires the use of important accounting estimates. Furthermore, management is required to undertake certain assessments in the application of the Company's accounting principles. Areas which entail a high degree of assessment, are complex, or contain a significant degree of estimation in reporting are stated in Note 4. The Parent Company applies the same accounting principles, with the exceptions and amendments stipulated by the Swedish Financial Accounting Standards Council's recommendation RFR 2:2, Accounting for Legal Entities. The accounting principles for the Parent Company are stated in the section entitled "The Parent Company's Accounting Principles", 2.19.

## 2.2 Consolidated financial statements

### *Subsidiaries*

Subsidiaries are those companies in which the Group has the right to formulate financial and operative strategies in a manner normally resulting from share ownership corresponding to more than half of the voting rights. Subsidiaries are consolidated from the date on which controlling interest is transferred to the Group. Subsidiaries are deconsolidated on the date on which the Group ceases to exercise control.

The acquisition method is utilised for the accounting of the Group's acquisition of subsidiaries. The acquisition value for an acquired subsidiary consists of the fair value of the assets provided as compensation, issued equity instruments and liabilities arising or assumed per the transfer date, plus expenses directly attributable to the acquisition. Identifiable acquired assets and assumed liabilities and contingent liabilities in a company acquisition are initially valued at fair value on acquisition date, regardless of the scope of the minority interest. The surplus, consisting of the difference between the acquisition value and the fair value of the Group's participation in the identifiable net assets is reported as goodwill. If the acquisition value is below the fair value of the acquired subsidiary's net assets, the difference is reported directly in the income statement.

Intra-Group transactions and balance sheet items and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated if the transaction does not constitute evidence that a write-down is necessary on the transferred asset. The subsidiaries' accounting principles have, in certain cases, been altered in order to guarantee consistent application of the Group's accounting principles.

### *Associated companies*

Considering the primary focus of its operations, Proventus has chosen to report participations in associated companies at fair value with changes in value reported in the income statement, in accordance with IAS 39 and paragraph 1 of IAS 28.

## 2.3 Translation of foreign currencies

Items included in the financial reports for the various units within the Group are valued in the currency used in the economic environment in which the respective company primarily operates. The functional currency in the consolidated accounts is the SEK, which is the Parent Company's functional and reporting currency.

Receivables and liabilities in foreign currency have been translated at the closing rate of exchange. Exchange rate differences arising within investment and asset management operations are reported in operating income, while exchange rate differences arising in other receivables and

liabilities are reported among financial items.

The assets and liabilities of foreign subsidiaries are reported at the closing rate of exchange. Income and expenses are translated at the average exchange rate. Exchange rate differences arising in conjunction with the translation of net assets of foreign subsidiaries are reported directly against equity. Net assets in foreign subsidiaries are hedged. Exchange rate differences referring to these currency contracts have been offset in the consolidated accounts against translation differences arising in preparation of the consolidated accounts.

The Group has loans in foreign currencies to certain subsidiaries in which the loans represent a permanent portion of the Parent Company's financing of the subsidiary. The loans are translated at the closing rate of exchange and any exchange rate differences are reported as other comprehensive income.

#### 2.4 Tangible fixed assets

Buildings and equipment are reported at acquisition value. Additional expenses are added to the acquisition value when it is deemed that such expenses increase the value of the property. All other forms of repair and maintenance are reported as expenses in the income statement in the period in which they occur. Depreciation takes place from the date on which value-adding measures are considered to be complete.

Land is not depreciated. Depreciation on buildings and equipment is performed on a straight-line basis over the asset's estimated useful lifetime, as follows:

– Buildings	20–50 years
– Land improvements	20–27 years
– Equipment	3–10 years

#### 2.5 Intangible fixed assets

##### *Capitalised development expenditure*

Expenses for research are expensed as they arise. Expenses that have arisen in the development project (attributable to design and testing of new or improved products) are reported as intangible assets when the following criteria have been fulfilled:

- it is technically possible to complete the intangible asset so that it can be used or sold,
- management intends to complete the intangible asset and use or sell it,
- conditions for the use or sale of the intangible asset exist,
- the manner in which the intangible asset will generate probable future economic benefits can be demonstrated,
- adequate technical, economic and other resources for completing the development and for the use or sale of the intangible asset are available, and
- the expenses attributable to the intangible asset during its development can be calculated in a reliable manner.

Development expenditures which do not fulfil these

conditions are reported as expenses when they arise. Development expenditure previously reported as a cost is not reported under assets in a following period. Capitalised development expenditure is reported under intangible assets and depreciation is performed using the straight-line method over the useful lifetime, from the point in time at which the asset is ready for use, but not exceeding four years. Capitalised development expenditure is tested annually regarding any possible write-down requirement, in accordance with IAS 36.

##### *Goodwill*

Goodwill consists of the amount by which the acquisition value exceeds the fair value of the Group's participations in the acquired subsidiary's identifiable net assets at the time of acquisition. Goodwill regarding acquisition of subsidiaries is reported as intangible assets with indeterminable useful lifetimes.

Goodwill is reported at acquisition value with deduction for accumulated impairment losses. Goodwill is allocated among the cash-generating units upon testing of any possible write-down requirement. The amounts are allocated to those cash-generating units expected to benefit from the acquisition which gave rise to the goodwill item. Goodwill in the Proventus Group is attributable to BRIO's acquisition of European Nursery Group, Proventus' additional acquisition in BRIO, J.Lindeberg and in a smaller portion to the design group Design Research. Goodwill has arisen through the synergy effects created through the acquisition of European Nursery Group. In connection with the acquisition, market activities, logistics, sales channels, distribution and administration were incorporated into BRIO's infrastructure, creating conditions for a significant increase in both efficiency and profitability. Furthermore, through the acquisition, BRIO has begun to coordinate and improve efficiency in a number of different purchasing processes and to negotiate better purchase and delivery terms. The work with the integration of the European Nursery Group will continue for approximately one more year.

##### *Brands*

Trademarks within Proventus referring to BRIO and J.Lindeberg. The trademarks in the Group have been assessed as having an indeterminable useful lifetime. The useful life is assessed as indeterminable as this is an issue of well-established trademarks within the respective markets. The Group intends to maintain and develop these trademarks. In assessing the indeterminable useful lifetime, special consideration has been taken of the long and successful history of the trademarks. The BRIO Group has been successfully operational for over 125 years and these trademarks are characterised by high quality and safety. Through planned efforts, BRIO has been able to maintain its position as one of the most popular trademarks both in Sweden and internationally. BRIO has carried out

investigations with a focus on trademarks and customer-group perceptions of trademarks in which the BRIO trademark has been shown to be one of the most popular and famous trademarks regardless of business area or market. J.Lindeberg has, in a relatively short period of time, established itself as an international trademark within both golfing and fashion. The above conditions create a solid platform for the launching of upcoming product series, in which the Group's trademarks will comprise a central factor in terms of the volume and price premiums. The Group's trademarks are undoubtedly one of the most important factors for future profitability.

The item is tested annually in order to identify any write-down requirement and is reported at acquisition value reduced by any write-downs.

The item Trademarks is divided into cash-generating units at the testing of any write-down requirement.

##### *Rental rights*

Rental rights are reported at acquisition value. Additional expenses are added to acquisition expenses in cases in which they are assessed to raise the value of the asset. Repairs and maintenance are reported in the income statement during the period in which they arise. Rental rights are amortised on a straight-line basis over 20 years.

#### 2.6 Financial instruments

The Group classifies its financial instruments as financial investments reported as fixed assets, current investments reported as current assets and as other current liabilities. The instruments reported as other current liabilities refer to derivative contracts with a negative value.

##### *Financial investments reported as fixed assets*

Investments intended to be held for more than one year are included among financial investments reported as fixed assets.

Loan receivables are valued at their accrued acquisition value in the respective currencies and are, thereafter, recalculated at the closing rate of exchange.

Investments in associated companies are valued at market value with any changes in value reported in the income statement. Quoted holdings are valued based on listed market values and unlisted holdings are valued based on a suitable valuation model for the holding in question.

##### *Current investments reported as current assets*

Current investments reported as current assets primarily consist of transactions carried out within asset management operations. The investments primarily consist of interest-bearing government bonds and corporate bonds with high liquidity, but are also invested in shares to a certain extent. The share, interest and currency terms and options with positive market value are also reported under investments, see 22.

Derivative instruments are used both to establish a trading position and to hedge assets and liabilities in foreign currency and to hedge borrowing costs in the wind power investments. Derivative instruments are reported at fair value as at balance sheet date. Income from the hedging instruments is reported directly in equity. The derivatives used in trading purposes are reported at fair value with changes in fair value reported in the income statement. The derivative instruments with positive market value are reported as a separate heading in the balance sheet under current assets, while derivative instruments with negative market value are reported as a separate heading under short-term liabilities.

For derivative instruments comprising hedging instruments held for purposes of cash flow hedging, the effective portion of the change in fair value is reported in equity, while the ineffective portion is reported directly in the income statement. The portion of the change in fair value reported in equity is then, subsequently, transferred over to the income statement in the period in which the hedged item impacts the income statement. If the premises for hedge accounting are no longer met, then the accumulated change in fair value is reported in equity in the income statement/balance sheet. Any change in fair value arising from and including the date on which the premises for hedging accounting are no longer in place, is reported directly in the income statement. If the hedged transaction is no longer expected to take place, then the accumulated change in fair value of the hedging instrument is immediately transferred from equity and reported in the income statement. Cash flow hedging is applied primarily when interest rate swaps are used to replace borrowing at variable interest rates with borrowing at fixed interest rates.

Income from the hedging of foreign net assets is reported directly against equity with the aim of eliminating the translation differences arising in conjunction with the consolidation.

##### *Current investments reported as other current liabilities*

Derivative instruments with negative values are reported under other current liabilities. Changes in value in these instruments are reported in the income statement as changes in value, in those cases in which the instrument is held for trade, and is reported directly against equity in those cases in which the purpose of the instrument is hedging.

##### *Valuation principles for financial instruments*

Listed holdings are valued on the basis of the holding's market price (buying rate, if the share is listed) on balance sheet date.

Unlisted holdings are valued on the basis of the valuation method deemed to be the most suitable for the holding in question. Consideration is taken of whether a round of financing or "arms-length" transaction has recently taken place. In other cases, value is assessed through the

use of relevant multiples of the key ratios of the company in question (e.g. EBITA). In assessment of the relevant multiples, consideration is taken of the specific industry within which the company is active.

In those cases in which other methods are deemed to better reflect market value, these methods are utilised.

Holdings in foreign currency are valued at market value in local currency and subsequently translated to SEK on the basis of the exchange rates determined by the Swedish Central Bank.

## 2.7 Inventories

Inventories are valued at the lower of either acquisition value or net realisable value. Acquisition value is determined using the first-in, first-out method. The acquisition value of finished products is comprised of raw materials, direct salaries and other direct, and attributable indirect, production overheads (based on normal manufacturing capacity). Borrowing costs are not included. Net realisable value is the estimated sales price in current operations, with deduction for applicable variable sales costs. The art held in Magasin 3 Stockholm Konsthall is also reported in inventory, and is valued at the lowest of acquisition value and net realisable value.

## 2.8 Accounts receivable

Durations on accounts receivable are short, and consequently they are valued at nominal value less any provisions for reduction in value. Provisions are accounted for in the income statement.

## 2.9 Liquid funds

Cash and bank balances, as well as bank overdraft facilities with positive balances, are included in the liquid funds. Utilised overdraft facilities are reported as borrowings among long-term liabilities.

## 2.10 Borrowings

The Group's borrowings consist of deposits from the Company's owners and utilised overdraft facilities in its subsidiaries. During 2009, participation certificates were issued. The interest on the loan is contingent on the profit from lending operations.

## 2.11 Deferred tax

Deferred tax is reported in its entirety, in accordance with the balance sheet method, on all temporary differences arising between the written-down value of assets and liabilities and their reported value in the consolidated financial statements. Deferred tax is calculated using the application

of tax rates (and tax laws) which have been decided upon or announced as per balance sheet date and that are expected to apply when the deferred tax recoverable in question is realised or the deferred tax liability is settled.

Deferred tax assets are reported to the extent that it is likely that future tax surplus will be available, against which the temporary differences can be utilised.

## 2.12 Employee compensation

### *Compensation to employees following termination of employment*

The Group has both defined contribution plans and defined benefits plans. For defined contribution plans, the company pays a determined fee and has thereafter fulfilled its obligations. The fee principally follows the ITP plan and is dependent upon the employee's age and income. The Group's result is charged as the benefits are earned.

As regards defined benefit plans, remuneration is payable to employees and former employees based on the number of years in service and salary at the time of retirement. The Group bears the risk for payment of the offered benefits. Commitments regarding defined benefit plans are established via actuarial calculations based on a number of actuarial assumptions. The calculations are performed annually by an independent actuary. The defined benefit commitments are secured in two different ways. A number of the plans are reported as liabilities in the Company's own balance sheet. The commitments are secured through FPG/PRI, as well as through SPP Livförsäkring AB. The other defined benefit plans are secured via two pension funds.

### *Defined benefit plans*

The current value of future, predetermined commitments has been calculated on an actuarial basis according to actuarial assumptions. The pension levels prevailing on balance sheet date form the basis for the calculation of current value. Pension commitments are reported in the balance sheet under the heading "provisions for pensions and similar commitments".

Actuarial profits and losses arising from changes in actuarial assumptions exceeding the greatest of either 10 percent of the value of plan assets or 10 percent of the defined benefits commitment are reported as expenses or income over the employees' estimated average remaining period of service.

The subsidiary BRIO has an ITP plan secured by Alecta, which is a defined benefit plan. The Company has not had access to information making it possible to record the plan as a defined benefit, so it has been recorded as a defined contribution plan. The portion of the pension costs referring to calculated interest is recorded as interest expenses.

### *Defined contribution plans*

The Company's commitments for each period are comprised of the amount by which the company will contribute during the actual period. Consequently, no actuarial

assumptions are required in order to calculate the commitment or expenses.

### *Foreign subsidiaries*

All foreign subsidiaries have defined contribution plans.

### *Remuneration upon termination*

Provisions for remuneration in conjunction with termination are reported only in cases in which the employee does not have any formal obligation to work but, at the same time, has a right to remuneration. Benefits maturing within 12 months after the end of the accounting year are reported at present value.

### *Share-based compensation*

Proventus does not have an option programme for its employees. However, an option programme is available in the subsidiary, Proventus Invest. The option programme covers a total of 6 individuals within the Group. The total value of the option programme is calculated continuously and is reported against net profit/loss. The programme was reported at zero value at year-end.

The option programme in Proventus Industrier impacted the profit of the Group until the close-down during 2007. Settlement to participants in the programme will be undertaken no earlier than 2012.

Option and incentive programmes also exist in BRIO. The programme covers 275,000 signing options in total, of which 100,000 are subscribed and the remaining 175,000 have been reserved for future use. The subscription price is set at SEK 72.64 per share.

## 2.13 Provisions

A provision is reported in the balance sheet when there exists a formal or informal commitment resulting from an incident for which it is likely that an outflow of resources will be required to settle the commitment, and when a reliable estimation of the amount can be made.

## 2.14 Revenue recognition

Revenue is primarily composed of capital gains, changes in the value of securities, dividends and sales of goods and services in operating investments. Revenue is recognised in the income statement when it is likely that future economic benefits will accrue to the Company and when these advantages can be calculated in a reliable manner. Revenue is reported at the fair value of the amount which has been received, or is to be received. Dividends are reported when the right to receive payment has been established. Revenue in operating investments is reported when the goods are delivered. Fees are reported as they arise.

## 2.15 Dividends

Dividends to the Parent Company's shareholders are reported as a liability in the Group's financial statements in the period in which the dividend was approved by the Parent Company's shareholders.

## 2.16 Leasing

Fixed assets that are utilised on the basis of leasing are classified in accordance with the financial implications of the leasing agreement. Leased objects that are utilised through financial leasing are reported as fixed assets and the future leasing fees are reported as interest-bearing liabilities. For leased objects that are classified as operational leases, the leasing cost is reported as an operational cost in the income statement.

Leasing of fixed assets, in which the Group bears the material economic risk and advantages that are associated with the ownership, is to be considered financial leasing. Financial leasing is reported at the start of the accounting period at the lowest of either the leased object's real value or present value of the minimum leasing fees.

Each leasing payment is distributed between repayments of the debt and financial expenses to achieve a fixed interest rate for the recorded debt. The equivalent payment obligations, following deduction of financial expenses, are included in the item Other long-term liabilities. The interest share in the financial expenses is reported in the income statement, distributed over the leasing period so that each accounting period is charged with an amount corresponding to a fixed interest rate. Fixed assets held under financial leasing agreements are depreciated according to the shorter of either the period during which they are used or the leasing period.

Other leasing agreements are classified as operational leases. Payments made during the leasing period are recorded over the period using the straight-line method.

## 2.17 Write-downs

The reported value of Group assets, with the exception of financial assets reported at fair value with value changes in the income statement are tested for impairment in conjunction with each balance sheet date. A write-down is reported when the recoverable amount is deemed to be lower than the reported value. Write-downs are reported in the income statement.

## 2.18 Accounting principles – Parent Company

### *Subsidiaries*

Shares in subsidiaries are reported in the Parent Company according to the cost method. Reported values are assessed each reporting date in order to determine whether any

write-down requirement exists. Only received dividends are reported as income under the condition that these derive from profits earned after the acquisition. Dividends exceeding these earned profits are considered to comprise repayment of the investment and reduce the fair value of the participation.

#### Associated companies

Associated companies are reported in the Parent Company at acquisition value, in accordance with the Swedish Annual Accounts Act.

#### Pensions

The Company applies the Swedish Annual Accounts Act. Pension commitments regarding former employees are reported in the Company's own balance sheet. The present value of the commitments has been calculated on the basis of the actuarial commitments and is based on actuarial assumptions. The commitment has been reinsured with the FPG/PRI system.

For defined contribution plans, the expenses are taken up on an ongoing basis in line with the commitment.

### 3. Financial risk management

#### Financial risk factors

Through its operations, Proventus is exposed to a number of financial risks: primarily exchange risks, price risks and credit risks, but also liquidity, counterpart and operational risks. A central finance department performs risk management regarding asset management and lending operations, while the larger subsidiaries within the Group have their own financial risk management.

Risk-taking takes place in a conscious and controlled manner as regards asset management. Operations are regulated by a policy established by the Board. Limits for the various strategies are established by the Investment Committee. Risks are measured through an internally developed method, whereby the Board determines the risk level for each strategy, and for the portfolio as a whole. The risk is continually followed-up by the Chief Executive Officer and the Chief Financial Officer.

Within lending operations and the larger subsidiaries, the focus is primarily on protecting against and limiting financial risks. Here, returns are generated through the underlying transactions and not through financial risk-taking.

#### Currency risk

The primary currency exposure in the Proventus Group is against the EUR. A certain degree of exposure also exists against the USD and other currencies where deficiencies in pricing have been identified. Positions can be established in accordance with an established mandate from the Board and the Investment Committee.

It was determined that significant investments would

be made in EUR, both within the areas of asset management and lending operations, and this has taken place. Therefore, changes in the EUR exchange rate against SEK impact results on an ongoing basis. This can, in certain years, have significant effects on the balance sheet and income statement, both in the Parent Company, and at Group level. The EUR has long been seen as a more appropriate currency for the Group's operations than SEK.

The Group's exposure to the USD arises partly due to its holdings in foreign subsidiaries' assets in USD, and partly due to the transaction exposure existing primarily in BRIO but also in the associated company J.Lindeberg. The Parent Company's investments in subsidiaries are hedged so as to minimise currency risk. Hedging takes place through the sale of USD against the EUR on the basis of forward exchange agreements. The results of the forward exchange agreements, as well as the results of currency effects on the underlying investments, are accounted for directly in equity in both the Parent Company and the Group.

The existing transaction exposure is primarily related to operations in BRIO and J.Lindeberg. A large portion of the revenue in BRIO is generated in the Nordic region, other parts of Europe, USA and Japan. Invoicing takes place in the local currency while at the same time, expenses largely relate to purchases made in USD. In order to reduce the currency risk, significant portions of the contractual flows in foreign currency are hedged. Generally, during a six-month period, 50 to 80 percent of future flows are hedged. Hedging takes place via currency forward agreements. When the requirements for hedge accounting according to IAS 39 are not completely complied with as regards operational cash flows, the forward exchange agreements are reported at market value with any changes being reported in the income statement.

In the table below, the effects per class of asset are shown in terms of a five percent fluctuation in each currency against SEK, or against the currency shown in the table. Forward agreements in EUR/USD refer to the hedging of foreign subsidiaries. The effect of this hedging on the net assets of these companies is reported in the corresponding amount, (+/- as applicable).

The table also shows the transaction exposure of a five percent exchange rate fluctuation in the three most important currencies for the subsidiaries.

#### Currency risk in financial assets 2009

Financial assets	Total	USD -5%	EUR -5%	JPY -5%	EUR/USD -5%	ISK -5%	NOK -5%
Lending and long-term receivables	536,157	-	-4,501	-	-	-	-534
Accounts receivable	141,779	-	-	-	-	-	-
Other receivables	83,163	-	-13	-	-	-	-
Current investments excluding derivatives	1,340,359	-4,710	-31,585	-	-	-	-
Warrants and forward exchange rate agreements	2,082	-	-19,833	-	-16,652	-	3,104
Liquid funds	299,445	-80	-531	-	-	-	-
<b>Total</b>	<b>2,402,985</b>	<b>-4,790</b>	<b>-56,463</b>	<b>-</b>	<b>-16,652</b>	<b>-</b>	<b>2,571</b>
<b>Transaction exposure in subsidiaries</b>	<b>-</b>	<b>-2,952</b>	<b>-</b>	<b>-</b>	<b>-1,950</b>	<b>-</b>	<b>-740</b>

#### Currency risk in financial assets 2008

Financial assets	Total	USD -5%	EUR -5%	JPY -5%	EUR/USD -5%	ISK -5%	NOK -5%
Lending and long-term receivables	677,642	-	-7,022	-	-	-	-3,751
Accounts receivable	187,816	-	-	-	-	-	-
Other receivables	744,095	-	-32,354	-	-	-	-
Current investments excluding derivatives	605,538	-956	-19,159	-	-	-	-
Warrants and forward exchange rate agreements	48,195	339	-5,558	-	-15,882	-	2,979
Liquid funds	197,595	-304	-424	-	-	-	-
<b>Total</b>	<b>2,460,881</b>	<b>-921</b>	<b>-64,517</b>	<b>-</b>	<b>-15,882</b>	<b>-</b>	<b>-772</b>
<b>Transaction exposure in subsidiaries</b>	<b>-</b>	<b>7,600</b>	<b>-1,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,300</b>

*Price risk*

Proventus is exposed to price risk regarding both interest rate risk and share price risk.

The interest rate risk is related to asset management in which the greater portion of investments is made in interest-bearing government bonds. At year-end, the duration of the bond portfolio was approximately one and a half years. Permitted instruments and their durations are regulated by the existing mandates for investment activities. There is also an underlying interest rate risk as regards lending operations. However, interest rate risks are not measured for lending operations where the aim is to keep credits until maturity.

Proventus' asset management operations generally do not make equity investments in private, listed companies. Share price risks are, instead, assumed through positions in the share index. Over time, Proventus has built up a short position on the American S&P 500 index. At year-end 2008 the position has been zero. The aim has been to capitalise on this position during the downturn of the index, with limited losses during an upturn.

The table shows the effect that an interest rate increase of one percentage point has on the bond portfolio. The effect on results is also shown in the table of a five percent movement in the share index S&P 500. The effect of currency fluctuations on the share index is shown in the table above, see currency risks.

**Price risks in financial assets 2009**

Financial assets	Total	S&P 500 Index -5%	S&P 500 Index +5%	Intrest +1%	Internally determined credit risk
Lending and long-term receivables	536,157	-	-	-1,491	-91,084
Accounts receivable	141,779	-	-	-	-
Other receivables	83,163	-	-	-	-
Current investments excluding derivatives	1,340,359	-	-	-6,965	-40,291
Warrants and forward exchange agreements	2,082	-	-	-	-
Liquid funds	299,985	-	-	-	-
<b>Total</b>	<b>2,402,985</b>	<b>-</b>	<b>-</b>	<b>-8,456</b>	<b>-131,325</b>

**Price risks in financial assets 2008**

Financial assets	Total	S&P 500 Index -5%	S&P 500 Index +5%	Intrest +1%	Internally determined credit risk
Lending and long-term receivables	677,642	-	-	-1,975	-137,677
Accounts receivable	187,816	-	-	-	-
Other receivables	744,095	-	-	-1,448	-30,073
Current investments excluding derivatives	605,538	-	-	-7,361	-
Warrants and forward exchange agreements	48,195	-	-	-27,022	-
Liquid funds	197,595	-	-	-	-
<b>Total</b>	<b>2,460,881</b>	<b>-</b>	<b>-</b>	<b>-37,806</b>	<b>-167,750</b>

In the table below, the classification of assets and liabilities according to IFRS 7 is shown

Financial assets 2009	Total	Financial assets/liabilities valued at fair value through profit and loss	Derivatives used in hedge	Loans and Accounting	Other liabilities receivables
		Fair value option	Held for trading		
Lending and long-term receivables	536,157	-	-	-	536,157
Accounts receivable	141,779	-	-	-	141,779
Other receivables	83,163	-	-	-	83,163
Current investments excluding derivatives	1,340,359	1,340,359	-	-	-
Warrants and forward exchange agreements	2,082	-	2,802	-	-
Liquid assets	299,445	299,445	-	-	-
<b>Total</b>	<b>2,402,985</b>	<b>1,639,804</b>	<b>2,082</b>	<b>-</b>	<b>761,099</b>
<b>Financial liabilities</b>					
Loans from shareholders	57,143	-	-	-	57,143
Liabilities to credit institutions	756,959	-	-	-	756,959
Bank overdrafts	54,543	-	-	-	54,543
Other liabilities	460,317	-	-	-	460,317
	1,328,962	-	-	-	1,328,962
Accounts payable	147,917				147,917
Derivatives	71,600	-	7,188	64,412	-
Other liabilities	100,324	-	-	-	100,324
	171,924	-	7,188	64,412	-
<b>Total</b>	<b>1,648,803</b>	<b>-</b>	<b>7,188</b>	<b>64,412</b>	<b>-</b>

The classification of assets and liabilities according to IFRS 7 is shown in the table below.

Financial assets 2008	Total	Financial assets/liabilities valued at fair value through profit and loss		Derivatives used in hedge	Loans and Accounting	Other liabilities receivables
		Fair value option	Held for trading			
Lending and long-term receivables	677,642	-	-	-	677,642	-
Accounts receivable	187,816	-	-	-	187,816	-
Other receivables	744,095	-	-	-	744,095	-
Current investments excluding derivatives	605,538	605,538	-	-	-	-
Warrants and forward exchange agreements	48,195	-	17,178	31,017	-	-
Liquid assets	197,595	197,595	-	-	-	-
<b>Total</b>	<b>2,460,881</b>	<b>803,133</b>	<b>17,178</b>	<b>31,017</b>	<b>1,609,553</b>	<b>-</b>
<b>Financial liabilities</b>						
Loans from shareholders	92,664	-	-	-	-	92,664
Subordinated debentures	13,674	-	-	-	-	13,674
Liabilities to credit institutions	895,296	-	-	-	-	895,296
Bank overdrafts	217,082	-	-	-	-	217,082
Other liabilities	107,020	-	-	-	82,579	24,441
	1,325,736	-	-	-	82,579	1,243,157
Accounts payable	185,504					185,504
Derivatives	82,820	-	17,921	64,899	-	-
Other liabilities	49,310	-	-	-	-	49,310
	132,130	-	17,921	64,899	-	49,310
<b>Total</b>	<b>1,643,370</b>	<b>-</b>	<b>17,921</b>	<b>64,899</b>	<b>82,579</b>	<b>1,477,971</b>

#### Credit risks

Lending operations and, to a certain extent, asset management, are exposed to credit risks. Lending is provided to companies which frequently have no credit ratings, while investments within asset management are primarily undertaken with counterparties with high credit ratings. Further information is presented in Note 22. In order to diminish credit risk, a thorough internal analysis is made of each company, owner and market with which, and within which, the company operates. This internal analysis is supplemented by financial and legal due diligence prior to any decision regarding an investment being made and before any transactions are carried out. All lending transactions are resolved upon in Proventus' Investment Committee. In conjunction with each transaction, an internal risk assessment is made of the maximum risk of loss. The companies report on a quarterly basis to Proventus who evaluates whether the terms for each credit have been adhered to.

The internally assessed credit risk for the lending portfolio is shown in the table "Price risks in financial assets" above.

#### Liquidity risk

The Board has established a framework dictating the amount of liquidity reserves the Parent Company is to maintain. Normally, a significant portion of the assets (more than MSEK 250) within asset management is held as liquid funds, available on short notice. At year-end, financial receivables falling due within one year in the Group amounted to approximately SEK 1.2 billion. Current liabilities within the Group, with a corresponding duration, amounted to approximately SEK 0.4 billion, however, 50 percent of these liabilities consist of bank overdrafts which, per definition, are short-term but, in practice, have a significantly longer duration. With regard to the above, and the fact that the

majority of the investments are made in secure counterparties and in highly standardised instruments with a high level of liquidity and with a low price risk, the Board has concluded that the Group's liquidity risk is of no material value.

The table below shows the Group's financial receivables and liabilities specified according to the amount of time remaining, as per balance sheet date, up until the contractual due date. The amounts stated are the undiscounted contracted amounts. Forward exchange contracts have been reported at net amounts. The settlement of these may vary. In certain cases, gross amounts are exchanged, while in other cases, settlement takes place by adjusting the net amount of the contract. However, all forward contracts are entered into with established counterparties and, hence, the risk that only one cash flow in the forward contract will be exchanged, and therewith result in a risk for Proventus, is considered to be purely theoretical. The underlying gross amounts are evident from the information presented in Note 22.

Financial assets 2009	Total	FFD			
		< 1 year	1–2 years	2–5 years	> 5 years
Lending and long-term receivables	709,909	65,898	410,200	36,823	196,988
Accounts receivable	141,779	141,779	-	-	-
Other receivables	91,000	28,163	62,837	-	-
Current investments excluding derivatives	1,498,452	641,505	557,009	107,058	192,880
Warrants and forward exchange agreements	2,082	2,082	-	-	-
Liquid assets	292,684	292,684	-	-	-
<b>Total</b>	<b>2,735,906</b>	<b>1 172,111</b>	<b>1,030,046</b>	<b>143,881</b>	<b>389,868</b>
<b>Financial liabilities</b>					
Loans from shareholders	66,287	2,286	6,858	57,143	-
Subordinated debentures	314,183	24,168	72,504	24,168	193,343
Liabilities to credit institutions	1,011,263	42,384	127,152	42,384	799,343
Bank overdrafts	59,872	59,872	-	-	-
Other liabilities	353,909	14,407	182,676	10,892	145,934
	1,805,514	143,117	389,190	134,587	1,138,620
Accounts payable	147,917	147,917	-	-	-
Derivatives	71,600	15,433	-	-	56,167
Other liabilities	100,324	100,324	-	-	-
	132,130	115,757	-	-	56,167
<b>Total</b>	<b>2,125,355</b>	<b>406,791</b>	<b>389,190</b>	<b>134,587</b>	<b>1,194,787</b>

Financial assets 2008	Total	FFD			
		< 1 year	1–2 years	2–5 years	> 5 years
Lending and long-term receivables	915,668	144,170	87,574	515,682	168,242
Accounts receivable	187,816	187,816	-	-	-
Other receivables	744,095	744,095	-	-	-
Current investments excluding derivatives	658,108	208,058	373,598	56,541	19,911
Warrants and forward exchange agreements	48,195	48,195	-	-	-
Liquid assets	197,595	197,595	-	-	-
<b>Total</b>	<b>2,751,477</b>	<b>1,529,929</b>	<b>461,172</b>	<b>572,223</b>	<b>188,153</b>
<b>Financial liabilities</b>					
Loans from shareholders	92,664	-	-	92,664	-
Subordinated debentures	16,902	453	453	15,996	-
Liabilities to credit institutions	1,131,951	49,915	49,915	154,481	877,640
Bank overdrafts	293,662	293,662	-	-	-
Other liabilities	109,625	84,500	500	24,625	-
	1,644,804	428,530	50,868	287,766	877,640
Accounts payable - trade	185,504	185,504	-	-	-
Derivatives	79,293	14,394	-	-	64,899
Other liabilities	52,837	52,837	-	-	-
	132,130	67,231	-	-	64,899
<b>Total</b>	<b>1,962,438</b>	<b>681,265</b>	<b>50,868</b>	<b>287,766</b>	<b>942,539</b>

#### Counterparty risk

Counterparty risk refers to the risk that a counterparty or intermediary will not be able to fulfil its commitments. The Board has stipulated the types of counterparty risk which are acceptable in its policy. The Company may only enter into contracts with counterparties with high credit standing, i.e. those having a credit rating of BBB or higher from Moody's or Standard & Poor's. Proventus further limits risk by using a number of intermediaries and business contracts to spread counterparty risk.

#### Operational risk

Operational risk is the risk for losses due to shortcomings in the internal routines and systems. Proventus strives to reduce operational risk within the central finance department to the greatest degree possible by means of clear instructions and a division of responsibilities, as well as via controls and follow-ups. Other subsidiaries and associated companies have their own instructions that are designed according to the risk managed at each respective company.

#### Assets valued at fair value

Disclosures on fair value measurements of the financial instruments valued according to fair value in the balance sheet are provided in the tables below. Classification according to fair value measurement is conducted based on three levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Financial assets and liabilities per level 2009

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Current investments excluding derivatives	1,215,132	94,032	31,195	1,340,359
Options and forward agreements	-	2,082	-	2,082
<b>Total</b>	<b>1,215,132</b>	<b>96,114</b>	<b>31,195</b>	<b>1,342,441</b>
<b>Financial liabilities</b>				
Derivatives	-	68,545	-	68,545
<b>Total</b>	<b>-</b>	<b>68,545</b>	<b>-</b>	<b>68,545</b>

#### Financial assets and liabilities per level 2008

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Current investments excluding derivatives	471,252	99,735	34,551	605,538
Options and forward agreements	17,178	-	-	17,178
<b>Total</b>	<b>488,430</b>	<b>99,735</b>	<b>34,551</b>	<b>622,716</b>
<b>Financial liabilities</b>				
Derivatives	-	82,820	-	82,820
<b>Total</b>	<b>-</b>	<b>82,820</b>	<b>-</b>	<b>82,820</b>

A description of the methods and assumptions principally used to determine the fair value of the financial assets and liabilities, which are accounted for in the tables above, is provided below.

#### Current investments and other financial investment

For listed securities, the fair value is determined on the basis of the listed buying bid rate as at balance sheet date. For other investments, the fair value is determined through discounting the calculated future cash flows in accordance with the terms of the contract and dates of maturity, on the basis of the market rate for similar instruments as at balance sheet date.

#### Unlisted holdings and fund units

Holdings in unlisted companies are valued on the basis of "International Private Equity and Venture Capital Valuation Guidelines" The following are considered when undertaking the valuation;

Comparison of relevant multiples with companies within the same line of business (EV/Sales, EV/EBITDA)

Valuation based on recently completed rounds of financing or "arm's length" transactions

Analysis of target achievements for companies in the start-up phase. The company's fulfilment of targets compared with the business plan determined in conjunction with the investment.

#### *Derivative instruments*

For currency contracts, fair value is determined on the basis of quoted prices if available.

The fair value of interest rate swaps is based on discounted future cash flows in accordance with the terms of the contract and the dates of maturity on the basis of the market rate for similar instruments on balance sheet date.

#### *Options*

The fair value of options is determined on the basis of quoted prices if available.

#### 4. Important estimates and assessments for accounting purposes

##### *Electricity risk*

Electricity risk and interest rate risk are the risks having the single greatest impact on the profit/loss of Proventus' wind power investments and are, therefore, also the most important value creating factors. As regards interest rate risks, see further details under 2.6.

The electricity price is impacted by fundamental factors, such as access to water and production capacity, fuel prices, the price of CO2 emission rights and electricity consumption. A continual analysis of these factors is a premise for the successful management of electricity price risk.

In order to secure the return on wind power investments, a 5-year agreement has been established with Telge Energi. The agreement implies that all produced electricity is to be delivered to Telge Energi at a fixed price within a margin of 85 percent to 115 percent of the quarterly expected production. The risk of delivery not being able to take place during certain periods of the day or on certain days is, consequently, eliminated. If the contractually agreed upon volume per quarter deviates from the contractually agreed upon margin, then a settlement is to take place between the parties on the basis of the spot price.

All wind power investments are preceded by careful wind measurement at the site of the station. In addition to these measurements, wind statistics are studied for the surrounding area. Consequently, the probability of production being less than 85 percent of expected production is assessed as low. The delivery contract is thus deemed to be a so-called "own use" contract according to IAS 39, p 5-6, and is not treated as a financial instrument but as a delivery contract for which the revenue recognition takes place in pace with delivery of the electricity. The market value of the sold volumes compared with the actual spot price at year-end was MSEK 50.8 (65.6).

##### *Buildings*

With reference to the difficulty of making a relevant market valuation of all property, the Group's property is reported at acquisition value. Due to its character and geographic location, the market value of the property in Israel is difficult to estimate, while the value of the Group's property in central New York is significantly easier to determine.

##### *Shares in associated companies*

The Group's participation in its associated companies is valued at market value. Listed holdings are valued at the buying rate on balance sheet date. The rate is determined based upon Proventus' knowledge of each respective company's future earnings.

Holdings in unlisted companies are valued on the basis of the underlying company's earnings with application of relevant EBITDA calculations for comparable companies within the same line of business.

##### *Deferred income tax recoverables*

Deferred income tax recoverables are reported as assets to the extent that it is deemed possible to utilise the assets during the next 5-year period. Earnings have been estimated based on holdings in current investments and underlying derivative positions. The assumptions applied regarding future earnings are reinforced by historical results from the management of the assets.

##### *Intangible assets*

See Notes 2.5 and 13.

#### 5. Employees, personnel costs and information regarding senior management benefits

##### Salaries and remuneration

TSEK	2009			2008				
	Remunerations	Board/CEO of which bonus	Other employees	Remunerations Total	Board/CEO of which bonus	Other employees	Total	
Parent Company	1,343	-	10,589	11,932	1,139	-	10,574	11,713
Swedish subsidiaries	4,569	-	70,356	74,925	4,775	-	110,923	115,698
<b>Total in Sweden</b>	<b>5,912</b>	<b>-</b>	<b>80,945</b>	<b>86,857</b>	<b>5,914</b>	<b>-</b>	<b>121,497</b>	<b>127,411</b>
Denmark	1,820	250	6,871	8,691	1,387	-	8,828	10,215
UK	1,288	-	17,520	18,808	1,170	121	19,907	21,198
Finland	2,378	159	29,655	32,033	2,130	-	29,363	31,493
France	839	-	3,006	3,845	1,160	-	2,808	3,968
Hong Kong /China	2,242	-	6,158	8,400	1,101	1,599	6,256	8,956
Israel	-	-	1,697	1,697	-	-	1,466	1,466
Japan	979	-	1,757	2,736	625	50	1,525	2,200
Norway	1,929	204	22,603	24,532	1,537	-	22,888	24,425
Germany	1,434	74	6,001	7,435	1,093	182	5,770	7,045
Hungary	392	121	644	1,036	273	81	3,798	4,152
USA	-	-	477	477	-	-	2,167	2,167
<b>Total outside Sweden</b>	<b>13,301</b>	<b>808</b>	<b>96,389</b>	<b>109,690</b>	<b>10,476</b>	<b>2,033</b>	<b>104,776</b>	<b>117,285</b>
<b>Total</b>	<b>19,213</b>	<b>808</b>	<b>177,334</b>	<b>196,547</b>	<b>16,390</b>	<b>2,033</b>	<b>226,273</b>	<b>244,696</b>

#### Average number of employees

	2009			2008		
	Men	Women	Total	Men	Women	Total
Parent Company	9	9	18	10	11	21
Swedish subsidiaries	100	98	198	135	139	274
<b>Total in Sweden</b>	<b>109</b>	<b>107</b>	<b>216</b>	<b>145</b>	<b>150</b>	<b>295</b>
Denmark	5	5	10	12	8	20
UK	13	23	36	23	26	49
Finland	28	48	76	24	61	85
France	4	2	6	3	2	5
Hong Kong/China	17	10	27	10	22	32
Israel	3	2	5	2	2	4
Japan	3	2	5	3	2	5
Norway	23	20	43	21	23	44
Germany	9	7	16	8	9	17
Hungary	20	17	37	20	31	51
USA	1	-	1	4	2	6
<b>Total outside Sweden</b> <sup>126</sup>	<b>136</b>	<b>262</b>	<b>130</b>	<b>188</b>	<b>318</b>	
<b>Total</b>	<b>235</b>	<b>243</b>	<b>478</b>	<b>275</b>	<b>338</b>	<b>613</b>

#### Social security contributions and pensions – All employees

	2009	2008
Pensions	21,130	27,566
Other social security contributions	43,275	52,939

Senior management in the Parent Company totals 8 (7), of whom 1 (2) are women.

The definition of senior management in the Parent Company is the CEO and the members of the managerial body.

In addition to these individuals, the Board of Directors of Proventus has three members.

#### Absence due to illness

Information regarding absence due to illness in the Parent Company is not provided as individual groups of employees are too small in number for the disclosure requirement to apply.

#### Severance pay agreements

No significant severance pay agreements exist in the Parent Company.

#### 6. Changes in value

	Group		Parent Company	
	2009	2008	2009	2008
Financial investments valued at fair value reported in the income statement				
Bonds and shares	38,795	196,480	27,783	202,326
Derivative instruments	600	98,400	613	70,300
Other fair changes in value *)	-62,148	-57,647	-	-
<b>Total changes in value</b>	<b>-22,753</b>	<b>237,233</b>	<b>28,396</b>	<b>272,626</b>

#### 7. Expenses allocated by type

	Group		Parent Company	
	2009	2008	2009	2008
Cost of goods sold in operating investments	-725,732	-758,566	-	-
Personnel expenses (Note 8)	-270,992	-332,301	-18,387	-17,937
Rental and office expenses	-75,164	-78,700	-7,972	-5,989
Other overhead expenses	-334,107	-437,290	-20,118	-12,959
Depreciation and write-downs (Notes 13, 14)	-83,977	-41,928	-2,239	-2,369
<b>Total expenses</b>	<b>-1,489,972</b>	<b>-1,648,785</b>	<b>-48,716</b>	<b>-39,254</b>

#### 8. Remuneration to employees

	Group		Parent Company	
	2009	2008	2009	2008
Salaries, including restructuring costs and compensation in conjunction with resignations	-200,324	-244,696	-11,474	-11,624
Social security contributions	-43,275	-52,939	-4,170	-4,020
Pension costs – defined contribution and defined benefit plans	-21,130	-27,566	-1,623	-1,536
Other personnel costs	-6,263	-7,100	-1,120	-757
<b>Total expenses</b>	<b>-270,992</b>	<b>-332,301</b>	<b>-18,387</b>	<b>-17,937</b>

#### 9. Fees and reimbursements to auditors

	Group		Parent Company	
	2009	2008	2009	2008
Audit assignment	-5,173	-5,521	-635	-458
Other assignments	-2,088	-3,659	-280	-513
<b>Total</b>	<b>-7,261</b>	<b>-9,180</b>	<b>-915</b>	<b>-971</b>

For information regarding remuneration to auditors, the Swedish Institute of Authorised Public Accountants' guidelines for "Accounting in limited share companies" has been applied for the classification of audit assignments and other assignments.

#### 10. Financial income

	Group		Parent Company	
	2009	2008	2009	2008
Interest income	2,431	2,739	25,120	38,511
Dividend	-	-	-	-
<b>Total</b>	<b>2,431</b>	<b>2,739</b>	<b>25,120</b>	<b>38,511</b>

\*) = Refers to the Proventus' write-down of goodwill in BRIO in 2008.

### 11. Financial expenses

	Group		Parent Company	
	2009	2008	2009	2008
Interest expenses:				
– Bank loans	-54 884	-21,269	-	-
– Other interest expenses	-	-	-10,367	-5,275
– Pensions	-4,021	-4,680	-520	-757
Write-downs of shares in subsidiaries	-	-	-319	-49,916
Other financial expenses	-	-642	-	-
Exchange rate losses	-3,697	-6,007	-2,922	-
<b>Total</b>	<b>-62,602</b>	<b>-32,598</b>	<b>-14,128</b>	<b>-55 948</b>

### 12. Tax on income for the year

#### Current tax

Tax on the Group's income for the year before tax differs from the theoretical amount which would have arisen if a weighted average tax rate had been applied on the profits in the Group companies, as follows:

	Group		Parent Company	
	2009	2008	2009	2008
<b>Tax on income for the year</b>				
Current tax expense	17,823	-95 122	-14,380	-88,577
Deferred tax referring to temporary differences	-46,289	50,601	5,818	63,442
<b>Total</b>	<b>-28,466</b>	<b>-44,521</b>	<b>-8,562</b>	<b>-25,135</b>

Disclosure of the relationship between tax for the period and recorded income before tax:

	Group		Parent Company	
	2009	2008	2009	2008
Reported income before taxes	-164,730	178,009	-22,466	226 168
Tax according to the prevailing tax rate, 26.3%	43,324	-49,843	5,908	-63,327
Tax effect of non-deductible expenses	-46,107	-60,653	-31,207	-42 397
Tax effect of non-taxable income	17,375	21,550	22,222	18,126
Tax effect of unreported taxable income	-	18,823	-	-4,555
Utilised loss-carry forward amounts which have not been capitalised	2,916	-24,815	-	-
Tax effect of net Group contributions paid	-	-	-10,457	3 576
Deferred tax expenses referring to temporary differences	5,818	-6,860	5,818	63,442
Deficits which have not been capitalised	-52,107	57,461	-	-
Effect of tax rate in foreign subsidiaries	1,161	324	-	-
Effect of change in tax rate	-846	-508	-846	-
Tax paid	-	-	-	-
<b>Reported tax expenses</b>	<b>-28,466</b>	<b>-44,521</b>	<b>-8,562</b>	<b>-25 135</b>

### 13. Intangible fixed assets

#### Capitalised development expenditure

	Group	
	2009	2008
Opening acquisition value	55,933	24,920
Acquisitions for the year	1,356	9,162
Acquisitions	-	-
Disposals/Expensed	-1,679	-2,288
Re-classifications	58	24,268
Translation difference	-	-129
Closing accumulated acquisition values	55,668	55,933
Opening amortisation	-19,441	-13,363
Amortisation of the year	-12,759	-7 488
Acquisitions	-	-
Disposals/Expensed	1,679	-
Re-classifications	760	1,281
Translation difference	-	129
Closing accumulated amortisation	-29,761	-19,441
<b>Closing book value</b>	<b>25,907</b>	<b>36 492</b>

#### Trademarks

	Group	
	2009	2008
Opening acquisition value	175,590	178,418
Acquisitions for the year	106	1 456
Acquisitions	-	-
Disposals/Expensed	-	-
Re-classifications	-30,585	-
Translation difference	-11	-4,284
Closing accumulated acquisition value	145,100	175 590

Opening amortisations	-10,493	-8,835
Amortisation of the year	-21	-1,767
Acquisition	-	-
Disposals	-	-
Re-classifications	8,212	-
Translation difference	8	109
Closing accumulated amortisation	-2,294	-10,493
<b>Closing book value</b>	<b>142,806</b>	<b>165 098</b>

#### Goodwill

	Group	
	2009	2008
Opening acquisition value	172,974	171 696
Acquisitions of the year	-	4,065
Re-classifications	-36,520	-
Translation difference	318	-2,787
Closing accumulated acquisition value	136,772	172,974
Opening amortisation	-64,070	-3,148
Amortisation of the year	-	-62,172
Acquisition	-	-
Re-classifications	8,318	-
Translation difference	-353	1,250
Closing accumulated amortisation	-56,105	-64,070
<b>Closing book value</b>	<b>80,667</b>	<b>108,904</b>

## Testing of write-down requirements for goodwill and trademarks

The value of goodwill and trademarks refers to the acquisitions of Design Research/Artek and BRIO, as well as to BRIO's acquisition of the stroller manufacturer European Nursery Group (ENG) and J.Lindeberg's acquisition of JL Ltd. in the UK. Each portion constitutes a cash generating unit (CGU). Recoverable amounts for a CGU are determined based on calculations of useful value. These calculations have their starting point on the estimated future cash flows based on financial forecasts approved by the management and covering a two year period for goodwill and a ten year period for trademarks. Flows beyond the estimated period of time are extrapolated with the help of anticipated growth rates according to the information below. The rate of growth does not exceed the long term growth rate for the specific industries in which the operations take place. Goodwill attributable to Proventus' acquisition of BRIO has been written down in 2008 and charged against the Group's earnings in an amount of MSEK -57.6. The write-down has been performed with regards to the Company's earnings trend and financial position during 2008.

### Specification of the book value of goodwill

	2009	2008
BRIO	-	-
Design Research/Artek	15,390	15,071
ENG	65,277	59,239
J.Lindeberg	-	34,593
<b>Book value</b>	<b>80,667</b>	<b>108,903</b>

In the balance sheet, the Group reports values which are considered to have an indeterminable useful life. The useful life is considered to be indeterminable when it applies to trademarks that are well established within their markets, and which the Group intends to keep and further develop. The BRIO Group has a long and successful history. The trademark BRIO is characterised by high quality and safety. It is important to note that the Company, through planned investments, has managed to maintain and strengthen its position as one of the most appreciated trademarks in both Sweden and abroad.

Assets with indeterminable useful lifetimes are not amortised. Instead, the value of the assets is settled through write-downs. Testing for write-downs takes place annually, and also in the event of a write-down requirement.

Testing of trademarks has taken place via calculation of their recoverable value, based on the value of use, and the subsequent comparison to reported values in accordance with the royalty cash method. All trademarks have been considered for write-down at year-end and no write-down requirement was considered to exist at the time of testing.

### Specification of the book value of trademarks

	2009	2008
BRIO	57,144	57,144
Scanditoy	21,124	21,124
Artek	103	
J.Lindeberg	-	29,886
BRIO strollers	58,793	51,958
Carena	2,114	1,868
Simo	3,528	3,118
<b>Book value</b>	<b>142,806</b>	<b>165,098</b>

For the various trademarks, different percentages of royalty have been applied.

For BRIO, a royalty of 1.65 percent has been utilised, with trademark costs of 0.25 percent.

For the testing, a growth rate of 8.5 percent has been used during the period 2009–2011, and thereafter 2 percent per year.

For Scanditoy, a royalty of 0.50 percent has been utilised, with trademark costs of 0.25 percent.

In testing, a rate of growth of 8.5 percent has been used during the period 2009–2011, and thereafter 2 percent per year.

For SIMO, a royalty of 2 percent has been utilised, with trademark costs of 0.25 percent.

In testing, a rate of growth of 0 percent has been applied.

For Carena, a royalty of 1 percent has been utilised, with trademark costs of 0.25 percent.

In testing, a rate of growth of 3.2 percent has been applied.

For BRIO strollers, a royalty of 4 percent has been used, with trademark costs of 0.25 percent.

In testing, a rate of growth of 3.9 percent has been applied. A discount rate of 13.19 percent has been utilised. Discount rate before tax has been applied on the estimated future cash flows.

Management has determined the royalty rate on the basis of performed trademark analysis, the licensing agreements entered into by BRIO in the past, previous results, and expectations on market development.

Testing of goodwill has taken place through the comparison of the value in use to the reported value of the cash generating unit in accordance with the relief-from-royalty method. The operating result, less investments exceeding replacement investment and cash flow from operating capital, has been discounted over an indeterminable useful life with a yearly growth rate of 2 percent. The discount factor has been determined at 16.11 percent.

Forecasts for the period have been determined by senior management based on earlier results and expectations regarding market development. Testing did not indicate any write-down requirement.

This year, the discount factor has been lowered from 13.52 percent to 13.19 percent for both trademarks and goodwill. This is the effect of a raised interest rate level of the risk-free interest rate which forms a part of the calculation of the discount rate. The discount rate is calculated with the aid of the Capital Asset Pricing Model (CAPM). In a CAPM, different types of risk are calculated. Input risk components have not changed since the previous year.

### Tenant rights

	Group	
	2009	2008
Opening acquisition value	90,526	74,830
Acquisitions for the year	563	15,243
Acquisitions	-	-
Re-classifications	-7,422	-
Translation difference	-245	453
<b>Closing accumulated acquisition values</b>	<b>83,422</b>	<b>90,526</b>
Opening amortisation	-27,182	-22,691
Amortisation for the year	-4,400	-4,126
Acquisitions	-	-
Re-classifications	4,943	-
Translation difference	180	-365
Closing accumulated amortisation	-26,459	-27,182
<b>Closing book value</b>	<b>56,963</b>	<b>63,344</b>

### New investments in progress

	Group	
	2009	2008
Opening acquisition value	3,204	25,710
Acquisitions for the year	4,093	3,205
Acquisitions	-	-
Expensed	-1,116	-1,559
Re-classifications	-819	-24,152
Closing accumulated acquisition value	5,362	3,204
<b>Closing book value</b>	<b>5,362</b>	<b>3,204</b>

#### 14. Tangible fixed assets

##### Land, buildings and plants

	Group		Parent Company	
	2009	2008	2009	2008
Opening acquisition value	355,402	587,722	27,843	27,843
Acquisitions for the year	20,606	462	-	-
Acquisitions	-	-	-	-
Sales and disposals	-	-25,843	-	-
Re-classifications	-1,095	-260,301	-	-
Translation difference	-23,508	53,363	-	-
Closing accumulated acquisition values	351,405	355,402	27,843	27,843
Opening depreciation	-77,966	-83,043	-8,286	-7,729
Depreciation for the year	-11,532	-10,747	-557	-557
Acquisitions	-	-	-	-
Sales and disposals	-	24,024	-	-
Re-classifications	930	588	-	-
Translation difference	4,394	-8,789	-	-
Closing accumulated depreciations	-84,174	-77,966	-8,843	-8,286
<b>Closing book value</b>	<b>267,231</b>	<b>277,436</b>	<b>19,000</b>	<b>19,557</b>
Book value, buildings in Sweden	24,534	24,534	19,000	19,557
Book value, land in Sweden	666	666	-	-
<b>Total</b>	<b>25,200</b>	<b>25,200</b>	<b>19,000</b>	<b>19,557</b>
Tax assessment value, Swedish buildings	4,429	4,429	7,791	4,429
Tax assessment value, Swedish land	-	-	-	-
<b>Total</b>	<b>4,429</b>	<b>4,429</b>	<b>7,791</b>	<b>4,429</b>

##### Plant and machinery

	Group	
	2009	2008
Opening acquisition value	1,036,058	8,502
Acquisitions for the year	89,787	769,740
Acquisitions	-	-
Disposals	-62,540	-3,236
Re-classifications	564	260,406
Translation difference	-	646
Closing accumulated acquisition value	1,063,869	1,036,058
Opening depreciation	-16,573	-7,566
Depreciation for the year	-42,548	-10,998
Acquisitions	-	-
Disposals	956	3,198
Re-classifications	1,721	-588
Translation difference	-	-620
Closing accumulated depreciation	-56,444	-16,574
<b>Closing book value</b>	<b>1,007,425</b>	<b>1,019,484</b>

##### Equipment

	Group		Parent Company	
	2009	2008	2009	2008
Opening acquisition value	206,055	189,410	29,280	28,407
Acquisitions for the year	60,793	20,634	1,350	1,977
Acquisitions	410	-	-	-
Sales and disposals	-53,374	-16,582	-540	-1,104
Re-classifications	-27,304	3,031	-	-
Translation difference	-1,899	9,562	-	-
Closing accumulated acquisition values	184,681	206,055	30,090	29,280
Opening depreciation	-147,591	-140,794	-9,862	-9,098
Depreciation for the year	-14,036	-14,497	-1,682	-1,812
Acquisitions	-	-	-	-
Sales and disposals	53,217	14,755	221	1,048
Re-classifications	18,970	5	-	-
Translation difference	1,084	-7,060	-	-
Closing accumulated depreciation	-88,356	-147,591	-11,323	-9,862
<b>Closing book value</b>	<b>96,325</b>	<b>58,464</b>	<b>18,767</b>	<b>19,418</b>

##### Lease agreements

Assets under financial leasing agreements are included in the above recorded values according to the following:

	The Group	
	2009	2008
Acquisition value	1,184	1,184
Accumulated amortisation	-1,184	-1,184
<b>Closing value</b>	<b>-</b>	<b>-</b>

##### Present value of remaining future minimum leasing charges

Future and paid contracted fees pertaining to the Group for the financial year, referring to operational leasing agreements for premises and equipment amount to:

2009	35,226
2010	32,092
2011	24,021
2012	20,285
2013	16,522
2014	14,447

### 15. Participations in associated companies

	Group	
	2009	2008
Participations in associated companies		
At the beginning of the year	1,796	-
Changes in value reported in the income statement	-10,536	-931
Disposals	-	-
Acquisitions/capitalised contribution	9,700	2,727
Re-classifications from subsidiaries	58,120	-
<b>At year-end</b>	<b>59,080</b>	<b>1,796</b>

### Participation in associated companies

31 Dec 2009

	Number of shares	Share of equity(%)	Share of voting power (%)	Market value/share	Market value
News and Crowd Casting AB, Corporate Identity Number 556754-8440	750 pref	30.0	30.0	-	2,374
J.Lindeberg AB, Corporate Identity Number 556533-7085		34.7	43.0	-	56,706
					59,080

During 2009 a new share issue and capital contribution has taken place in both News and Crowd Casting (MSEK 2.5) and J.Lindeberg (MSEK 7.2). In conjunction with the new share issue in J.Lindeberg, a reduction of the share capital was carried out to cover reported deficits. The reduction of share capital and the new share issue reduced Proventus' share of voting power in J.Lindeberg and since the transactions Proventus no longer possesses the controlling influence over the company. As of 2009, the holding in J.Lindeberg is reported as an associated company to Proventus.

31 Dec 2008

	Number of shares	Share of equity(%)	Share of voting power (%)	Market value/share	Market value
News and Crowd Casting AB, Corporate Identity Number 556754-8440	750 pref	30.0	30.0	-	1,293
J.Lindeberg USA, LLC	18,238	50.0	50.0	-	503
					1,796

Proventus invested MSEK 2.5 in the start-up media site Newsmill in 2008. Proventus' participating interest amounts to 30 percent share of the capital and votes.

### 16. Other long-term securities holdings

	Group		Parent Company	
	2009	2008	2009	2008
<b>Other long-term securities holdings</b>				
At the beginning of the year	102,894	981	-	-
Changes in value reported in the income statement	-1,664	-	-	-
Acquisitions/Disposals	-	100,248	-	-
Re-classifications	99	1,665	-	-
<b>At year-end</b>	<b>101,329</b>	<b>102,894</b>	<b>-</b>	<b>-</b>

The bulk of the value of the securities holdings, slightly more than MSEK 100, refers to holdings in o2 Vind AB. Proventus' participating interest amounts to 13.7 percent. Other long-term securities holdings are valued at acquisition value, which is deemed to correspond to the fair value.

### 17. Participations in Group companies

	Parent Company	
	2009	2008
Participations in Group companies		
At beginning of year	608,047	531,573
Changes in value reported in the income statement	-	-
Acquisitions/disposals	658,812	76,474
Re-classifications	-	-
<b>At year-end</b>	<b>1,266,859</b>	<b>608,047</b>

The change refers to contributions made to Proventus Invest, in conjunction with the new share issue carried out in its subsidiary BRIO. During 2009, the minority's shares in Grafon were reported in Proventus AB, in exchange for shares in Proventus. No write-down requirements regarding the Parent Company's holdings in Group companies are deemed to exist. The Group tests for write-down requirements on an annual basis.

### Specification of Note 17, Holdings of participations in Group companies

	Location	Country	Corp ID Nr	2009	2008
AB Art and Technology by Proventus	Stockholm	Sweden	556012-1807	15,000	15,000
AB Judiska Teatern in Sweden	Stockholm	Sweden	556543-4858	100	100
Djurgårdsbrunnns Wårdshus AB	Stockholm	Sweden	556495-8626	1,000	1,000
Glans Media AB	Stockholm	Sweden	556720-0687	100	-
Grafon AB	Stockholm	Sweden	556349-4748	592,159	90,659
Magasin 3 Tel Aviv Ltd	Tel Aviv	Israel		21	21
Parcom AB	Stockholm	Sweden	556553-7437	100	100
Proventus Capital AB	Stockholm	Sweden	556065-6497	29,373	24,336
Proventus Invest AB	Stockholm	Sweden	556641-3653	596,423	444,318
Proventus Holdings Inc.	New York	USA		30,000	30,000
Proventus Pagoda Ltd	Tel Aviv	Israel		2	2
Robert Weil AB	Stockholm	Sweden	556604-9010	71	-
Stockholms Konsthall Magasin 3 KB	Stockholm	Sweden	916615-6738	2,225	2,225
Voice the Brand Liberation Company AB	Stockholm	Sweden	556312-4741	285	285
				<b>1,266,859</b>	<b>608,047</b>

	Shares	Capital (%)	2009		2009	
			Votes (%)	Capital (%)	Votes (%)	
AB Art and Technology by Proventus	40,000	100	100	100	100	
AB Judiska Teatern in Sweden	100	100	100	100	100	
Djurgårdsbrunnns Wårdshus AB	1,000	100	100	100	100	
Glans Media AB	1,000	100	100	-	-	
Grafon AB	3,810,000	100	100	100	100	
Magasin 3 Tel Aviv Ltd	28,000	100	100	100	100	
Parcom AB	100	100	100	100	100	
Proventus Capital AB	183,729,603	100	100	15	64	
Proventus Invest AB	8,400	84	84	84	84	
Proventus Holdings Inc.	200	100	100	100	100	
Proventus Pagoda Ltd	32,700	100	100	100	100	
Robert Weil AB	1,000	100	100	-	-	
Stockholms Konsthall Magasin 3 KB	99	99	99	99	99	
Voice the Brand Liberation Company AB	10,000	100	100	100	100	

## 18. Deferred tax

Temporary differences arise in those cases in which recorded assets and liabilities differ from their fiscal value. The temporary differences of the Group have resulted in deferred tax liabilities and recoverables regarding the following items:

	Group		Parent Company	
	2009	2008	2009	2008
<i>Deferred tax recoverables</i>				
Tangible fixed assets	1,834	1,428	1,052	1 060
Current assets	6	3,478	-	-
Other current liabilities	18,027	21,012	3,260	3 814
Provisions	8,879	4,463	259	261
Loss carry-forward	99,150	128,329	87,225	112,061
<b>Total deferred income tax recoverables</b>	<b>127,896</b>	<b>158,710</b>	<b>91,796</b>	<b>117,196</b>
<i>Deferred tax liabilities</i>				
Tangible fixed assets	-44,027	-37,862	-	-
Current investments	-9,390	-15,772	-9,390	-15,772
Provisions	-	-958	-	-
Convertible debt instruments	-	-	-	-
Other current liabilities	-4	-7	-	-
<b>Total deferred tax liabilities</b>	<b>-53,421</b>	<b>-54,599</b>	<b>-9,390</b>	<b>-15,772</b>
<b>Net liabilities and recoverables</b>	<b>74,475</b>	<b>104,111</b>	<b>82,406</b>	<b>101,424</b>

### *Fiscal loss carry-forward*

Deferred tax recoverables refer to the Parent Company Proventus and the subsidiary BRIO. Deficits in the Parent Company amounted to MSEK 332 at the closing of 2009 of which the entire amount has been deemed utilisable during the coming 3-year period. By increasing the loan portfolio, taxable income will increase. The deficits do not have any time restrictions according to applicable practices and may, therefore, be used during an indefinite period of time.

The subsidiary BRIO is currently undergoing an adjustment programme. The adjustment is due to a weak earnings trend during recent years. The adjustment has been significant, and has had a considerable impact on the results recorded for the financial years 2005 – 2009. Therefore, these years do not constitute a good point of reference for an assessment of the feasibility of assuming that the deferred tax recoverables will not be reversed for a significant period of time in the future. The company is of the opinion that the performed adjustments of the organisation and assortment have created a good prerequisite for utilising underlying loss carry-forwards in the future years.

At the end of 2009, there was a fiscal loss carry-forward of approximately MSEK 924 (859) in BRIO. Various time limitations apply in different countries, but the majority of loss carry-forwards do not have a due date. No deferred tax recoverables has been calculated on loss carry-forward amounting to MSEK 877. Recorded deferred tax recoverables can be found in BRIO and a number of its subsidiaries.

When assessing the prerequisites for utilising recorded deferred tax recoverables, consideration has been taken regarding the adjustment process which has been charged to the income during recent years. The company assesses that the completed adjustments are likely to enable the regular utilisation of deferred tax recoverables in the near future.

### *Changes in deferred tax in temporary differences and loss carry-forward*

	Amount at beginning of year	Change in conjunction with acquisition	Reported in income statement	Reported in equity	Amount at year-end
<i>Deferred income tax recoverables</i>					
Tangible fixed assets	1,428	-	406	-	1 834
Current assets	3,478	-	-3,472	-	6
Other current liabilities	21,012	-	-554	-2,430	18,028
Provisions	4,463	-	4,416	-	8,879
Loss carry-forward	128,329	-	-29,179	-	99,150
	<b>158,710</b>	<b>-</b>	<b>-28,383</b>	<b>-2,430</b>	<b>127,897</b>
<i>Provision for deferred tax</i>					
Fixed assets	-37,862	-	-6,166	-	-44,028
Other current assets	-	-	-	-	-
Current investments	-15,772	-	6,382	-	-9,390
Provisions	-958	-	958	-	-
Other changes	-	-	-	-	-
Other current liabilities	-7	-	3	-	-4
	<b>-54,599</b>	<b>-</b>	<b>1,177</b>	<b>-</b>	<b>-53,422</b>
<b>Net liabilities and receivables</b>	<b>104,111</b>	<b>-</b>	<b>-27,206</b>	<b>-2,430</b>	<b>74,475</b>

## 19. Long-term receivables

	Group		Parent Company	
	2009	2008	2009	2008
Other long-term receivables, interest-bearing	528,373	639,382	514,002	631,931
Other long-term receivables, non-interest-bearing	7,784	38,260	1,403	1,443
	<b>536,157</b>	<b>677,642</b>	<b>515,405</b>	<b>633,374</b>

Long-term receivables are valued at acquisition value, which is deemed to correspond with fair value. The decrease in long-term receivables is due to a reclassification of loans maturing in 2009 to Other current receivables. The loans have a duration of 3-5 years. The portfolio previously owned by the subsidiary Grafon was taken over by the Parent Company during 2008.

## 20. Inventories

	Group	
	2009	2008
Raw materials	3,701	6,500
Semi-finished products	2,607	3 723
Finished products	294,870	428,501
	<b>301,178</b>	<b>438,724</b>

Inventories refer to trade inventories in the operating investments.

Art attributable to Magasin 3 Stockholm Konsthall, amounting to MSEK 117.5 (110.5), is included in the inventory for finished products.

## 21. Current receivables

	Group		Parent Company	
	2009	2008	2009	2008
<i>Accounts receivable – trade</i>				
Accounts receivable – trade	162,316	215,649	914	320
Reversal on bad debts	-20,537	-27,833	-	-
<b>Accounts receivable, net</b>	<b>141,779</b>	<b>187,816</b>	<b>914</b>	<b>320</b>

The reduction in trade receivables was a consequence of more efficient credit management and the fact that J.Lindeberg was not consolidated as a subsidiary.

	Group		Parent Company	
	2009	2008	2009	2008
<i>Receivables, Group companies</i>				
Receivables, Group companies	-	-	263,808	61,208
<b>Total</b>	<b>-</b>	<b>-</b>	<b>263,808</b>	<b>61 208</b>

	Group		Parent Company	
	2009	2008	2009	2008
<i>Other receivables</i>				
Income tax recoverable	6,090	6,916	334	326
Advance payment from suppliers	-	3,113	-	-
Other receivables, interest-bearing	67,646	647,920	1,646	647,086
Other receivables, non-interest-bearing	9,428	86,146	2,159	7,351
<b>Total</b>	<b>83,164</b>	<b>744,095</b>	<b>4,139</b>	<b>654,763</b>

	Group		Parent Company	
	2009	2008	2009	2008
<i>Prepaid expenses and accrued income</i>				
Rent	8,936	14,914	1,366	1 301
Insurance	3,324	3,757	243	237
Prepaid royalty/MF contributions	5,445	1,571	-	-
Prepaid personnel expenses	1,844	393	587	393
Interest	-	-	-	-
Other prepaid expenses	17,462	13,039	82	202
Accrued royalty income	3,772	5,857	-	-
Accrued rental income	2,490	-	-	-
Other accrued income	30,362	6,378	45	-
<b>Total</b>	<b>73,635</b>	<b>45,909</b>	<b>2,323</b>	<b>2 133</b>

## 22. Current investments

	Group		Parent Company	
	2009	2008	2009	2008
<i>Listed securities</i>				
Government and corporate bonds – countries within the Euro zone	836,216	376,376	718,059	345,684
Government and corporate bonds – USA	86,458	19,126	43,089	19,126
Government and corporate bonds – Sweden, UK, Norway	311,174	108,761	240,782	108 761
Shares – USA	7,748	-	7,748	-
Derivatives	2,082	48,294	1,634	48,196
<i>Unlisted securities</i>				
Shares and fund shares – countries within the Euro zone	11,909	8,783	11,909	8 783
Shares and fund shares – Sweden, England	86,854	92,491	86,854	92 491
	<b>1,342 441</b>	<b>653,831</b>	<b>1,110,075</b>	<b>623 041</b>

## 22. Current investments (cont.)

	Group		Parent Company	
	2009	2008	2009	2008
At the beginning of the year	653,831	1,092,345	623,041	1,018,420
Changes in value reported in the income statement	-25,961	-34,756	-23,814	-3,795
Acquisitions/sales, net	714,571	-403,758	510,848	- 391,584
<b>At year-end</b>	<b>1,342,441</b>	<b>653,831</b>	<b>1,110,075</b>	<b>623,041</b>

In its asset management activities, Proventus has a number of strategies which are implemented in the context of the Company's macro perspective and the market's pricing of risk. The total contribution to income is estimated to be approximately MSEK 50–100, should the strategies be successful, and the negative impact on income is estimated at MSEK 25–50, should the market move in the opposite direction.

The following tables specify the underlying nominal and fair values of the derivative instruments in which the Group and the Parent Company have exposure.

Derivatives – Group	Group 2009		Group 2008	
	Assets	Liabilities	Assets	Liabilities
Interest futures – held for trade	1,634	200	2,158	14,394
Interest rate swaps – held for hedging	-	56,151	-	64,899
Currency futures – held for trade	448	3,949	15,120	3,527
Currency futures – held for hedging	-	8,245	31,016	-
<b>Total</b>	<b>2,082</b>	<b>68,545</b>	<b>48,294</b>	<b>82,820</b>

Derivatives with negative values are reported as other current liabilities, see Note 28.

Group 2009, interest rate derivatives	Currency	Duration (years)	Bought	Sold	Fair
			(nominal) (TSEK)	(nominal) (TSEK)	value (TSEK)
Futures with positive values held for trade					
Interest futures, corporate bonds	EUR	1.5	-	21,637	1,634
			-	21,637	1,634
Futures with negative values held for trade					
Interest futures, corporate bonds	EUR	0.97	-	34,164	-200
			-	34,164	-200
Interest rate swaps with negative values held for hedging					
Interest rate swaps, fixed interest	SEK	7	798,196	-	-131,209
Interest rate swaps, variable interest	SEK	0.25	-	798,196	75,058
			<b>798,196</b>	<b>798,196</b>	<b>-56,151</b>

22. Current investments (cont.)

Group 2009, Currency contracts					
	Currency		Bought (TSEK)	Sold (TSEK)	Fair value (TSEK)
Futures with positive value held for trade					
	EUR/SEK		15,980	-15,775	205
	USD/EUR		38,999	-38,756	243
			<b>54,979</b>	<b>-54,531</b>	<b>448</b>
Futures with negative values held for hedging of foreign net assets and investments					
	EUR/USD		249,376	-257,621	-8,245
			<b>249,376</b>	<b>-257,621</b>	<b>-8,245</b>
Futures with negative values held for trade					
	EUR/SEK		366,082	-368,623	-2,541
	EUR/GBP		14,597	-14,829	-232
	EUR/NOK		16,992	-17,402	-410
	EUR/USD		42,510	-43,276	-766
			<b>440,181</b>	<b>-444,130</b>	<b>-3,949</b>
Group 2008, Interest rate derivatives					
	Currency	Duration (years)	Bought (nominal) (TSEK)	Sold (nominal) (TSEK)	Fair value (TSEK)
Futures with positive values held for trade					
Interest futures, corporate bonds	EUR	3.97	114 823	-	2,129
Interest futures, corporate bonds	EUR	3.74	-	328,065	29
			<b>114,823</b>	<b>328,065</b>	<b>2,158</b>
Futures with negative values held for trade					
Interest futures, corporate bonds	EUR	3.74	-	497,565	-7,758
Interest futures, corporate bonds	EUR	1.97	-	36,087	-6,636
			-	<b>533,652</b>	<b>-14,394</b>
Interest rate swaps with negative values held for hedging					
Interest rate swaps, fixed interest	SEK	7	824,196	-	-168,153
Interest rate swaps, variable interest	SEK	0.25	-	824,196	103,254
			-	-	<b>-64,899</b>

22. Current investments (cont.)

Group 2008, Currency contracts				
	Currency	Bought (TSEK)	Sold (TSEK)	Fair value (TSEK)
Futures with positive values held for trade				
	EUR/SEK	125,758	-111,159	14,599
	SEK/EUR	6,780	-6,357	423
	USD/GBP	1,946	-1,848	98
		<b>134,484</b>	<b>-119,364</b>	<b>15,120</b>
Futures with positive values held for hedging of foreign net assets				
	EUR/USD	305,423	-276,909	28,514
	SEK/NOK	61,495	-59,589	1,906
	EUR/USD	12,225	-11,629	596
		<b>379,143</b>	<b>-348,127</b>	<b>31,016</b>
Futures with negative values held for trade				
	SEK/EUR	4,705	-5,443	-738
	USD/SEK	15,570	-16,014	-443
	USD/EUR	13,604	-14,880	-1,276
	USD/DKK	3,504	-3,952	-449
	SEK/DKK	3,771	-4,392	-621
		<b>41,154</b>	<b>-44,681</b>	<b>-3 527</b>

Derivatives – Parent Company

	Parent Company 2009		Parent Company 2008	
	Assets	Liabilities	Assets	Liabilities
Interest futures – held for trade	1,633	200	2,158	14,394
Currency futures – held for trade	-	3,949	15,022	-
Currency futures – held for hedging	-	8,245	31,016	-
<b>Total</b>	<b>1,633</b>	<b>12,394</b>	<b>48,196</b>	<b>14,394</b>

All derivatives are reported at fair value. Changes in value referring to derivatives held for trading are reported under changes in value in investing activities. Currency contracts held for hedging purposes refer mainly to the hedging of net investments in foreign subsidiaries. Changes in value for these contracts are reported directly against equity in other reserves.

Parent Company 2009,  
Interest rate derivatives

	Currency	Duration (years)	Bought (nominal) (TSEK)	Sold (nominal) (TSEK)	Fair value (TSEK)
Futures with positive values held for trade					
Interest futures, corporate bonds	EUR	1.5	-	21,637	1,633
			-	<b>21,637</b>	<b>1,633</b>
Futures with negative values held for trade					
Interest futures, corporate bonds	EUR	0.97	-	34,164	-200
			-	<b>34,164</b>	<b>-200</b>

## 22. Current investments (cont.)

Parent Company 2009, Currency contracts				
Currency	Bought	Sold	Fair value	
	(TSEK)	(TSEK)	(TSEK)	
Futures with negative values held for trade				
EUR/SEK	366,082	-368,623	-2,541	
EUR/GBP	14,597	-14,829	-232	
EUR/NOK	16,992	-17,402	-410	
EUR/USD	42,510	-43,276	-766	
	440,181	-444,130	-3,949	
Futures with negative values held for hedging of foreign net assets				
EUR/USD	249,376	-257,621	-8,245	
	249,376	-257,621	-8,245	

## Parent Company 2008, Interest rate derivatives

Currency	Duration (years)	Bought (nominal) (TSEK)	Sold (nominal) (TSEK)	Fair value (TSEK)
Futures with positive values held for trade				
Interest futures, corporate bonds	EUR	3.97	114 823	-
Interest futures, corporate bonds	EUR	3.74	-	328,065
		114,823	328,065	2,158
Futures with negative values held for trade				
Interest futures, corporate bonds	EUR	3.74	-	497,565
Interest futures, corporate bonds	EUR	1.97	-	36,087
		-	533,652	-14,394

## Parent Company 2008, Currency contracts

Currency	Bought	Sold	Fair value
	(TSEK)	(TSEK)	(TSEK)
Futures with positive values held for trade			
SEK/EUR	6,780	-6,357	423
EUR/SEK	125,758	-111,159	14,599
	132,538	-117,516	15,022
Futures with positive values held for hedging of foreign net assets			
EUR/USD	305,423	-276,909	28,514
SEK/NOK	61,495	-59,589	1,906
EUR/USD	12,225	-11,629	596
	379,143	-348,127	31 016

## 23. Liquid funds

	Group		Parent Company	
	2009	2008	2009	2008
Cash and cash equivalents	299,445	197,595	41,946	43,176
	299,445	197,595	41,946	43,176

The Proventus Group has the following credit facilities:

	Group		Parent Company	
	2009	2008	2009	2008
Loan facilities	2,450,200	1,013,490	-	-
Bank overdraft facilities	157,490	244,367	-	25,000
	2,607,690	1,257,857	-	25,000
Of which utilised	1,131,511	1,210,572	-	-

Credits are renewed on an annual basis after consultation with the respective credit institutions. Other loan information, see Note 27.

## 24. Share capital

	Parent Company	
	2009	2008
Share capital	58,980	58,300
	58,980	58,300

Class of shares	Number of shares	Number of votes	Participations in % Capital	% Votes
A, 10 votes per share	3,070	30,700	62.7	88.9
C, 2 votes per share	1,010	2,020	0.2	5.8
D, 1 vote per share	1,750	1 750	35.7	5.1
PC Pref	68	68	1.4	0.2
<b>Total</b>	<b>5,898</b>	<b>34,538</b>	<b>100.0</b>	<b>100.0</b>

There are no issued options within the Parent Company. The distribution of shares as regards the various classes of shares is presented above.

## 25. Pension commitments

The Parent Company's pension commitments for active employees are mainly defined contribution plans and, in principle, follow the ITP plan. Results are charged at the rate that the pension is earned. Commitments which are defined benefit plans within the Parent Company are secured, in part, through provisions in the balance sheet and, in part, via two pension funds. The liability of the balance sheet is secured through FPG/PRI and SPP Livförsäkring AB. Administration of the foundations' funds is undertaken through the Parent Company, and the assets consist of bonds.

In BRIO, commitments for retirement pensions and family pensions for white collar employees are secured through insurance in Alecta. According to IAS 19, this is a defined benefit plan comprising several employers. For the financial years 2008 and 2009, the Company did not have access to the information necessary to facilitate the recording of the plan as a defined benefit plan. The ITP pension plan, which is guaranteed through insurance in Alecta is, therefore, reported as a defined contribution plan. This year's charges for pension insurance with Alecta amount to TSEK 4,989 (4,444). Alecta's surplus may be distributed to the policyholder and/or the insured. At the close of December 2009, Alecta's surplus in the form of the collective consolidation level amounted to 141.0 (112.0) percent. The collective consolidation level consists of the market value of Alecta's assets in percentage of insurance commitments, calculated according to Alecta's actuarial calculation assumptions, which do not concur with IAS 19.

	The Group	
	2009	2008
<i>Defined benefit pension plans</i>		
<b>Liability recorded in the balance sheet</b>	68,269	63,970
Cost recorded in income statement (Note 8)	6,211	8,071
<b>Net liability referring to benefits distributed on funded and non-funded pension benefits:</b>		
Present value of funded pension commitments	78,474	77,873
Fair value of plan assets	-67,088	-55,265
	<u>11,386</u>	<u>22,608</u>
Present value of unfunded pension commitments	69,391	67,988
Unreported actuarial profits/losses	-12,508	-26,626
<b>Liability reported in the balance sheet</b>	<u>68,269</u>	<u>63,970</u>
<b>Present value of pension commitments changed during the year according to the following:</b>		
1 January	145,861	146,288
Cost of period according to specification	7,441	8,674
Actuarial profits and losses	- 5,470	3,591
Paid benefits	-2,539	-3 826
Redeemed benefits	-523	-7 580
Exchange rate differences	3,095	- 1,286
<b>31 December</b>	<u>147,865</u>	<u>145,861</u>
<b>Fair value of plan assets has changed as follows during the year:</b>		
1 January	-55,265	-59,762
Expected return on plan assets	-2,851	921
Compensation	926	1,045
Actuarial profits/losses	-5,434	98
Charges from employers	-2,057	-952
Paid benefits	1,590	418
Exchange rate differences	-3,997	2,967
<b>31 December</b>	<u>-67,088</u>	<u>-55,265</u>
Non-reported actuarial profits/losses	-12,508	-26,626
<b>Liability reported in the balance sheet</b>	<u>68,269</u>	<u>63,970</u>
<b>Actual return on plan assets:</b>		
Expected return on plan assets	-2,851	- 921
Actuarial profits/losses	-5,434	-98
	<u>-8,285</u>	<u>-1 019</u>
<b>Fair value of plan assets in %, distributed according to the following:</b>		
Shares and participations	4	7
Bonds	65	79
Bonds held for maturity	0	8
Other financial assets	31	6
	<u>100</u>	<u>100</u>

Plan assets refer to funded pension commitments within BRIO's Norwegian subsidiary, as well as to foundations linked to the Parent Company. As Norwegian life insurance companies do not complete their valuation on 31 December, but rather in May the following year, the value as per 31 December 2009 has been estimated based on the most recent information available from Storebrand Livsforsikring AS.

The calculated return is based on calculations and estimations based on a weighting of the assets included in the plan.

	2009	2008
<b>Changes of the year in actuarial profit and loss:</b>		
1 January	-26,626	-18,661
Profit/loss regarding plan assets	7,464	-98
Profit/loss regarding pension benefits	5,470	-6,016
Profit/loss at redemption of pension commitment	51	1,085
Recorded profit/loss during the year	667	-2,609
Exchange rate differences	466	-327
<b>31 December</b>	<u>-12,508</u>	<u>-26,626</u>
<b>Cost of commitments referring to defined benefit plans are as follows:</b>		
Earnings during the year	3,449	2,968
Interest rate component in this year's increase in the present value of the pension commitment	4,020	5,706
Retirement pensions, non-contracted	-	-
Other agreements	-	-
	<u>7,469</u>	<u>8,674</u>
<i>Costs regarding defined benefit plans excluding effect of results on plan assets and actuarial profit/loss</i>	7,469	8,674
Expected return on plan assets	6,003	921
Portion of the actuarial profit/loss reported during the year	-7313	-2,609
Portion of actuarial profit/loss referring to redeemed benefits	51	1,085
<b>Net costs for defined benefit plans (Note 8)</b>	<u>6,210</u>	<u>8 071</u>

#### Significant actuarial assumptions

Upon calculation of pension commitments, pension earnings and returns for the year, a number of assumptions have been established based upon the Group's expectations regarding the operations, and are also based upon market expectations regarding financial factors. The assumptions used on balance sheet date constitute a weighted average of:

	Foundations Sweden (%)	Sweden PRI (%)	Norway (%)
Discount factor	4.0	4.0	4.4
Expected return	-	-	5.6
Expected inflation	-	-	4.0
Expected increase in pensions	2.0	2.0	1.3
Increase in wages and salaries	-	2.0	4.3

Commitments in balance sheet for:

	Parent Company	
	2009	2008
Pension benefits	14,058	14,324
	14,058	14,324
At the beginning of the year	14,324	14,225
Paid pensions during the period	-1,725	-1 732
Interest on pension liabilities	-519	-757
Provisions	1,052	1,542
Redemption from pension fund	926	1,046
Book value at year end	14,058	14,324

26. Other deposits

	The Group	
	2009	2008
Provisions, re-structuring reserve	34,655	32,572
Other provisions	3,929	3,160
	38,584	35,732
	2009	2008
Long-term portion	17,796	16,760
Short-term portion	20,788	18,972
	38,584	35,732

Remaining reserves are primarily attributable to BRIO. During 2009, TSEK -19,949 of the opening reserve has been utilised, whereupon a new provision, totalling TSEK 21,129, was established. Exchange rate differences impacted the reserve provision in an amount totalling TSEK 903. The new provision is related to new cost-cutting programmes initiated during the financial year.

BRIO has resolved to relocate the group's logistics and storage operations to a single location in Osby, leading to the initiation of the closure of the corresponding operations in Norway, for which reserves referring to closure expenses and remaining rental expenses have been made. Ongoing streamlining work has had a negative impact on net profit/loss for the full year 2009, with one-off costs of MSEK 21.5. During the fourth quarter of 2008, one-off costs amounted to MSEK 15.5. Further one-off costs of approximately MSEK 8-10 are to be expected during 2010.

27. Other long-term liabilities

	Group		Parent Company	
	2009	2008	2009	2008
Loans from shareholders	57,143	92,664	54,575	90 294
Participating loans	171,860	-	-	-
Other loans	146,507	82,580	112,542	82 580
Subordinated debenture	-	13,673	-	-
Other liabilities to credit facilities	756,959	915,296	-	-
Utilised bank overdraft facilities	54,543	197,083	-	-
Other liabilities	151,340	24,440	22,500	22,500
	1,338,352	1,325,736	189,617	195,374

Other liabilities to credit facilities have increased due to investments in wind power.

Utilised bank overdraft facilities refer to the subsidiaries Artek and BRIO. Granted credits amount to a total of MSEK 157 (244), see Note 23. Loans from shareholders refer to liabilities to Proventus' owner Robert Weil. Interest on the liability is calculated applying the average government loan interest rate + 1 percent i.e. 4.10 percent 2009 and 4.88 percent 2008.

Maturity dates for long-term borrowings are as follows:

	Group		Parent Company	
	2009	2008	2009	2008
Between 1 and 2 years	111,686	279,678	52,979	-
Between 2 and 5 years	297,847	218,094	136,638	195,374
More than 5 years	928,819	827,964	-	-
	1,338,352	1,325,736	189,617	195,374

28. Other current liabilities

	Group		Parent Company	
	2009	2008	2009	2008
Derivatives, see Note 22	68,545	82,820	12,394	14,394
Advance payments from customers	30,765	120	-	-
Other current liabilities	63,225	49,190	9,169	11,852
	162,535	132,130	21,563	26,246

Derivatives refer to positions with a negative market value at the end of the year. Received premiums are entered as liabilities in conjunction with their respective dates of issue. The net market value after reduction of received or paid premiums is reported per contract as current investments or as other current liabilities.

29. Accrued expenses and deferred income

	Group		Parent Company	
	2009	2008	2009	2008
Accrued staff expenses	35,210	42,647	4,632	4,900
Audit and consulting fees	1,099	2,162	250	200
Accrued royalty	6,726	3,049	-	-
Accrued customer bonuses/marketing contribution	15,009	17,436	-	-
Accrued interest expenses	3,049	7,318	2,980	7,116
Other accrued expenses	34,801	35,246	3,055	1,585
Deferred rental income	71,556	16,945	-	-
	167,450	124,803	10,917	13 801

30. Cash flow from operations

	Group		Parent Company	
	2009	2008	2009	2008
Profit for the period	-193,196	133,488	-31,028	201,033
Adjustment for:				
- tax	25,419	39,481	8,562	25,135
- depreciation on tangible fixed assets	67,511	36,241	2,239	2,369
- depreciation on intangible fixed assets	16,425	75,553	-	-
- profit/loss for sales of tangible fixed assets	1,036	-106,200	-	-
- realised profits from hedging instruments	-8,748	6 632	9,491	6,642
- unrealised profits, current investments	88,212	56,961	86,163	37,390
- anticipated dividend	-	16,952	-	-
- reversal of allocation	4,378	8,464	-	-
- expenses allocated by period	18,324	-	4,775	-
- acquisition/sale of current investments, net	-714,571	403,758	-510,848	391,583
- unrealised profits in associated companies	10,531	931	22,158	19,661
<b>Cash flow from operations</b>	<b>-684,679</b>	<b>672,261</b>	<b>-408,488</b>	<b>683,813</b>

### 31. Pledged assets

	Group		Parent Company	
	2009	2008	2009	2008
Other assets	918,672	1,111,799	-	-
Real estate mortgages	-	1,829	-	-
Chattel mortgages	467,132	338,394	-	-
Accounts receivable and other receivables	156,185	67,211	52,979	50,211
Current investments	26,486	29,433	26,486	29,433
Cash and cash equivalents	12,555	37,531	-	-
	<b>1,581,030</b>	<b>1,586,197</b>	<b>79,465</b>	<b>79,644</b>

The Parent Company issues bonds, reported as current investments, as pledged assets for derivative contracts, and promissory note receivables as pledged assets for deposits. Mortgages and other pledged assets in the Group comprise securities for loans and liabilities within the BRIO Group, o2 Produktion, J.Lindeberg and Artek. Pledged assets is predominately attributable to investments in wind power. Reported liabilities in the sub-group, for which securities have been pledged, amount to MSEK 862 (1,204).

### 32. Contingent liabilities

	Group		Parent Company	
	2009	2008	2009	2008
Non-funded pension commitments in foundations	-	-	-	3,164
Finance commitment	465,885	-	465,885	-
Warranties	102,796	189,235	-	-
Guarantees for subsidiaries	-	-	6,965	7,357
Other guarantees	2,737	1,814	-	-
Contingent liabilities, FPG/PRI	259	262	259	262
	<b>571,677</b>	<b>191,311</b>	<b>473,109</b>	<b>10,783</b>

The Parent Company's guarantees refer to granted credit limits in subsidiaries. In total, a corresponding amount of MSEK 6.9 (7.0) was utilised in the companies at the end of 2009.

Guarantees in the Group mainly refer to obligations with o2 Produktion regarding funding of wind power turbines.

### 33. Transactions with related parties

In addition to that previously reported in this annual report, further information regarding transactions with related parties is provided below.

#### Sales of goods and services:

	Group		Parent Company	
	2009	2008	2009	2008
Sales of services:				
– subsidiaries	-	-	8,540	9,445
– affiliated companies	-	-	-	-
Rent for premises:				
– subsidiaries	-	-	-	-
	<b>-</b>	<b>-</b>	<b>8,540</b>	<b>9,445</b>

Services invoiced to the subsidiary refer to administrative services performed in the Parent Company on behalf of the subsidiary. Invoicing has also been made for the investing organisation's work in conjunction with the loan and share transactions performed in Proventus Capital and Proventus Invest.

#### Purchases of goods and services

	Group		Parent Company	
	2009	2008	2009	2008
Purchases of services:				
– subsidiaries	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Loans to related parties

	Group		Parent Company	
	2009	2008	2009	2008
Loans to Board members and senior management:				
At the beginning of the year	16,319	15,962	16,319	15,962
Loans paid during the year	1,149	357	1,149	357
Loans amortised during the year	-	-	-	-
<b>At year-end</b>	<b>17,468</b>	<b>16,319</b>	<b>17,468</b>	<b>16,319</b>

Loans to senior management mainly refer to management within the Parent Company. Interest charged on the loans follows the recommendations of the Swedish Tax Agency.

#### Other financial transactions

	Group		Parent Company	
	2009	2008	2009	2008
Other current investments:				
At the beginning of the year	-	-	-	-
Fair change in value in the income statement	-	-	-	-
<b>At year-end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Other financial transactions refer to an internal forward exchange rate contract against the former subsidiary, Proventus Industrier. The forward agreement was completed during 2007. The result is eliminated in the consolidated statements.

#### Loans from related parties

	Group		Parent Company	
	2009	2008	2009	2008
Loans from related parties	15,276	33,662	15,276	33,662
Loans from owners	57,143	92,664	54,575	90,294
	<b>72,419</b>	<b>126,326</b>	<b>69,851</b>	<b>123,956</b>

Interest on balances with the owner is calculated on a monthly basis, see also Note 27.

Loans from related companies refer to co-financing from the Board Member Mikael Kamras's company Mijesi AB, and from the Chief Executive Officer's company Daniel Sachs AB.

### Proposed appropriation of profits

The Board of Directors and the Chief Executive Officer propose that the profits at the disposal of Proventus AB be allocated as follows

Profit brought forward	3,009,096
Loss for the year	-31,028
Total	<u>2,978,068</u>

To be carried forward.

# AUDIT REPORT

*((translation of the Swedish original))*

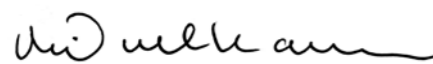
Stockholm, 25 May 2010



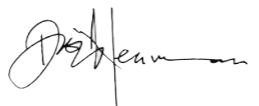
Robert Weil  
*Chairman*



Daniel Sachs  
*CEO*



Mikael Kamras



David Neuman

Our audit report concerning this annual report was submitted on 25 May 2010



Peter Clemedtson



Ulf Westerberg

To the Annual Meeting of the Shareholders of  
Proventus AB  
Corporate Identity Number 556042-3443

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Chief Executive Officer of Proventus AB for the year 2009. The Board of Directors and the Chief Executive Officer are responsible for these accounts and the administration of the Company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Chief Executive Officer and significant estimates made by the Board of Directors and the Chief Executive Officer when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to deter-

mine the liability, if any, to the company of any Board member or the Chief Executive Officer. We also examined whether any Board member or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

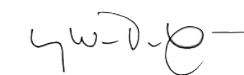
The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 25 May 2010



Peter Clemedtson  
*Authorized*  
*Public Accountant*



Ulf Westerberg  
*Authorized*  
*Public Accountant*

# PROVENTUS

KATARINAVÄGEN 15  
BOX 1719  
SE-111 87 STOCKHOLM, SWEDEN  
PHONE +46 (0)8 723 31 00  
FAX +46 (0)8 20 57 25

STAY UPDATED AT  
[WWW.PROVENTUS.SE](http://WWW.PROVENTUS.SE)

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