ANNUAL REPORT | 2009

Ålö's business concept is to develop, produce and globally market front loaders with accessories to maximise the utility of tractors in agriculture, industry and the public sector, based on customer needs.

Under the leadership of the Group MD, two independent business areas – Production and Marketing & Sales – are responsible for all activities in sixteen production and sales companies in nine countries.

Ålö is the world's leading supplier of front loaders and is ranked first or second in the world's most important markets. Ålö's most important growth market is North America. Ålö's products are distributed via a network of dealers in more than 40 countries.

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

Contents

The year in brief

Ålö faces a significant decrease in demand late in the autumn 2008 as the global crisis also hits Ålö's customers. During 2009 orders received fell by 30 per cent.

◀ The LCS – Loader Control System – is launched in November at Agritechnika in Hannover. LCS is a unique front loader valve programme that is custom built for the requirements and functions demanded by front loaders. Potential customers were able to test drive the system at the show in a simulator.

▲ Ålö's Quicke Compact Concept (QCC) is shown for the very first time at SIMA in Paris in February. Ålö takes its first step to becoming a full-range supplier.

▲ The decision to transfer the Groups implement manufacturing to China was taken in December. The factories in Skive and Bergsjö will be closed and a new factory will be built in Ningbo, China.

▶ The acquisition of Bush Hogs factory in Telford, TN, completes Ålö's product range and creates the conditions for continued growth in North America.

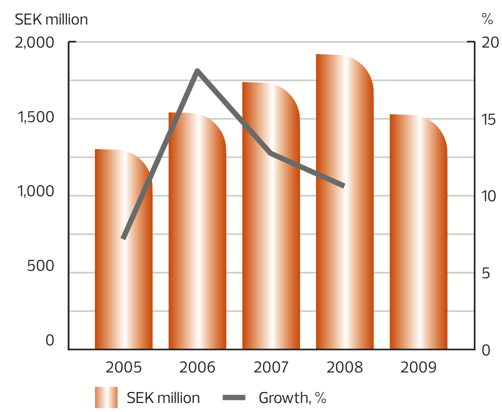
◀ Ålö celebrated its 60th anniversary with a gold-metallic jubilee loader manufactured in a numbered series of 60 units.

2009 in figures

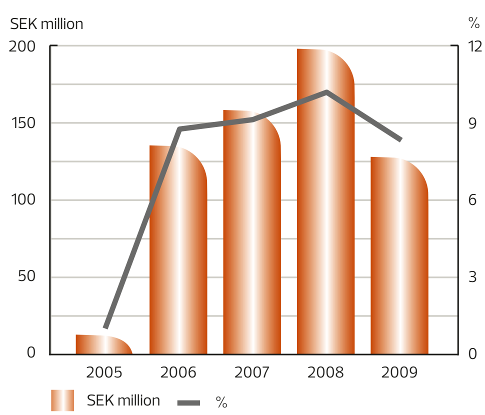
Key ratios

	2009	2008
Orders received, SEK million	1,435	1,918
Sales, SEK million	1,516	1,911
EBITDA, SEK million	128	196
EBITDA margin, %	8.4	10.2
EBITA, SEK million	91	161
EBITA margin, %	6.0	8.4
Operating cash flow, SEK million	102	67
Return on capital employed, %	8.4	14.8
Productivity	1.30	1.51

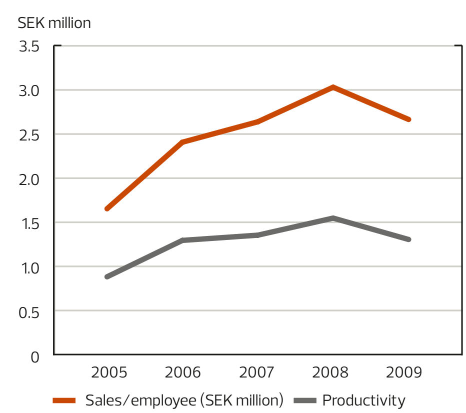
Sales and growth, SEK million, 5 years



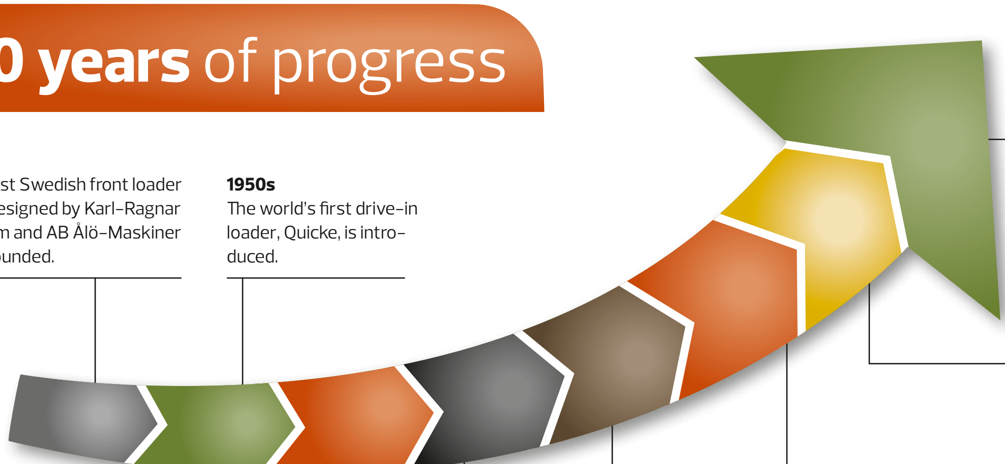
EBITDA, SEK million and as percentage of sales, 5 years



Sales per employee and productivity, 5 years



60 years of progress



1940s
The first Swedish front loader was designed by Karl-Ragnar Åström and AB Ålö-Maskiner was founded.

1950s
The world's first drive-in loader, Quicke, is introduced.

1960s
More loaders are exported than sold in the Swedish market.

1970s
Ålö builds a new factory in Brännland.

1980s
Ålö acquires competitors and starts sales companies in Norway and Canada.

1990s
Ålö acquires competitors and starts sales companies in Denmark, France and the UK.

2000s
Ålö acquires competitors and starts sales companies in the USA and Germany. A new production facility comes on stream in Brännland. Ålö launches a new loader generation, Quicke Dimension and Trima Plus.

2010s
Ålö expands with new products; LCS, Utility and Compact loaders. Starts two companies in China.

Aggressive investments strengthen our position

2009 was a year characterized by cost cuts and cut backs – a year that many would love to forget.

But for Ålö the year saw several new offensive investments.

The recession, reinforced by a global financial crisis that was already making itself felt during the autumn of 2008, took serious hold in 2009. It would be no overstatement to say that for the vast majority of companies and industries 2009 was characterized by a dramatic reduction in demand with widespread cutbacks as a result. Unfortunately, Ålö was no exception to this rule.

We noted a significant change for the worse regarding orders received during the last four months of 2008. Demand fell quickly and over the next few months close to one third of our orders disappeared. However, thanks to a well-functioning market analysis system we were able to identify the decline early on and take proactive measures. We took the first steps back in the autumn of 2008 and were thus able to reorganize and adapt our business activities and costs to the new situation. Our actions included a broad cost-cutting programme, personnel reductions, efficiency improvements and a reduction in working capital. We tried reducing working hours and temporary lay-offs as far as possible, but despite this a large number of our employees had to leave the company. We adapted our actions so as not to jeopardize our product development, marketing and purchasing capabilities. We also raised our prices to compensate for major increases in materials prices during 2008.

We were obliged to make a number of tough decisions during the year; one example was the closing of two of our factories and moving their production to China, another was the significant cut-backs we made that resulted in many of our employees losing their jobs. These decisions were not made without regret of course, but they were nevertheless necessary to safeguard the company's future.

The result of all these efforts can be seen in our bottom line. The global financial crisis, the recession and the road to recovery all clearly show the strength of Ålö's core business. During the worst financial crisis in modern times – in which Group orders received and invoicing fell by 30 per cent – we succeeded in achieving a profit of SEK 128 million, the equivalent of an operating margin of 8.4 per cent. The company's strong market and financial positions remain unchanged. Thanks to this economic performance we have a secure base from which we can not only defend our position, but also go on the offensive.

Once the economy stabilizes and enters a growth phase again, it will be my job as MD to place even greater emphasis on implementing Ålö's strategy for profitable growth. Our assessment of the long-term underlying demand within our industry continues to be positive; as earth's population continues to grow there will be more mouths to feed and this will bring an increased need for mechanized agriculture. During 2009 we focused on three steps in our long-range plan for Ålö.

Our acquisition of Bush Hog's loader factory in Telford, Tennessee, was one of them. This is the birthplace of Alo Tennessee, a subsidiary that will provide proprietary manufacturing in the USA in large, modern production facilities. A decisive step forward in our continued expansion in North America.

Our decision to set up shop in China was another. Establishing manufacturing in one of the world's leading low-cost countries strengthens Ålö's competitiveness and profitability. It also provides Ålö proximity to those markets in Asia that are predicted to grow vigorously in the future.

The third step is the completion of our strategic development into a market-leading, full-range supplier. Two new product lines for compact and utility loaders were introduced during 2010.

When everything is implemented and completed the outcome will be a new factory in Asia and another in North America – two new footholds in two important future markets. We will have a veritable arsenal of products to cover every market segment and provide us with fresh opportunities to advance into new and established markets. I am convinced that the prioritized actions and measures we are currently taking will allow Ålö to further strengthen its positions once demand picks up again.

And finally I would like to extend my sincere thanks to every Ålö employee for their excellent performance in extraordinary circumstances.

Olle Pehrsson, MD


Q45

Strategic investment
improves growth opportunities in the USA

None Too Quiet on the Western Front.

A new factory, new loaders and new opportunities for growth in an important market for Ålö's products. All thanks to an offensive strategic investment.

With its acquisition of the Bush Hog front loader business, Ålö has gained a production unit in North America. A first serious step towards entering the North American market with its new product lines. A large, important market which, according to the company's analyses, offers the greatest growth potential in the near term. The acquisition was a strategically prioritized project that – once the opportunity presented itself – was implemented quickly thanks to good forward planning and focused efforts.

Optimal market timing

The acquisition creates a number of opportunities. Initially Ålö will produce Bush Hog front loaders for the North American market. The Bush Hog product range will be phased out during 2010 and 2011 in connection with the introduction of compact and utility loaders.

The market segments for smaller, compact and less expensive loaders are expected to grow significantly in the years ahead and Ålö will be able to respond from a dedicated, specialized production unit in the North American market. Because Ålö will soon be able to provide the market with every kind of loader, big and small, basic or advanced, it will also be able to satisfy every customer category with the company's own products. Customers will then be able to enhance their equipment inventory by successively upgrading to larger, more professional equipment from the same supplier.

Strengthening growth opportunities

The facility in Tennessee is modern, efficient and ideally situated from a logistics standpoint. Thanks to the acquisition Ålö has significantly improved its ability to fulfil market requirements through increased flexibility and shorter lead times. It will mean that delivery times can be cut by up to seven weeks. Manufacturing products in the customer's market also cuts transport costs and radically reduces Ålö's environmental impact. Overall Ålö will be able to strengthen its ability to develop business opportunities in terms of quality and cost-effectiveness in a prioritized growth market.

Consolidated base for the USA

In addition to the manufacture of Ålö's new product lines some production from the Group's European factories will move to Tennessee. In this way capacity will be freed-up in existing production facilities, which will in turn create conditions for further growth. The facility in Tennessee will also act as Ålö's central warehouse in the USA. The existing warehouse and offices in Winston Salem, NC will be closed and the sales company Alo USA Inc. will move to Tennessee. The factory is a hive of activity right now as the building of an ultra-modern production unit and a hub for Ålö's North American market proceeds. All under one roof: Alo Tennessee.

Urban Hadarsson, Sales Director.

Why did you buy the factory in Tennessee?
"North America is the market we consider to have the greatest growth potential in the near-term. The acquisition of Bush Hog's front loader business provides us with great opportunities for establishing proprietary production in the USA. It's a perfect match; we wanted production facilities with a modern paint shop and a foundation on which to build for the future."

What's going on there right now?
"We're in the process of setting up production, new machinery is being brought on stream, the factory is being re-organized and the production lines built up. During the first half of 2010 we will also move our sales office from Winston Salem, North Carolina to Telford, Tennessee."

What effects will this investment have for Ålö, market-wise?
"It will provide us with radically different abilities to compete in the North American marketplace and to continue to grow. Setting up our own manufacturing unit creates better conditions for fulfilling customer requirements for short delivery times and competitive prices."

Jan Sandsjö, Production Director.

Why is it so important for Ålö to establish a factory in the USA?

"When we acquired this factory it was an important building block in our strategy of launching a full product range for the North American market. As a unit the factory is suited above all for the production of small to medium sized loaders. Right now we are in the middle of a change-over phase where we begin production and build up production lines. Production levels in the factory will rise significantly within three years if things go as planned."

What challenges do you foresee for the Alo Tennessee project?

"It's a big factory and it must have volume to be profitable. Implementing a large number of projects in a short space of time is another challenge we're struggling with."

So you're setting up a new factory, but how will things go for the people who worked there?

"Obviously we need their expertise; the staff we have taken on are skilled, proficient employees. There are currently around 50 employees and we will reach at least 100 once the factory is up and running properly. That's the plan. We'll produce more loaders in the facility than they did previously, but with fewer employees."

Setting up in China
opens a potential new market

Made in China might soon be Sold in China.

That's the long-term thinking behind the decision to move implement manufacturing to China. The primary reason is to be able to produce and supply products at the most competitive prices on the market.

Ever-tougher competition chiefly from manufacturers in low-cost countries has caused margins to shrink and Ålö could foresee a time when implement production was threatened, so an evaluation was carried out to find the most cost-effective solution for the Group's implement production. The comprehensive evaluation analyzed alternatives to centralizing implement manufacture in Skive, Bergsjö or Brännland. In contrast to these three possibilities was the

Urban Hadarsson, Sales Director.

What's the main reason for the move to China?

"In the short term it provides us with the opportunity to improve our competitiveness and profitability through the cost-effective manufacture of implements. China will become a market for Ålö in the not-too-distant future and by setting up there we'll be in a position to meet demand when it picks up."

How will China develop as a market for Ålö?

"Asia is a huge market in the offing, China is not yet a large market for our products but as more and more people move into the cities to take up jobs in industry due to the industrialization that is under way, agriculture will need to mechanize as smallholdings will no longer just be feeding one household.

What is also interesting is that the Chinese state is currently spending large sums of money in supporting the mechanization of agriculture in order to meet the demand for increased food production."

What concrete opportunities do you foresee?

"We regard increased mechanization as an opportunity to gain a foothold in the market with our Utility product range. Budget products of the highest quality for light tractors. And of course producing implements in China makes things easier for us in markets such as India and Oceania."

alternative of building a completely new factory in China and moving all production there.

The results of the analysis were ready in August, 2009. No matter how we looked at the numbers none of the alternatives could match the Chinese solution. Lower wages, lower materials costs and important raw materials and component suppliers in the immediate vicinity made better, cheaper purchasing possible even for other parts of the Group. The figures pointed unequivocally toward Asia. Toward China.

South of Shanghai

In December 2009 the decision was taken to cease production in Skive and Bergsjö and build a new factory in the port city of Ningbo. It was not a decision that was taken lightly as Skive and Bergsjö were both prominent members of the Ålö family. In addition to a production unit in China, Ålö will enjoy much improved continuity of presence as a purchaser in what is currently the world's hottest low-price market. Because around 50 per cent of Ålö's total costs comprise materials and components there is great potential in the form of cost reductions. Cost savings will therefore be made at several stages and it is hoped that the investment in China will provide a guarantee for sustained Group profitability.

Unchanged quality thinking

Cost savings achieved through manufacturing in China will not take place at the expense of Ålö's stringent demands for market-leading quality. A west-European management team has been recruited to safeguard this and to lead the setting-up of the same production systems and automation as in the European factories. Implements will be manufactured in China in the same way as in Sweden and Denmark, using the same equipment and everything will be inspected during rigorous quality control. The transfer of production will be completed during 2011.

Increased mechanization

Cost-effectiveness is all well and good, but believe it or not there are other factors that make setting up in China even more interesting. Namely that China is a market for front loaders and implements. The fact is most large tractor manufacturers are already established, or are in the process of becoming established, in China. The forecast is that the Chinese government will push for the development of ever-more mechanized agriculture simply because the current urbanization of China entails more and more people living and working in cities who do not produce their own food. The farms that remain will therefore need to produce more and more to feed the nation's citizens.

Understanding the market

There is already a loader market in China, although its size is hard to judge. But nobody is in any doubt of the country's ability to change fast. There are also signals that suggest a comprehensive investment in, and development of, agriculture will take place over the next 5 to 10 years.

By setting up in China, Ålö will also have the opportunity to learn and understand the market and to interpret its movements in order to ensure that the company can take the appropriate action when demand grows. Ålö's development of compact, lighter, low-cost loaders also suits trends in China as they can act as entry-level products on the Chinese market.

Jan Sandsjö, Production Director.

Why did you choose to set up shop in Ningbo, China?

"Ningbo has one of China's biggest harbours and the city is just a few hours south of Shanghai in a region undergoing great expansion. And there are significant manufacturing industries all around Ningbo which are of interest to us as sub suppliers."

How are things proceeding; are you still on schedule?

"Yes. So far so good. The factories are ready for moving in, and inspections and possession will take place in April. During May and June we'll set up the first equipment from the move from Bergsjö. Then we'll run small-scale tests before we start the main production runs. We've set up an organization with a manager who worked in our Danish factory, and we've taken on a number of Chinese employees. We'll move production from Europe over to China in a number of installation stages. Bergsjö will be closed permanently from the autumn of 2010, Skive in the middle of 2011. By the second half of 2011 all implement production will have moved to China"

What has been the most difficult aspect?

"We have to act appropriately toward the Chinese authorities and follow regulations carefully. We've learned many things along the way that will come in useful in the future. It's interesting to note that over the years we've built up an organization that made it possible for us to carry out this kind of restructuring ourselves. That is extremely valuable. And I must also add that the closures in Bergsjö and Skive have been dealt with very professionally by all of the employees affected, and that despite the decision to close the plants production is running at capacity."

Product development creates **new market opportunities**

Becoming a full-range supplier makes it possible for Ålö to continue growing in markets where it is already market leader. And the new Compact and Utility loaders open the way for footholds in new markets.

Over the past few years Ålö has consciously pursued product development aimed at realizing the goal of establishing the company as a full-range supplier on the loader market. Historically, Ålö has played a leading role on the big loader scene with its more

professional products, but has left the market's low price and compact segments to other suppliers. Developments over the past few years have clearly shown that the biggest growth in the years ahead will actually be in the small, simple loader segment. Not just because there has been a market swing toward this type of product, but also because new markets may now be on the way to opening up due to an increased level of mechanization where equipment of this particular type can act as entry-level products.

A natural step

And it's an unpalatable fact that Ålö's opportunities for growth in existing markets with its current product range are limited. There are simply more and better opportunities in being able to extend our product range within the framework of our existing organization; it requires no change of course regarding our business idea and strategy and Ålö will continue to focus on developing the market's best loaders. So developing loaders based on the same technology and expertise for the markets and segments that are growing the fastest is a natural step for us to take.

Two new product lines

The Utility product range is suited for tractors in the 35 to 90 horsepower category and is aimed at a customer segment that includes farmers who do not run professional, large scale farms but rather smallholdings. The products are not so technically advanced, but they are robust, of good quality and provided at competitive prices. The Compact product range is suited for compact tractors in the 15 to 50 hp category, such as those used on golf courses and stud farms, and by semi-professional farmers, so-called Lifestyle farmers. The launch of both product lines will take place at the end of 2010. By establishing itself as a full-range supplier, Ålö will become more attractive as a strategic partner for the large tractor manufacturers as we will be able to provide loaders and implements for their complete range of tractors.

Urban Hadarsson, Sales Director.

Why hasn't Ålö sold small loaders before now?

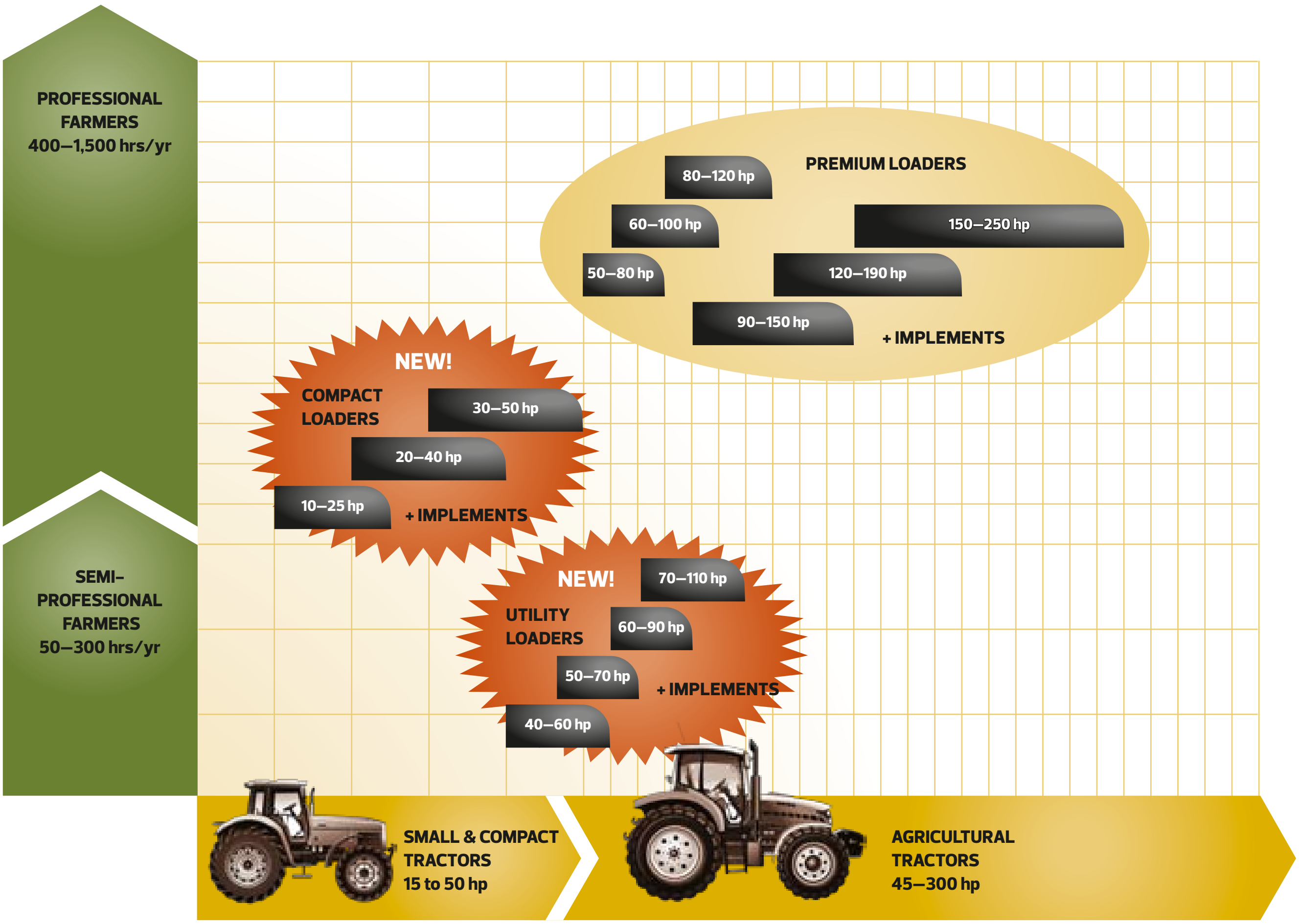
"This type of product has always been around, but demand was not sufficiently large. But as the segment grew it became more interesting for us. And if we are to continue to grow as a company then we'll need these products in certain markets."

What is the biggest challenge in broadening the range?

"Having sufficient flexibility in the product range. One challenge will be to meet different requirements without excessive product range spread. It's a matter of delivering custom solutions based on our standard products."

Are you done now, or are there still gaps in the market for Ålö to fill?

"When it comes to loaders we have a complete range. What remains to be developed are implements, but then maybe at the premium end of the range. For example, there is demand for implements for the telescopic handlers available on the market today."



Leading developments

Work on completing the new loader programmes also bears witness to the fact that Ålö has a strong organization that can manage focused product R&D independently of business cycles and other external factors. The company has succeeded in building up a working procedure and the expertise necessary to pursue complex R&D projects rationally and efficiently from concept to finished product. In 2011, when demand is expected to take off, Ålö will be ready with a completely new, modern, full product range. Once again Ålö will have achieved its ambition of being an innovative, technical pioneer at the leading edge of front loader development.

Tomas Nygren,
R&D Director

What was the biggest challenge in developing Ålö's Compact and Utility programmes?
"The biggest challenge was probably in designing the loaders so that we could offer them at the right price. It's also a challenge designing the right product for these customers. Not overdoing the dimensions. By tradition we are used to adding functions to new products, but now we need to simplify and scale back. This is something new for us."

How quickly can you start production?
"The first Utility loaders will be in production in 2010. We've developed a new method of construction. We've tried to design the new loaders so that setting up new production lines goes fast."

What's your next step?
"It's time for us to look over our premium products again and design the next generation. They've been around for five years now, so we will have to present a new generation a couple of years from now. But in the immediate future we plan to launch an upgrade of our existing premium products."

Stronger market position despite the crisis

The crisis meant that overall 2009 saw a dramatic fall in demand throughout the world market.

But Ålö still managed to strengthen its position. And in the UK we even beat our own sales record!

2008 was a record year for Ålö, and even though there were signs toward the end of the year that the market was declining there was still hope for a good 2009. Nobody would have believed that the consequences of the financial crisis would be as dramatic as they were. Almost a third of the market was wiped out in just a few months. But for Ålö the bottom line remained positive at the end of the year, and despite the slump in demand Ålö strengthened its position on the world market.

Record noted despite crisis

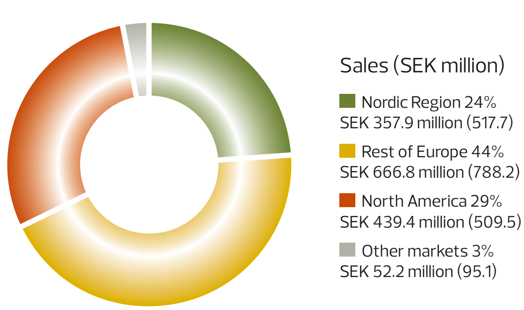
In 2009 the UK actually beat its previous 2008 sales record – a remarkable achievement. Ålö increased its sales in the UK by 13 per cent at the same time as the market fell by 12 per cent. Market share for our own brands, Quicke and Trima, increased by 6 percentage points.

Unabated strength

Poland was another market that showed a positive trend during 2009. Ålö was able to maintain its sales in a falling market. Market shares grew by 6 percentage points.

The trend continued to be positive in North America and the number of loaders per tractor sold by our OEM customers increased and sales directly to dealers were in principal reported as unchanged. Although sales fell in most of the other markets in absolute terms, we estimate that we have maintained, and in many cases increased, our market shares.

Our strategy during this year of crisis was good cost control. We are also determined that the cost cutting programmes implemented do not affect our customers. Our focus has been to optimize all marketing activities and to make the best possible use of business travel and customer meetings.



Two new products presented

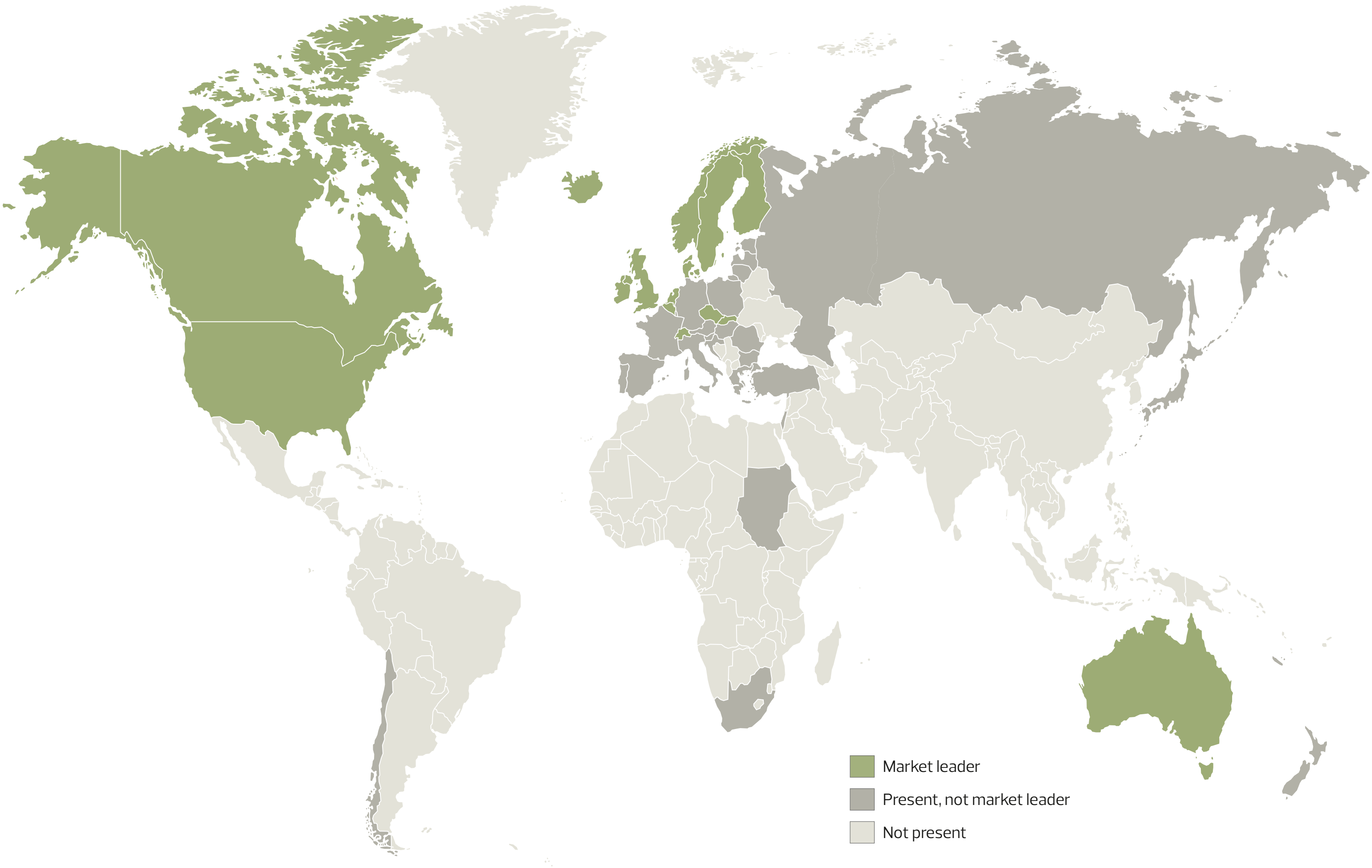
A number of important new products were presented during the year's two big industry exhibitions. The new compact concept Ålö QCC, Quicke Compact Concept, was shown for the first time at the SIMA show in Paris in February. QCC enjoyed a good reception, even though Europe is not the intended principal market. It was time for our next new product premiere at the Agritechnica exhibition in Hannover. LCS is an entirely new hydraulic interface between loader and tractor, with new valves, control levers and connections customized for front loader requirements and functions. Exhibition visitors were able to test drive the system at the show in a simulator. LCS will be launched during the second half of 2010.

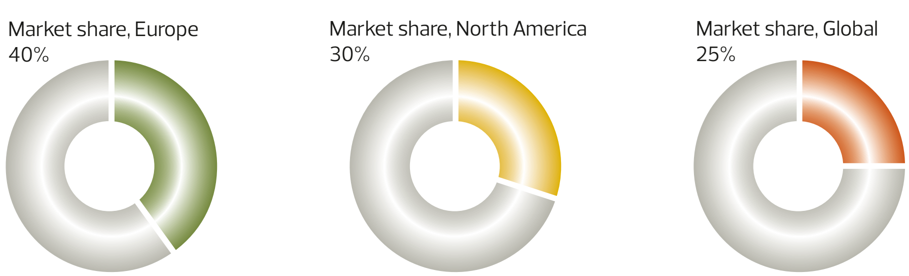
Ålö updated its graphic profile during 2009 to better reflect its products. The company developed a sweeping brand strategy to clearly define how the brands Ålö, Quicke and Trima should be put across.

But wait, there's more ...

Ålö's third new product will be the newly developed Utility programme which will enter production in 2010. It became very clear during the second half of 2009 that loaders of simpler design were winning market share. This is of course partially a result of the financial crisis and the recession affecting customer finances, but there are also signs that there is an underlying trend independent of the recession. The utility market has grown stronger after many years of an obsessive focus on performance and the pursuit of bigger, better, faster. The focus has now shifted to high quality loaders that are technologically simpler. In some markets the utility segment has overtaken the "normal" market.

The launch of Ålö's Compact and Utility loaders means that the company is now a full-range supplier with complete range of proprietary equipment. What's more, the two new loader programmes prepare the way to a possible foothold in two exciting future markets with great potential: Asia and South America.

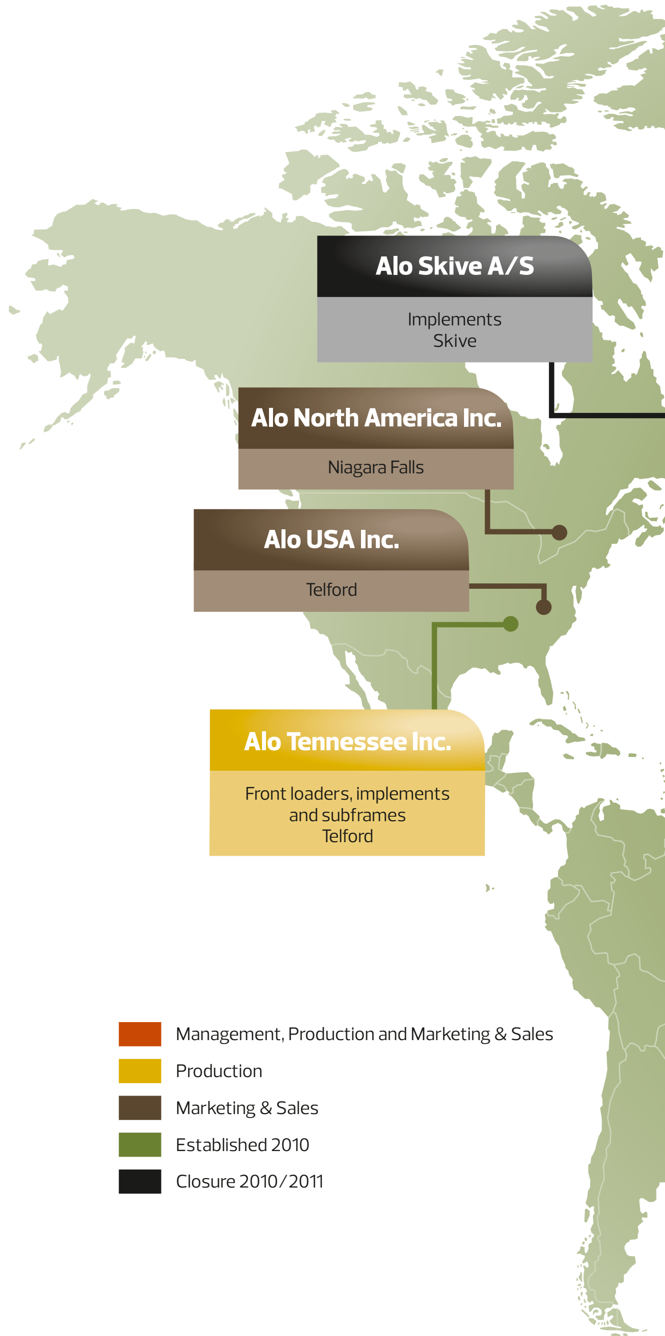

Market leader
Present, not market leader
Not present


Market share, Europe
40%
Market share, North America
30%
Market share, Global
25%

Strategic decisions establish Ålö in Asia and North America

Today Ålö is a world-leading manufacturer of front loaders with associated implements, and has around 25 per cent of the global market in the segment agricultural tractors with engines of more than 50 hp. Around 90 per cent of total production is exported. The company is currently represented in more than 40 countries, and it enjoys a leading position in more than 15. In 2009, sales reached 23,000 loaders, 35,000 implements and 25,000 subframes.

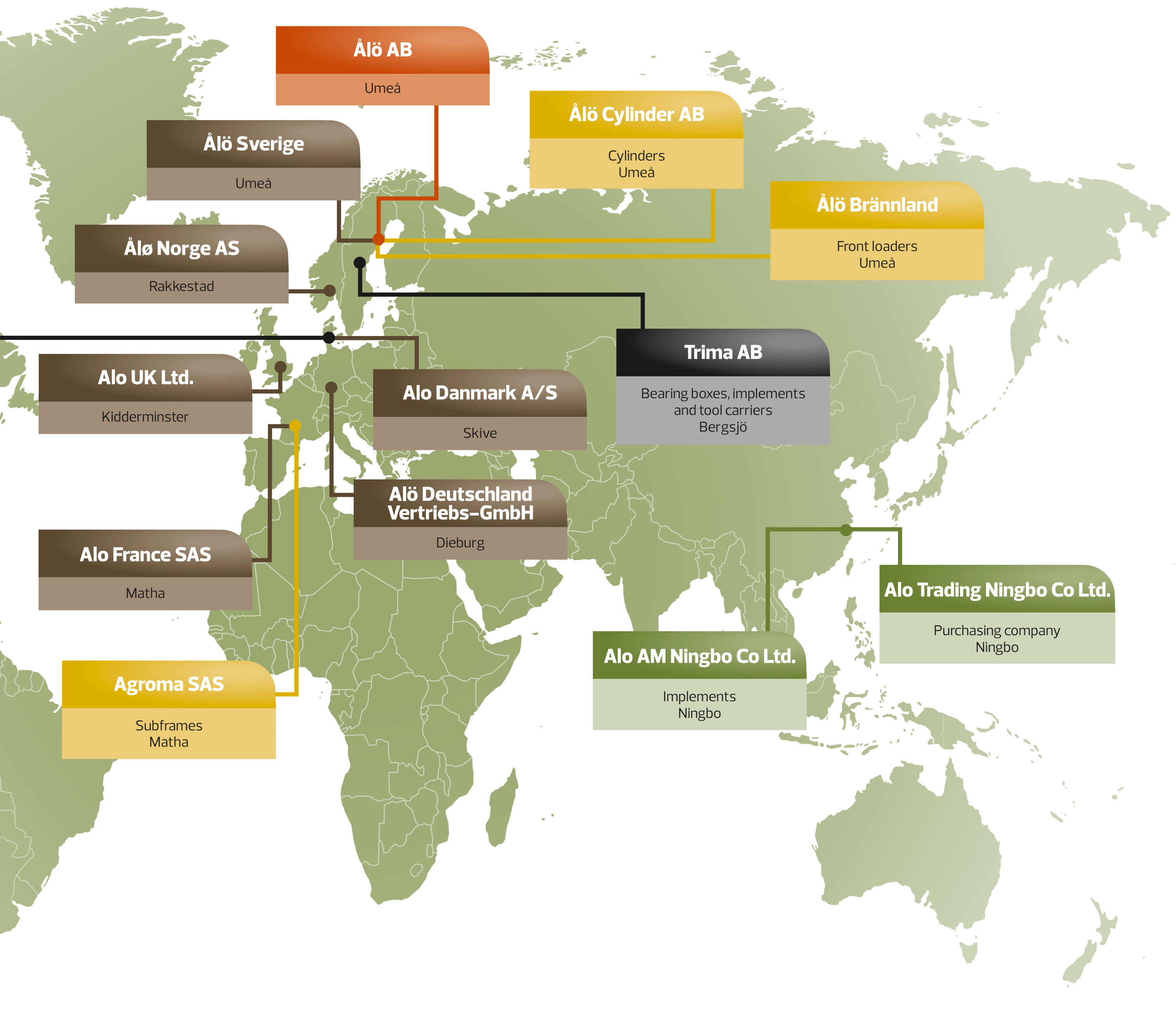
Ålö has adopted the aggressive objective of establishing itself as a market-leading, full-range supplier. The launch of the new products will take place in 2010.



Ålö's brands

Quicke®

The first Quicke loader was presented in 1958. The loader has been continually improved over the years through several generations leading to today's product family. Quicke is associated with design, exclusive features and performance.



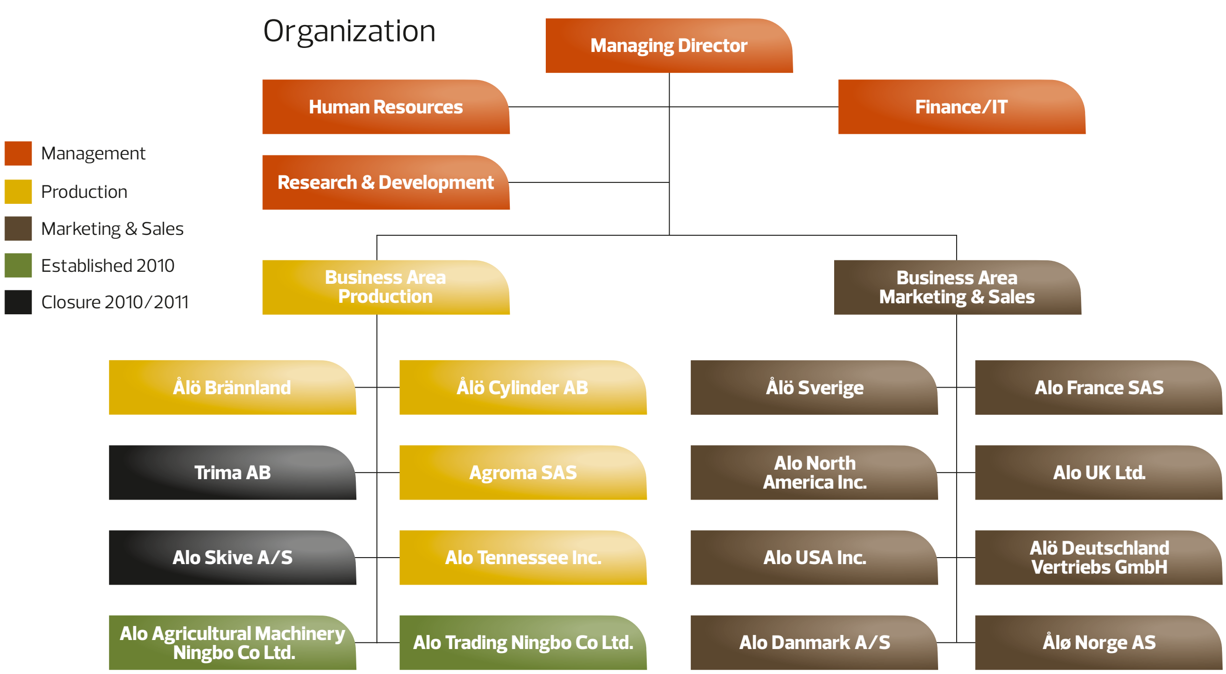
TRIMA®

The predecessor to the Trima loader was first produced in 1956 by Bergsjöverken. It has been produced under the Trima name since 1963. Today the former competitor is one of Ålö's two main brands. Trima is associated with reliability, stability and productivity.

VETO

Veto was acquired in 1999 from Nordsten A/S. The Veto loader is built around the same basic design as the Trima.

Restructuring production **increases company profitability**



The Parent Company's role is, by means of an efficient organization and strategic guidelines, to coordinate and direct activities in two business areas: Production, and Marketing & Sales. Group management comprises the Managing Director, the Business Area Directors, the R&D Director and the Directors of the staff organizations Finance/IT and HR. The Group's sales and marketing organization is represented in Canada, Denmark, France, Germany, Great Britain, Norway, Sweden and the USA. In 2009 Ålö had six manufacturing facilities – three in Sweden (Umeå and Bergsjö), one in Denmark (Skive), one in France (Matha) and one in the USA (Telford, TN).

During 2010 two companies will be set up in China. A production company to which the Group's implement manufacturing will be transferred, and a purchasing company. The purchasing company will report to business area Production and will strengthen Ålö's presence in what is currently the world's hottest low-price market.

Ålö's products

Front loaders

Front loaders carry implements. Front loaders are moving toward an increased level of sophistication in step with the trend toward bigger and more technically advanced agricultural tractors. Generally speaking, most of the loaders on the market fulfil the basic requirements for strength and lift-heights. Differences are to a greater extent inherent in such qualities as manoeuvrability, flexible subframes and tool carriers, and dampening.

A front loader is tasked with providing an implement with maximum functional suitability, flexibility and utilization.

Over the past decades, both Ålö and Trima have been at the front line of developments, which has resulted in functions such as parallel lifting, load dampening and hydraulic implement locking. These solutions have also become trend setters and have in later years made significant breakthroughs in North America, Oceania and Japan.

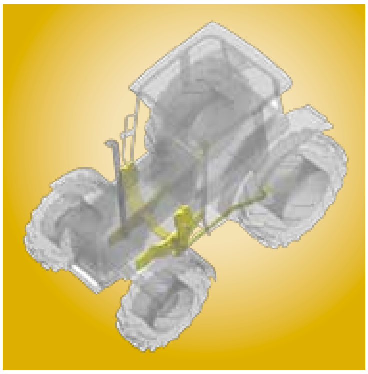
Implements

The bucket was the dominant front loader implement for a long while, but advances in agriculture have led to new implements being developed. Today, flexibility and utility are the two most important competitive factors.

An important task for Group R&D is, in close cooperation with end-users, to provide new functions through new, improved implements.

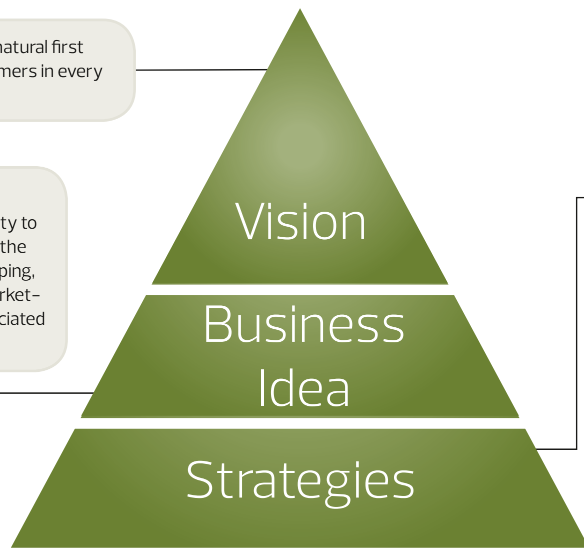
Subframes

A subframe is a structure for attaching the front loader to the tractor. It is the most inconspicuous, and at the same time one of the strategically most important parts of a front loader. Ålö has a mutually significant relationship to tractor manufacturers, which involves early access to design documentation. In this way, Ålö is able to offer front loaders at the same time as a tractor is released onto the market. With easily the market's largest range of subframes Ålö is currently able to provide front loaders for more that 1,000 tractor models.



Ålö shall be the natural first choice for customers in every market.

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



- To be the leader in all markets where the company does business.
- To build, own and develop our own brands and market them in such a way that they are positioned as the customer's first choice on each respective market.
- To focus all resources on well-defined product segments.
- To continuously increase sales volumes through organic growth and acquisition of market shares.
- To be the quickest to supply solutions for new market conditions and requirements.
- To dispose over our own sales organizations for maximum control and optimization of market and sales resources.
- To control and optimize all strategically important parts of the production and distribution chain, aimed at increasing specialization and flexibility.
- To pursue development efforts that safeguard our position as a market-leading, full-range supplier.

Natural customer choice as a full-range supplier

As a market-leading, full-range supplier, Ålö has the objective of dominating the position as the customer's natural first choice.

Optimizing competitive advantage

Ålö's objective is to control all strategically important aspects of operations in which competitive advantage is influenced by access to unique expertise and resources. This applies to the entire process, from the supply of materials and standard components to interaction with dealers. The intention is to focus on, and optimize, every detail that affects Group competitiveness.

Focus on customer value

In ever-keener competition, tractor manufacturers rival each other with new models, continuous improvements and successively shorter product life cycles. Thanks to our position as market leader, tractor manufacturers are happy to cooperate with Ålö. This guarantees us early access to the technical documentation necessary for parallel development efforts. Ålö currently has the market's widest range of front loaders and subframes for more than 1,000 tractor models. Development of a front loader is ultimately dependent on the final customer – the end users within agriculture, industry and various community sectors. We must therefore have at our disposal detailed knowledge of market trends and changes which affect the needs of dealers, importers and customers alike. This is essential not just for continued product development, but also for successful marketing and sales efforts.

Strong proprietary brands

In a market where many products are perceived to be alike, a strong brand can be the deciding factor in a customer's distinguishing one product from the others. Ålö's ambition is, on the basis of a strong, underlying, unified message, to own and actively develop three of the industry's world-beating brands: Quicke, Trima and Veto.

Financial **targets**

Ålö's Board directs business with the help of four financial targets. The overall objective for Ålö is to achieve a return on capital employed that always exceeds the Group's total weighted average cost of capital (WACC) parallel with growth.

All in all, this will enable Ålö to continually increase shareholder value. The strategy used to achieve these targets follows a model that applies to all operational units within the Group; first stability, then profitability, and finally, growth. Profitable growth is Ålö's highest priority. Such growth will be achieved through organic expansion and by means of acquisitions.

Target

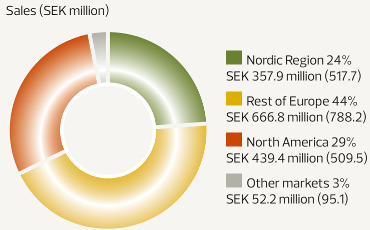
Outcome

To achieve a return on capital employed that always exceeds the Group's total weighted average cost of capital (WACC).

Return on capital employed, %, 5 years

To achieve an annual growth that exceeds 10%.

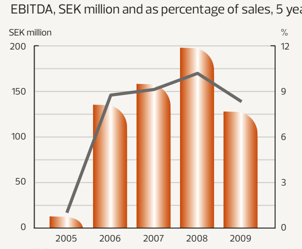
Sales (SEK million)



Sales and growth, SEK million, 5 years

To achieve an EBITDA margin that consistently exceeds 15%.

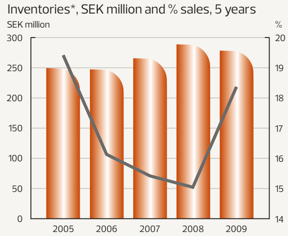
EBITDA, SEK million and as percentage of sales, 5 years



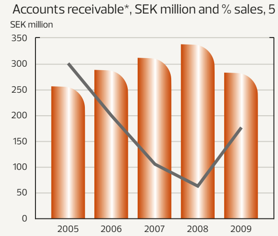
To continuously improve the efficiency of working capital, i.e. inventories, receivables, accounts payable and other current liabilities/assets to a target level of max 20% of net sales.

*) Average for the year.

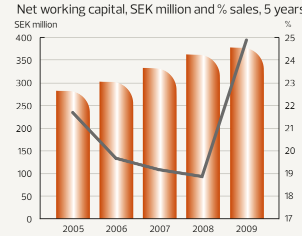
Inventories*, SEK million and % sales, 5 years



Accounts receivable*, SEK million and % sales, 5 years



Net working capital, SEK million and % sales, 5 years



Involvement means world-beating progress

Participation fosters involvement, and involvement means progress.

Not so surprising then that a young engineer who barely three years ago began as a trainee is now the project manager responsible for Ålö's set-up in China.

Our conscious strategy of refining the company's talents has provided results.

It is Ålö's stated objective to be an attractive employer in order to safeguard its future supply of competence. The capacity to attract, develop and keep skilled employees is crucial for the ability to create sustainable competitiveness and thus enduring success. For this reason we prioritize activities with e.g. universities and vocational colleges to promote Ålö as an employer and spotlight the career opportunities that are to be had in our international Group.

Ålö currently works systematically with international exchanges for all employees from senior management to the shop floor. There is room for talent to grow and develop in every occupation and at every level. During annual performance appraisals each of our employees is given the opportunity to provide their idea of how they would like to develop, and to work out a personal development plan together with their manager.

Every year a number of employees are identified as having the potential to develop to a new level, to take on new responsibilities and perhaps to change positions. One current example of how these efforts have borne fruit is Ålö's project in China whose setting up is led by a young engineer who was a trainee at Ålö barely three years ago. Another example is the two young employees who worked on the O2D Order to Delivery project, and who now travel the world implementing the new system with their overseas colleagues.

Dialogue brings participation

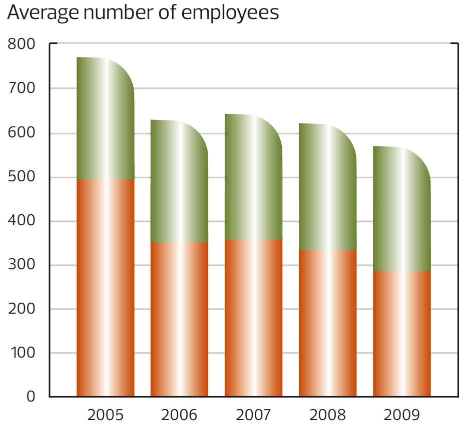
What makes all this possible? One fundamental reason is participation.

Ålö endeavours to achieve the goal of getting every employee to live up to the motto "I can and will take responsibility" by creating participation through openness and dialogue which in turn give rise to dedication and an increased sense of responsibility. The work proceeds in stages, and an informal, open company culture lies at the heart of these efforts. At Ålö there's no stand-offish distance between senior management and the shop floor; on the contrary, there is a friendly, familiar atmosphere. Ålö is a company whose MD signs off his monthly reports with the disarming nickname "Olle". So what's the reason for this management style? Why this relaxed attitude? The answers is as simple as the concept is successful. Increased participation leads to an increase in responsibility, and when every employee takes responsibility for developing the company in both everyday matters and crucial business projects, the rewards are good. This is a major part of the secret behind the quality of Ålö's processes and products. A robust framework of dedicated, loyal and proud employees constitute the backbone of Ålö's world-beating development efforts.

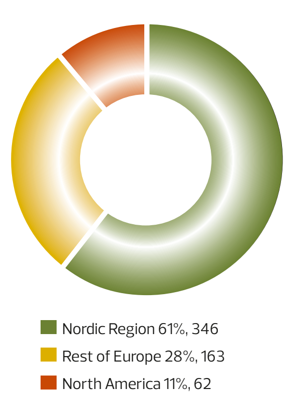
Cross pollination

As Ålö grows and establishes itself in new markets and cultures, so does the challenge in spreading this relaxed, familiar company

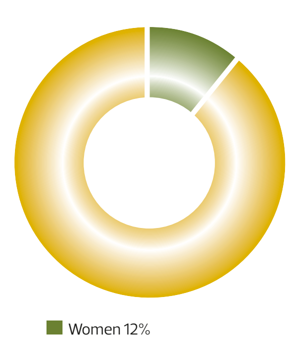
Average number of employees



Employees per region



Gender distribution



culture. The work is carried on at several different levels e.g. through the MD's monthly newsletter, at review meetings in which company management meets with small groups of employees 2 or 3 times a year, and individual performance appraisals that are held annually. Another example of cooperation and participation can be found in R&D where important information exchanges take place in cross-functional groups that are appointed for each project. This naturally involves personnel from the regions where the product will later be sold in order to gain a qualitative insight into the demands placed by the particular market, information that is vital in ensuring that the final product is designed to fulfil the customer's actual requirements. This is a rational and efficient way of safeguarding the continual transfer of expertise and best business practices. Not least because Ålö does business in an age where change takes place at an ever-increasing pace and where the ability to adapt products and associated services are more crucial than ever.

Mutual understanding in tough times

After several years of growth our human resources departments suddenly had to deal with the opposite during 2009. The financial crisis, the recession and falling demand for Ålö's products forced cut-backs and reorganization at the individual level. The adaptation of capacity and costs had to be balanced against the need to retain vital expertise within the company. We were able to perform cut-backs throughout the Group quickly, flexibly and in mutual agreement with trade unions. For example, agreements were reached regarding reductions in working hours and incomes. In addition to this we applied various types of lay-offs where the state, the employee and the employer share the costs. The result of the above actions was a rapid reduction of personnel costs and the ability to avoid redundancies to a greater extent and thus retain expertise within the company in the expectation of better times ahead.

The decision to close the factories in Skive and Bergsjö was obviously a difficult one to communicate, but here too Ålö worked according to its principal of great openness and participation. Immediately after the decision was taken we began negotiations and efforts to get a readjustment process under way to provide every affected employee the best possible chance of finding a way to new employment and a future livelihood. The readjustment process consisted of an arsenal of proactive measures. Coaching formed a pivotal role, and every redundant employee met a change-over coach as an essential first step in finding out what the next step should be. Studies? Self-employment? Another job? Pension? Thanks to this kind of open dialogue the work in closing down the two factories began in mutual understanding without any kind of conflict.

Maintaining quality

The decision to close the two factories also presented a critical business challenge. Production in the existing factories must continue with maintained volumes and quality until the new factory in China is in full production. For this reason Ålö decided to introduce a production bonus in Skive and Bergsjö and thus create focus and an incentive for workers made redundant. The outcome thus far has been positive; both factories are meeting their production targets. Once again Ålö's employees have shown great responsibility and genuine professional pride despite being in such a tough position. This kind of loyalty characterizes Ålö at every level.

The year 2009 also meant offensive investments in strategically important areas. The research and development department increased its number of positions by 20 per cent while the central purchasing function has doubled its manning. Setting-up has begun in China and recruitment is under way. It is estimated that the factory will have around 100 employees within two years. An analysis to determine required factory personnel competence contra that of the existing workforce was carried out in connection with the take-over of the Bush Hog factory in the USA. At the time of writing Alo Tennessee Inc. has around 50 employees; when the factory reaches full production the workforce will be around 100 individuals. Ålö's expansion in North America and China will contribute to sharpening company focus on working to strengthen diversification in the company's vital processes and increase exchanges where differences enrich each other and provide a deeper understanding of each market's unique requirements.

A wider Ålö family that will still be able to read the MD's monthly newsletter in Swedish, English, French, German – and Chinese – undersigned "Olle".

Financial overview and analysis

Key ratios

	2009	2008
Orders received, SEK million	1,435	1,918
Sales, SEK million	1,516	1,911
EBITDA, SEK million	128	196
EBITDA, margin, %	8.4	10.2
EBITA, SEK million	91	161
EBITA, margin, %	6.0	8.4
Operating cash flow, SEK million	102	67
Return on capital employed, %	8.4	14.8
Productivity	1.30	1.51

Group structure (comparative year)

In connection with the change in ownership of Ålö AB in 2002, a new Group structure was established. A NewCo, Ålö Intressenter AB, was created to acquire all shares in Ålö AB. Financing of the acquisition increased the Group's net debt significantly, and in addition a considerable goodwill item arose. The Group's structure, together with its financial situation, should be considered when comparisons are made with previous years.

In August 2009 Ålö signed an agreement with Bush Hog, one of the USA's leading agricultural machinery manufacturers, to acquire its front loader business. Business is pursued through the newly established subsidiary Alo Tennessee Inc. Alo Tennesse Inc. was consolidated in the group accounts from August 2009.

Financial targets

Ålö's Board directs business with the help of four financial targets. The overall objective for Ålö is to achieve a return on capital employed that always exceeds the Group's total weighted average cost of capital (WACC) parallel with growth. The Group's other financial targets are:

- to achieve an annual growth that exceeds 10%
- to achieve an EBITDA margin that consistently exceeds 15%
- to continuously improve the efficiency of working capital, i.e. inventories, receivables, accounts payable and other current liabilities/assets to a target level of max 20% of net sales.

All in all, this will enable Ålö to continually increase shareholder value. The strategy used to achieve these targets follows a model that applies to all operational units within the Group; first stability, then profitability, and finally, growth. Profitable growth is Ålö's highest priority. Such growth will be achieved through organic expansion and by means of acquisitions.

Orders received, production and invoicing

After the severe decline in the last four months of 2008, weak demand continued to characterize most of the Ålö Group's markets during 2009. Never before in the Group's history have so many markets been so severely influenced by a recession at the same time. Group orders received amounted to SEK 1,435 million in 2009, which is equivalent to reduction of SEK 483 million or 25 per cent compared to the previous year. Orders received measured by the number of loaders fell to 23,000 (33,000), a 30 per cent drop compared to the previous year.

Manufactured volume in 2009 amounted to 22,949 (34,439) loaders, equivalent to a reduction of 33 per cent compared to the previous year. Personnel reductions began as early as the autumn of 2008 in order to adjust capacity to the lower demand. Additional personnel reductions were carried out in 2009 in parallel with the Group-wide cost-cutting programme with the aim of successively adjusting the cost structure to a lower production rate. However, production system costs could not be lowered at the same rate as the extremely fast reduction in demand, which meant overmanning in manufacturing and that fixed cost absorption was low.

Group invoicing amounted to SEK 1,516 million in 2009, which is equivalent to a reduction of SEK 394 million or 21 per cent compared to the previous year. The number of loaders invoiced in 2009 was 23,359 (33,513). The number of implements invoiced fell by 34 per cent from 53,000 to 35,000. The accounting and reporting of After Sales have changed. From and including 2008 only spare parts (''Parts'') are included in the business area. The business area's invoicing during 2009 amounted to SEK 106 million, equivalent to a reduction of 4 per cent compared to 2008. The After Sales share of the Group's total sales amounted to 7 per cent (6).

The Nordic region accounted for 24 per cent (27) of Group net sales and was hit hard by the global financial crisis. Invoicing in 2009 amounted to SEK 358 million, equivalent to a reduction of 31 per cent compared to 2008. The markets in the rest of Europe, which make up 44 per cent (40) of the Group's net sales, were also affected by the global financial crisis, but demand in our main markets (the UK, France and Germany) weathered the storm better than most other regions. Invoicing in the rest of Europe fell from SEK 788 million to SEK 667 million, equivalent to a reduction of 15 per cent compared to the previous year. Among the Group's principal markets, North America, which accounts for 29 per cent (27) of Group net sales, fell by the smallest amount relatively speaking. Invoicing in North America amounted to SEK 439 million in 2009, equivalent to a reduction of 14 per cent compared to the previous year. The other markets shrank by 45 per cent from SEK 95 million to SEK 52 million.

Continued average growth for the period 2004–2009 amounted to 5 per cent per year.

Earnings

Group earnings before interest, tax, depreciations, amortizations and goodwill amortizations (EBITDA) fell from SEK 196 million to SEK 128 million and the operating margin dropped from 10.2 per cent to 8.4 per cent.

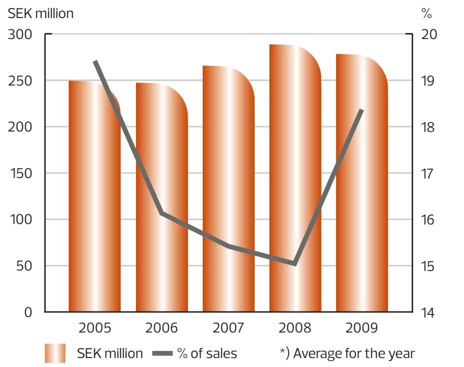
In comparison to the previous year, earnings were affected negatively by lower volumes, low capacity utilization in the manufacturing plants, and changes in foreign currency rates. The acquisition of Alo Tennessee Inc. affected Group earnings (EBITDA) by SEK -11 million. The year's earnings also includes costs of SEK 2 million related to the decision to transfer Group implement production to China (reported as an item affecting comparability). Earnings were affected positively by improved price realizations (in terms of higher prices) and lower factor prices (chiefly steel).

Earnings before goodwill amortization (EBITA) decreased from SEK 161 million to SEK 91 million for reasons described above. Depreciations according to plan for the year were SEK 70.3 million (68.2), of which buildings and machinery/equipment constitute SEK 34.6 million (32.6) and intangible assets SEK 35.7 million (35.6). Ålö applies, from and including 2003, an amortization period of twenty years to goodwill.

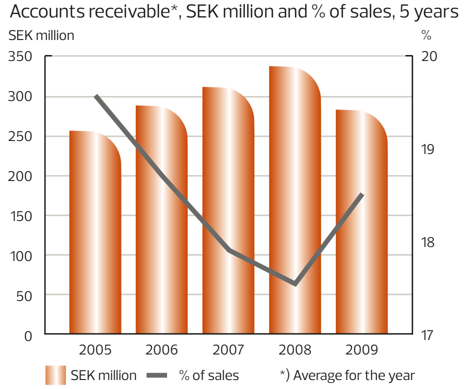
Net financial income/expense

The Group's net financial income/expense for the year (including exchange rate differences) amounted to SEK –53.0 million (–78.0), of which interest expenses and similar income statement items were SEK –54.3 million (–79.8). During the year the Group's long-term debt was reduced by SEK 72.0 million, compared to a reduction of SEK 50.9 million the previous year. Senior debt, i.e. long-term debt excluding convertible loans and loans from shareholders, was reduced by SEK 100.5 million during the year, compared to a reduction of SEK 79.1 million the previous year. This improvement in net financial income/expense not only reflects lower interest bearing debt thanks to a strong cash flow, but also lower interest rates in the Group's main currency (Group financing takes place chiefly in SEK). The effect, arising from accrued interest on convertible loans and

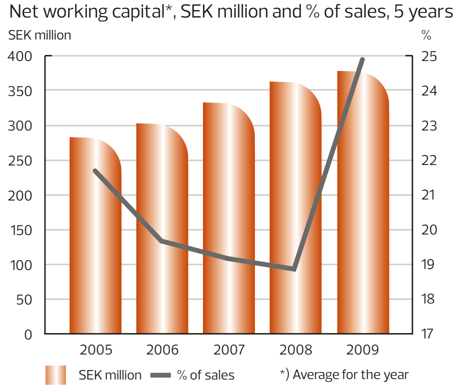
Inventories*, SEK million and % of sales, 5 years



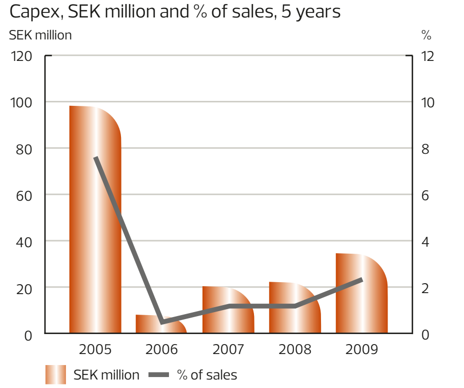
Accounts receivable*, SEK million and % of sales, 5 years



Net working capital*, SEK million and % of sales, 5 years



Capex, SEK million and % of sales, 5 years



loans from shareholders is added to the principal, influences net financial income/expense negatively.

Profit/loss after financial items

Profit/loss after financial items fell from SEK 49.5 million to SEK –3.7 million. Profit/loss includes costs of SEK 10 million (reported as an item affecting comparability) related to the decision to close the manufacturing units in Bergsjö (Trima AB) and Skive (Alo Skive A/S). The costs refer to impairment losses regarding buildings, building fixtures and fittings and land in Bergsjö and provisions for a restructuring reserve (rent of premises and leasing charges). Return on capital employed, i.e., EBITA including interest income in relation to average capital employed, was 8.4 per cent (14.8). In 2009 the Group applied a weighted total average cost of capital (WACC) of 9.0 per cent as the minimum requirement for investments and as an overall comparative value.

Taxes

Tax expenses for 2009 amounted to SEK 7.8 million compared to SEK 22.3 million for the previous year. The year's tax expenses include deferred tax income of SEK 17.4 million in comparison to a deferred tax expense of SEK 4.8 million in 2008. Tax expenses in relation to earnings, i.e. tax expenses for the year divided by earnings before tax plus goodwill amortizations, amounted to 26.3 per cent (26.9). Losses carried forward for which a deferred tax asset is not accounted, amounted to SEK 42.0 million.

Assets

During the year the Group's total assets fell by SEK 201.2 million to SEK 1,318.7 million. The capital turnover rate, i.e. sales divided by the balance sheet total (average for the year), fell from 1.30 to 1.08.

Net working capital

Inventory value was SEK 250.8 million (299.2) at the end of the year. In relation to net sales, inventory value (average for the year) rose to 18.3 per cent (15.0). Accounts receivable within the Ålö Group amounted to SEK 267.1 million on December 31, 2009, equivalent to a reduction of SEK 136.1 million compared to 2008. In relation to net sales, accounts receivable (average for the year) amounted to 18.5 per cent (17.5). Accounts payable amounted to SEK 109.5 million (204.9) at the end of 2009. In relation to net sales accounts payable (average for the year) fell to 8.5 per cent (10.0).

The Group's net working capital, i.e. the Group's inventory, accounts receivable, accounts payable and other current liabilities and assets, amounted to SEK 377.3 million on December 31, 2009, which corresponds to a reduction of SEK 40.4 million compared to 2008 (417.6). In relation to net sales, working capital (average for the year) amounted to 24.9 per cent (18.9).

The dramatic reduction in demand for Group products following the crisis in the financial system affected Group invoicing, earnings and relative capital tied up negatively during 2009. During the year the Group implemented comprehensive measures to adapt business activities to the lower demand and to improve its financial position. In a weakening business cycle it is extremely important to act quickly to reduce Group cost levels, manage customer credit risks and prevent too large an inventory from building up. In the prevailing circumstances it is also important to continue reducing capital tied up and to work toward creating cash flows that contribute to the Group's freedom of action. The results for 2009 represent a temporary blip on the graph. However, seen in a wider perspective the efforts to improve capital tied up have been very successful. In 2002, Group working capital (average for the year) amounted to 28.5 per cent of net sales. In connection with the revised financial targets for the Group an objective was established whereby working capital efficiency would be continually improved to reach a sustainable target level of 20 per cent of net sales. The key ratio has improved six years running, and the Group's financial objectives were achieved for the financial years 2006, 2007 and 2008.

Capital expenditures

Investments in tangible and intangible fixed assets amounted to SEK 34.5 million (22.3) which corresponds to 2.3 per cent (1.2) in relation to net sales. Investments excluding acquisitions of subsidiaries in relation to depreciation for the year amounted to 84.9 per cent (64.1). Investments relate among other things to the acquisition of the Bush Hog front loader business, capacity-enhancing investments at the factory in Tennessee, capitalized R&D expenses regarding the Loader Control System (LCS) and capacity-enhancing and rationalization investments in Group subframe manufacturing.

Statements of cash flow

Liquid assets at year end amounted to SEK 65.9 million (66.3), equivalent to 4.3 per cent (3.5) in relation to net sales. Group operating cash flow (i.e. cash flow from operating activities with deductions for net investments in tangible and intangible fixed assets) amounted to SEK 102 million, compared to an operating cash flow of SEK 67 million the previous year. The increase in operating cash flow can be attributed chiefly to improved working capital and lower net interest which have compensated for lower earnings and increased tax payments. The acquisition of Alo Tennessee Inc. affected Group net cash flow by SEK -32 million. Dividends paid out to shareholders during the year amounted to SEK 0 (0).

Equity and liabilities

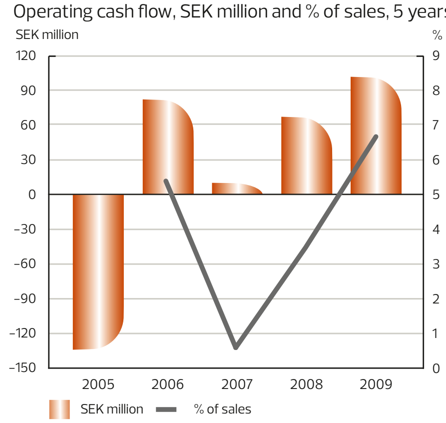
The Group's net debt, i.e., the difference between senior interest-bearing debt (not including convertible loans and loans from shareholders) and liquid assets, amounted to SEK 306 million (407) at year end. Group equity fell by SEK 13 million during the year and on December 31, 2009, amounted to SEK 166 million (179), representing an equity/assets ratio of 13 per cent (12).

Number of employees

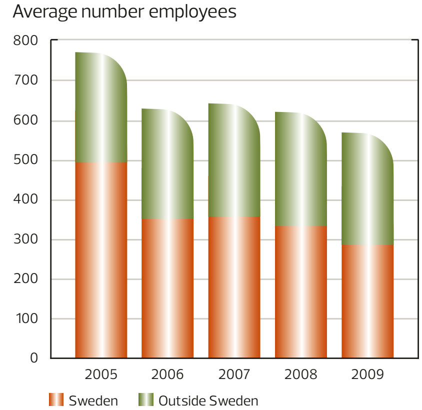
The average number of employees in the Ålö Group decreased during 2009 by 56 to 571 (627), which is a reduction of 9 per cent. Alo Tennessee Inc. contributes 19 annually employed (average). Sales per employee amounted to SEK 2.7 million, a reduction of 13 per cent compared to the previous year. The number of employees outside Sweden decreased by 4 during the year to 283 (287). Productivity, i.e. the value added divided by total payroll expenses, including payroll overheads, decreased by 14 per cent to 1.30 (1.51).

Cash flow statement	2009	2008
Cash flow from operating activities before changes in working capital	76	141
Change in working capital	60	-52
Cash flow from operating activities	137	89
Acquisition of tangible assets	-28	-22
Sales of tangible assets	0	0
Acquisition of subsidiaries	-3	–
Acquisition of intangible assets	-4	–
Cash flow from investment activities	-34	-22
Paid dividends	–	–
Increase/decrease in long term liabilities	-100	-90
New share issue	–	50
Other financial activity	0	0
Cash flow from financing activities	-100	-40
Changes in liquid assets before translation differences	2	26

Operating cash flow, SEK million and % of sales, 5 years



Average number employees



Administration report

The Board and the Managing Director of Ålö Intressenter AB submit herewith the annual report for the year January 1, 2009 to December 31, 2009.

All amounts, except where otherwise stated, are presented in thousands, Swedish kronor (SEK thousand). The previous year's figures are shown in parentheses.

Information concerning business activities

History. Ålö Intressenter AB was formed in 2002 in connection with the restructuring of the ownership of Ålö AB. At the time of the restructuring, 3i and Balticgruppen AB formed a new company together (Ålö Intressenter AB) and entered into an agreement to acquire all shares in Ålö AB.

Ownership relations. 3i Group plc owns 38.3 per cent of the company with an option to increase its share to 69.3 per cent. Balticgruppen AB (556197-8734) owns 37.8 per cent of the company; the remaining shares being owned by the company's board and management.

Current activities

The company. Ålö Intressenter AB's aim and purpose is to own and manage, either directly or via subsidiaries, shares in commercial subsidiaries and associated companies and to carry out the manufacture and sale of machinery and transport equipment accessories and other compatible activities. The Ålö Group Management is employed by Ålö Intressenter AB.

Group. The activities of the Ålö Group consist of the manufacture and sales of front loaders for mounting on tractors, mainly for use within the agricultural, industrial and municipal sectors. Sales in foreign markets are carried out by importers, our own sales companies and by a number of tractor manufacturers through OEM agreements. Ålö sells its products primarily in the European market. The markets in North America and Central and Eastern Europe are increasingly important.

Group relations and associated companies. Ålö Intressenter AB is the Parent Company in a Group comprising the subsidiaries and associated companies per note 13.

Ålö Intressenter AB owns 100 per cent of Ålö AB (556081-0482).

The Ålö AB Group includes the subsidiaries Agroma SAS and Alo France SAS, which operate in France. The subsidiaries Alo North America Inc., Alo Tennessee Inc. and Alo USA Inc. carry out activities in Canada and the USA respectively. Alo Skive A/S operates in Denmark and Alo UK Ltd. is active in Great Britain. In Sweden, cylinder manufacturing is performed by Ålö Cylinder AB. The subsidiary company Ålø Norge AS pursues business in Norway. All of the companies mentioned above are wholly owned by Ålö AB.

The subsidiary Alo Component S.R.O (Czech Republic) is dormant.

The Trima Group is also part of the Ålö AB Group, and operates as a subordinate to the Parent Company. The Trima Group comprises – in addition to the Parent Company Trima AB in Bergsjö – the subsidiaries Alö Deutschland Vertriebs-GmbH in Germany, and Alo Danmark A/S in Denmark.

Development during the financial year

The severe slow-down in the global economy in connection with the financial crisis that began in the summer of 2008 did not manifest itself in Group orders received until the last four months of that year. There followed an unusually rapid weakening of the business climate which did not stabilize until the second half of 2009. The 2009 financial year was therefore characterized to a great extent by consolidation and a focus on reducing costs and the capacity of the production units.

Group net sales amounted to SEK 1,516 million in 2009, which is equivalent to a reduction of SEK 394 million or 21 per cent compared to the previous year. Measured in the number of sold front loaders, sales fell by 30 per cent. All main markets were affected even if demand fell relatively less in North America and in our main markets in Europe, excluding the Nordic Region (the UK, France and Germany).

Group earnings before interest, tax, depreciations amortizations and goodwill amortizations (EBITDA) for 2009 amounted to SEK 128 million, which represents a decrease of SEK 68 million in comparison to the previous year. EBITDA includes items affecting comparability of SEK 2 million (15).

The Group reports an operating profit of

SEK 49 million, which must be compared to an operating profit of SEK 127 million the previous year. Profit/loss includes costs of SEK 10 million (reported as an item affecting comparability) related to the decision to close the manufacturing units in Bergsjö (Trima AB) and Skive (Alo Skive A/S).

Group earnings were influenced negatively by reduced volumes, lower capacity utilization and currency changes. Earnings were affected positively by improved price realizations (in terms of higher prices) and lower prices for raw materials (chiefly steel).

Despite the weak business climate a number of offensive investments were made to strengthen the Group's position further.

In August Ålö signed an agreement with Bush Hog, one of the USA's leading agricultural machinery manufacturers, to acquire its front loader business. The agreement includes the right to lease a six-year-old production facility in Tennessee. The agreement means that Ålö will manufacture Bush Hog front loaders for the North American market and use the factory's capacity to manufacture other products. Business is pursued through the newly established subsidiary Alo Tennessee Inc.

The agreement entails many benefits for Ålö. In addition to production synergies, the Bush Hog product range complements Ålö's current product range. It is very likely that the market segment for small, low-cost loaders will grow considerably in the years ahead. The acquisition means that Ålö has a factory where it is able to produce this type of loader. And North America is the continent where this market segment is largest and is expected to grow the fastest.

In December the board took the decision to transfer implement manufacturing to China. The decision means that Ålö's implement factory in Bergsjö, Hälsingland will be closed down during 2010 and that production in Ålö's implement factory in Skive, Denmark will cease by 2011 at the latest. Production of tool carriers and bearing boxes will also be transferred from Bergsjö. The foothold in China is expected to provide great cost advantages and will strengthen Ålö's competitiveness and profitability. It will also provide Ålö with a firm basis for further expansion and closeness to markets in Asia that are expected to grow vigorously over the next ten years.

The investments in the USA and China coupled with continued successful cost-cutting efforts and the development of new and existing products, will ensure our continued ability to shift gears quickly when demand picks up speed again.

Capital expenditures Group capital expenditures on fixed assets amounted to SEK 34,466 thousand (22,318), and SEK 0 thousand (0) in the Parent Company. Investments within the Group relate among other things to the acquisition of the Bush Hog front loader business, capacity increasing investments at the factory in Tennessee, capitalized R&D expenses regarding the Loader Control System (LCS) and capacity-enhancing and rationalization investments in subframe manufacturing.

Environmental report The Groups Swedish companies Ålö AB, Ålö Cylinder AB and Trima AB carry out reportable and licensable activities as per the Swedish Environmental Code. The operations affect the environment in the form of noise pollution, discharges of solvents and a limited amount of particulates. We are required to report any changes or increases in the manufacturing process regarding discharges to water or atmosphere. Paint shops require approvals for wastewater discharges and solvent emissions to atmosphere. Since all of our products are painted, we are dependent on these approvals to a high degree.

Future developments

Coordination between Group companies will continue to focus on strengthening the Group's competitiveness. Efforts regarding the development of products, production and markets will continue, with the objective of entrenching the Group's position as world leader in front loader manufacturing.

Proposed allocation of profits

As reported in the prepared consolidated balance sheet, non-restricted equity amounts to SEK 119,981 thousand. No transfer to restricted equity is proposed.

Parent Company. The following earnings were placed at the disposal of the annual general meeting:

Non-restricted reserves	231,808
Profit/loss for the year	-2,379
Total disposable funds	**229,429**

The board proposes that disposable funds of SEK 229,428,776 be retained in the business.
Concerning the company's results and financial position in other respects, we refer to the following income statements and balance sheets and their accompanying comments.

Income statement Group

Amounts in SEK thousands	Note	01/01/2009 12/31/2009	01/01/2008 12/31/2008
Net sales	1	1,516,298	1,910,522
Cost of goods sold		–1,100,326	–1,381,810
Gross profit		**415,972**	**528,712**
Selling expenses		–215,388	–244,207
Administration expenses		–107,571	–108,729
Items affecting comparability	25	–10,224	–14,871
Goodwill amortization		–33,429	–33,438
Operating profit/loss	**2,3–4**	**49,360**	**127,466**
Financial income and expenses			
Interest income and similar income statement items	5	1,210	1,863
Interest expenses and similar income statement items		–54,257	–79,827
Profit/loss before tax		**–3,686**	**49,503**
Tax on current year's earnings	6	–7,823	–22,277
Minority share of current year's earnings		–	–
Profit/loss for the year		**–11,509**	**27,225**

Balance sheet Group

Amounts in SEK thousands	Note	12/31/2009	12/31/2008
ASSETS			
Fixed assets			
Intangible assets			
Work in progress and similar brought forward	7	5,347	7,444
Goodwill	8	431,395	461,667
Advance payments re intangible fixed assets		5,612	2,000
		442,354	471,111
Tangible assets			
Buildings and land	9	41,908	53,691
Machinery and other technical facilities	10	123,925	132,306
Inventory, tools and installations	11	26,136	25,815
Fixed assets under construction and advance payments in respect of fixed assets	12	6,679	5,083
		198,648	216,895
Financial assets			
Other long-term receivables	14	25	22
		25	22
Total fixed assets		**641,027**	**688,028**
Current assets			
Inventories etc.			
Raw materials and consumables		55,705	66,818
Work in progress, unfinished goods		20,445	26,118
Finished products and goods for sale		174,613	206,237
		250,763	299,173
Current receivables			
Accounts receivable		267,070	403,203
Tax assets		29,955	13,407
Other receivables		53,094	37,873
Prepaid expenses and accrued income	15	10,947	11,938
		361,067	466,421
Cash and bank balances		65,880	66,316
Total current assets		**677,710**	**831,910**
TOTAL ASSETS		**1,318,737**	**1,519,938**

Balance sheet Group

Amounts in SEK thousand	Note	12/31/2009	12/31/2008
EQUITY AND LIABILITIES			
Equity/assets	**16**		
Restricted equity			
Shareholder's equity		3,302	3,302
Restricted reserves		42,549	43,279
		45,851	46,581
Non-restricted equity			
Non-restricted reserves		131,490	104,825
Profit/loss for the year		–11,509	27,225
		119,981	132,050
		165,832	**178,631**
Provisions			
Provisions for taxes	17	3,242	3,060
Negative goodwill	18	361	382
Other provisions	19	27,384	30,572
		30,987	34,014
Long-term liabilities	**20–23**		
Convertible loans	20	202,468	202,468
Bank overdraft	23	20,247	52,944
Other liabilities to credit institutions		352,092	419,888
Other liabilities		312,548	284,033
		887,355	959,333
Current liabilities			
Accounts payable		109,474	204,884
Tax liability		7,067	8,341
Other liabilities		15,822	15,753
Accrued expenses and deferred income	24	102,200	118,982
		234,563	347,960
TOTAL EQUITY AND LIABILITIES		**1,318,737**	**1,519,938**
PLEDGED ASSETS AND CONTINGENT LIABILITIES – GROUP			
Pledged assets			
For own liabilities and provisions			
Property mortgages		58,313	58,668
Floating charges		219,525	219,525
Other pledged assets		28,783	25,210
Total pledged assets		**306,621**	**303,403**
Contingent liabilities			
Contingent liabilities		1,198	2,000
		1,198	**2,000**

SEK 259,525 derived from floating charges and property mortgages has been pledged as security for loans taken out by Ålö Intressenter AB. However, in accordance with agreement with the lenders, these securities may only be asserted up to an amount limited by the rules in ABL 17:3 and ABL 21:3. In addition, pledges in respect of covenants have been made to the Group's lenders.

Statements of cash flow

	Group		Parent Company	
Amounts in SEK thousand	**01/01/2009 12/31/2009**	**01/01/2008 12/31/2008**	**01/01/2009 12/31/2009**	**01/01/2008 12/31/2008**
Operating activities				
Operating profit/loss	49,360	127,466	–6,990	–10,847
Adjustment for items not included in cash flow				
Depreciations	70,280	68,237	2,303	2,303
Other items not included in cash flow	9,886	2,751	–	1,371
	129,526	**198,454**	**–4,687**	**–7,173**
Interest received	1,210	1,863	15	431
Interest paid	–27,830	–46,992	–19,132	–40,177
Taxes	–26,505	–12,459	–	–
Cash flow from operating activities before change in working capital	**76,401**	**140,866**	**–23,804**	**–46,919**
Change in working capital				
Increase/decrease in inventories	48,410	–47,386	–	–
Increase/decrease in receivables	121,903	–32,785	–423	–74,760
Increase/decrease in accounts payable	–95,410	12,753	3,243	231
Increase/decrease in other current liabilities	–14,625	15,487	–3,689	3,557
Cash flow from operating activities	**136,679**	**88,935**	**–24,673**	**–117,891**
Investment activities				
Acquisition of subsidiaries	–3,175	–	–	–
Acquisition of intangible assets	–3,754	–	–	–
Acquisition of tangible assets	–27,537	–22,318	–	–
Sales of fixed assets	128	215	–	–
Cash flow from investment activities	**–34,338**	**–22,103**	**0**	**0**
Financing activities				
Payments to options programme	–	–	–	–
Increase/decrease in long term liabilities	–100,493	–90,152	–90,000	–80,000
New share issue	–	49,607	–	49,607
Group contribution received/made	–	–	–	74,192
Cash flow from financing activities	**–100,493**	**–40,545**	**–90,000**	**43,799**
Increase/decrease in liquid assets	**1,848**	**26,287**	**–114,673**	**–74,092**
Liquid assets at beginning of year	66,316	33,137	–109,772	–35,681
Exchange rate differences in liquid assets	–2,284	6,892	–	–
Liquid assets at year end	**65,880**	**66,316**	**–224,444**	**–109,772**
Liquid assets with the Parent Company at year end constitute the Parent Company's liability to the Group account.				
Other items not included in cash flow				
Depreciation and impairment of assets	8,382	1,371	–	1,371
Other provisions	–3,188	–89	–	–
Translation differences	4,692	1,469	–	–
	9,886	**2,751**	**–**	**1,371**

Income statement Parent Company

Amounts in SEK thousands	Note	01/01/2009 12/31/2009	01/01/2008 12/31/2008
Net sales	1	10,230	11,332
Gross profit		**10,230**	**11,332**
Administration expenses		–14,917	–17,852
Items affecting comparability	25	–	–2,024
Goodwill amortization	8	–2,303	–2,303
Operating profit/loss	**2,3–4**	**–6,990**	**–10,847**
Financial income and expenses			
Interest income and similar income statement items	5	15	431
Interest expenses and similar income statement items		–46,244	–66,135
Profit/loss after financial items		**–53,219**	**–76,551**
Appropriations			
Group contributions received		50,840	74,192
Profit/loss before tax		**–2,379**	**–2,358**
Tax on current year's earnings	6	–	–
Profit/loss for the year		**–2,379**	**–2,358**

Balance sheet Parent Company

Amounts in SEK thousands	Note	12/31/2009	12/31/2008
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	8	31,468	33,770
Advance payments in respect of tangible assets		–	–
		31,468	33,770
Financial assets			
Shares in Group companies	13	933,858	933,858
		933,858	933,858
Total fixed assets		**965,326**	**967,628**
Current assets			
Current receivables			
Receivables, Group companies		222,414	171,086
Tax assets		1,088	1,088
Other receivables		2	64
Prepaid expenses and accrued income	15	–	3
		223,504	172,241
Cash and bank balances		**–**	**–**
Total current assets		**223,504**	**172,241**
TOTAL ASSETS		**1,188,830**	**1,139,869**

Balance sheet Parent Company

Amounts in SEK thousands	Note	12/31/2009	12/31/2008
EQUITY AND LIABILITIES			
Equity/assets	***16***		
Restricted equity			
Shareholder's equity (3,302,489 à nominal SEK 1)		3,302	3,302
Statutory reserve		3,022	3,022
		6,324	6,324
Non–restricted equity			
Profit/loss brought forward		231,808	234,166
Profit/loss for the year		–2,379	–2,358
		229,429	231,808
		235,753	**238,133**
Long-term liabilities	***20–23***		
Long-term interest-bearing liabilities			
Convertible loans	20	202,468	202,468
Other liabilities to credit institutions		203,700	203,700
Other liabilities		312,098	283,583
		718,266	689,751
Current liabilities			
Liabilities to credit institutions	22	–	90,000
Accounts payable		5,514	2,269
Liabilities to Group companies		224,444	109,772
Other liabilities		337	660
Accrued expenses and deferred income	24	4,516	9,284
		234,811	211,985
TOTAL EQUITY AND LIABILITIES		**1,188,830**	**1,139,869**
PLEDGED ASSETS AND CONTINGENT LIABILITIES – PARENT COMPANY			
Pledged assets		None	None
Contingent liabilities		None	None

Notes, accounting principles and comments

Amounts in SEK thousands unless otherwise specified

General accounting principles
The Annual Report has been prepared in accordance with the regulations in the Swedish Annual Accounts Act and the general advice of the Swedish Accounting Standards Board with the exception of BFNAR 2008:1 Annual Accounts for Small Companies (K2 Regulations) and the reporting of intangible assets where the Swedish Financial Accounting Standards Council's recommendation no. 15 has been applied.
The income statement is classified by function.
Exchange rate differences related to operations are reported under net sales.

Valuation of assets and liabilities, etc.
Assets, provisions and liabilities have been stated at their acquisition values, unless otherwise specified below.

Intangible assets
Other intangible assets
Other intangible assets that have been acquired by the Company are reported at acquisition value minus accumulated depreciation and write-downs. Expenditures for internally generated goodwill and brands are reported in the Income Statement and are expensed in the period in which they are incurred.

Expenditures for research are expensed in the period in which they are incurred. Research expenditures are recognized as expenses for research of which the aim is to produce new scientific or technical knowledge. The Company recognizes development expenditures as expenses for research of which the results or other knowledge is applied to realize new or improved products or processes. Development expenditures are only reported as intangible assets, aside from the above requirements, under the condition that it is technically and financially possible to complete the asset, the asset is intended to be used and can be used in the Company's operations, or can be sold, and that its value can be calculated in a reliable way. The reported value includes expenditure on materials and indirect expenditure that can be classified as an asset in a reasonable and consistent manner.

Other expenditures for development are expensed when they are incurred.

Additional expenditures
Additional expenditures for an intangible asset are added to the acquisition value only to the extent that they will in all probability lead to future economic advantages for the company. All other expenditures are expensed when they are incurred.

Depreciation
Depreciation/amortization according to plan is based on acquisition values (historic costs).

The assets are depreciated/amortized over their useful life down to their calculated residual value and are reported in the Income Statement.

The economic life span for achieved goodwill is estimated according to financial position and potential, etc. Acquired goodwill is estimated to have an economic life span of 20 years.

The following depreciation principles are applied:	Group	Parent Company
Acquired intangible assets		
Acquisition fee, switchgear	10.0%	
Loader G2	14.3%	
Goodwill	5.0%	5.0%

Depreciation principles for tangible assets
Depreciation according to plan is based on acquisition values (historic costs). The assets are depreciated over their useful life down to their calculated residual value.

Buildings and land	0–5 %
Machinery and other technical facilities	4–60%
Inventories, tools and installations	10–33%

Receivables
Receivables have been entered at the amount they are expected to bring in.

Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies have been valued at the closing day rate or at the forward rate where a forward agreement has been concluded.

The company has secured parts of its future currency flows in EUR, GBP, NOK, CAD and USD up to and including 2010. As of the year end, there was a non-accounted, unrealized exchange gain that amounted to SEK18,177 thousand.

Inventories
Inventories valued in accordance with the Swedish Accounting Standards Board's recommendation BFNAR 2000:3 are stated, according to the first-in first-out principle, at the lower of historic cost or fair value. Necessary provision has been made for obsolescence risks. In the case of manufactured and semi-manufactured inventories, cost consists of direct manufacturing costs and a reasonable portion of indirect costs. Normal capacity utilization has been taken into account in valuation.

Remuneration to employees after retirement
Parent Company
Defined contribution plans:
The company's obligation for each period comprises the amounts the company must contribute for the period in question. Consequently, no actuarial assumptions for calculating the obligation or expenses are required and there is no opportunity for actuarial gains or losses. The obligations are calculated without discounting, except in cases where they are not due for payment in their entirety within 12 months of the end of the period during which the employees perform the related services.

Group
Defined contribution plans:
The Group's subsidiaries (and associated companies) report pension plans according to local rules and regulations in each respective country. Costs and provisions are expensed, without conversion, in the Group accounts.

Taxes
The Parent Company and Group apply the Swedish Accounting Standards Board's recommendations (BFNAR 2001:1) concerning reporting of income taxes. Total tax comprises current tax and deferred tax.

Taxes are reported in the income statement unless the underlying transaction is reported directly against equity, whereby the associated tax effect is reported under equity. Current tax is tax due for payment or receipt during the financial year in question. Adjustment of current tax related to earlier periods is also included in this item. Deferred taxes are calculated using the balance sheet method based on temporary differences between the values reported in the accounts and the tax effective values of assets or liabilities. The amounts are calculated based on how the temporary differences are expected to be evened out, and by applying the tax rates and regulations approved or announced at the accounting year-end in each particular country. Temporary differences are not considered in goodwill or in differences relating to shares in subsidiaries and associated companies which are not expected to be taxed in the foreseeable future. Untaxed reserves including deferred tax liability are reported in legal entities. In the consolidated accounts however, untaxed reserves are divided into deferred tax liability and equity. Deferred tax benefit in tax-deductible temporary differences and deductible deficiencies is reported only as far as it is likely that these items will produce lower tax payments in the future.

Provisions (apart from negative goodwill and deferred tax)
A provision is reported in the Balance Sheet when the company has a formal or informal obligation as a consequence of an event and when it is probable that an outflow of resources is required to settle the obligation and a reliable estimate can be made of the amount.

Guarantee reserve
A provision is reported when the underlying product or service has been sold.

Restructuring reserve
A provision is reported when a detailed restructuring plan is established and restructuring has either begun or been publicly announced. The conditions for making a provision regarding the transfer of implement production to China had not been met at year end.

Revenue recognition
Revenues are recognized in accordance with the Swedish Accounting Standards Board's recommendation BFNAR 2003:3, Revenue.

The company reports as revenue the fair value of what has been received or will be received. As such, the company recognizes revenue at its nominal value (invoiced value) if the company receives payment in liquid assets at the time of delivery. Deductions are made for provided discounts. Income from the company's sale of goods is recognized as revenue when the following conditions are met: the essential risks and benefits associated with ownership of the goods have been transferred to the buyer, the company no longer has any commitments for the continued administration of the sold goods and no longer exercises any real control over the sold goods, the revenue can be calculated reliably, it is probable that the financial payment to the company resulting from the transaction will in fact be received, and the resulting or expected resulting expenses from the transaction can be reliably calculated.

Interest and dividends are recognized as revenue when it is probable that the company will gain advantage from the economic benefits associated with the transaction and that the revenue can be calculated in a reliable manner. Interest income is reported by applying a rate of interest that will provide an even return for the asset in question. Dividend income is reported when the shareholder's right to receive dividends is considered certain.

Leasing
The Swedish Accounting Standards Board's recommendation BFNAR 2000:4 is applied. All leases are classified as operating leases.

Consolidated accounts
The consolidated financial statements have been prepared using the Swedish Financial Accounting Standards Council's recommendation RR 1:00.

Subsidiaries
Subsidiaries refers to those companies in which the Parent Company holds more than 50 per cent of the shares' voting rights, or otherwise exercises a controlling influence over the company's operational and financial management. Subsidiaries are normally accounted for in accordance with the purchase method.

The purchase method entails that a purchase of a subsidiary is regarded as a transaction whereby the Parent Company indirectly acquires the subsidiary's assets and assumes its liabilities. As of the time of acquisition, the acquired company's revenues and expenses, identifiable assets and liabilities, as well as any goodwill or negative goodwill arising in connection with the acquisition, are included in the consolidated accounts.

Goodwill
Goodwill arises when the acquisition value of shares in a subsidiary exceeds the fair value of the acquired company's identifiable net assets. Goodwill is reported at its acquisition value less accumulated amortization and write-down, if any.

Associated companies
Shares in associated companies in which the Group holds at least 20 per cent and not more than 50 per cent of the votes, or otherwise exercises a significant influence over the company's operational and financial management, are reported in accordance with the equity method. The equity method entails that the value of shares in the associated companies reported in the consolidated accounts corresponds to the Group's share in the equity of associated companies and any residual value in consolidated surplus or deficit values. In the consolidated profit and loss account, the Group's share in profit/loss after financial income and expense – adjusted for any depreciation or utilization of acquired surplus or deficit values – is reported under "earnings from shares in associated companies". The Group's share in the reported taxes of associated companies is included in the Group's tax expenses. Participations in profits arising after the acquisition of associated companies, and which have not been realized through dividends, are allocated to the restricted reserves, which is part of the Group's restricted equity.

Elimination of transactions between Group companies
Intra-Group receivables and liabilities, as well as transactions between companies in the Group and unrealized profits associated therewith, are eliminated in their entirety. Unrealized profits arising from transactions with associated companies and joint ventures are eliminated to the extent when the Group owns shares in the company. Unrealized profits arising from transactions with associated companies and joint ventures are eliminated against "Shares in associated companies". Unrealized losses are eliminated in the same way as unrealized profits, provided there is no write-down requirement.

Translation of the financial statements of foreign subsidiaries or other foreign businesses
The current rate method is used for translation of the financial statements when the operations of the foreign subsidiaries are unrelated.

The current rate method entails that all assets, provisions and liabilities are translated at the closing rate, and that all items in the Income Statement are translated at the average rate. Resulting exchange differences are posted directly to equity.

On the disposal of an unrelated foreign entity, the accumulated translation differences attributable to the enterprise are recognized in the consolidated Income Statement, after deduction for hedging (if any).

Group data
Of the Parent Company's total purchases and sales measured in Swedish kronor, 0 per cent of the purchases and 100 per cent of the sales relate to other companies in the Group to which the company belongs.

Statement of cash flow
The Statement of Cash Flow has been prepared according to the indirect method. The reported cash flow includes only those transactions that produce in and outgoing payments. Liquid assets, in addition to cash and bank balances, also include current financial investments that on the one hand are only exposed to a negligible risk for value fluctuations, and on the other hand

- are traded on an open market for known amounts or
- have a remaining duration of less than three months from the date of acquisition.

Notes

Note 1 Net sales per market

	01/01/2009 12/31/2009	01/01/2008 12/31/2008
Group		
Net sales per geographical market		
Nordic Region	357,942	517,670
Europe	666,755	788,238
North America	439,434	509,478
Other markets	52,167	95,136
	1,516,298	1,910,522
Parent Company		
Net sales per geographical market		
Nordic Region	6,558	6,956
Europe	2,905	3,273
North America	767	1,103
	10,230	11,332

Note 2 Employees, salaries and remunerations to the board and auditors

Average number of employees	01/01/2009 12/31/2009	of whom men	01/01/2008 12/31/2008	of whom men
Parent Company				
Sweden	7	71%	7	71%
Total in Parent Company	7	71%	7	71%
Subsidiaries				
Sweden	281	90%	333	88%
France	133	89%	138	90%
Denmark	47	91%	58	91%
Norway	11	64%	11	55%
UK	13	92%	13	92%
Germany	17	88%	18	83%
USA	31	91%	14	93%
Canada	31	68%	35	67%
Total in subsidiaries	564	88%	620	87%
Total, Group	571	88%	627	87%

Gender distribution among management positions	12/31/2009	12/31/2008
Gender distribution in company management	*Women*	*Women*
Parent Company		
Board	0%	0%
Other management positions	17%	17%
Total, Group		
Board	0%	0%
Other management positions	7%	8%

Salaries, other remunerations and payroll overhead

	01/01/2009–12/31/2009 Salaries and remunerations	Payroll overhead	01/01/2008–12/31/2008 Salaries and remunerations	Payroll overhead
Parent Company	7,193	4,486	8,928	5,026
(of which pension costs)	*1)*	*(1,654)*	*1)*	*(1,501)*
Subsidiaries	218,888	69,054	229,730	73,866
(of which pension costs)		*(11,454)*		*(10,138)*
Total, Group	226,081	73,540	238,658	78,892
(of which pension costs)		*(13,108)*		*(11,639)*

1) Of the Parent Company's pension costs, SEK 659 thousand (619) refers to the Board and Managing Director.

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

	01/01/2009 – 12/31/2009 Board and MD	Other employees	01/01/2008 – 12/31/2008 Board and MD	Other employees
Parent Company				
Sweden	2,288	4,905	2,990	5,938
(of which commissions etc.)	*(248)*	*(337)*	*(1,060)*	*(797)*
Total, Parent Company	2,288	4,905	2,990	5,938
(of which commissions etc.)	*(248)*	*(337)*	*(1,060)*	*(797)*
Subsidiaries in Sweden	40	111,412	40	124,159
(of which commissions etc.)	*(–)*	*(–)*	*(–)*	*(–)*
Subsidiaries in foreign countries				
France	2,628	35,893	2,354	35,475
Denmark	2,262	21,582	2,184	28,061
Norway	894	4,631	977	4,218
UK	1,038	4,250	1,074	3,711
Germany	1,434	8,656	1,306	8,318
USA	331	10,087	–	4,817
Canada	1,160	12,590	1,064	11,972
Subsidiaries total	9,787	209,101	8,999	220,731
(of which commissions etc.)	*(–)*	*(–)*	*(–)*	*(–)*
Total, Group	12,075	214,006	11,989	226,669
(of which commissions etc.)	*(248)*	*(337)*	*(1,060)*	*(797)*

Severance pay

The Managing Director of the Parent Company will receive one year's salary if the termination is on the part of the company, together with an amount equivalent to the average of the two previous year's bonuses, calculated from the date of termination.

Fees and remunerations to auditors	Group	Parent Company
KPMG		
Audit assignment	1,679	110
Other assignments	1,183	34
Other auditors		
Audit assignment	709	–
Other assignments	119	–

Note 3 Depreciation according to plan on fixed assets

	01/01/2009 12/31/2009	01/01/2008 12/31/2008
Group		
Depreciation according to plan per function		
Cost of goods sold	33,987	32,102
Selling expenses	1,227	1,341
Administration expenses	1,636	1,356
	36,850	34,799

Note 4 Leasing fees related to operational leases

	01/01/2009 12/31/2009	01/01/2008 12/31/2008
Group		
Assets held through operational leasing agreements		
Leasing expenses for the financial year, excluding rent for properties	10,976	10,652

Note 5 Interest income and similar income statement items

	01/01/2009 12/31/2009	01/01/2008 12/31/2008
Group		
Interest income, other	1,210	1,863
	1,210	1,863
Parent Company		
Interest income, other	15	431
	15	431

Note 6 Tax on current year's earnings

	01/01/2009 12/31/2009	01/01/2008 12/31/2008
Group		
Income tax	–25,250	–17,477
Deferred tax	17,427	–4,800
	–7,823	–22,277
Parent Company		
Income tax	–	–
	–	–

Note 7 Work in progress and advanced payments in respect of intangible assets

	Group	Parent ompany
Accumulated acquisition values		
At beginning of year	15,821	–
New acquisitions	142	–
	15,963	–
Accumulated depreciations according to plan		
At beginning of year	–8,378	–
Depreciation according to plan for the year	–2,238	–
	–10,616	–
Reported value at year end	5,347	–

The Group applies RR15, Intangible Assets.

Note 8 Goodwill

	Group	Parent Company
Accumulated acquisition values		
At beginning of year	662,054	46,052
New acquisitions	3,175	–
Translation differences	24	–
	665,253	46,052
Accumulated depreciations according to plan		
At beginning of year	–200,387	–12,282
Depreciation according to plan for the year	–33,450	–2,303
Translation differences	–21	–
	–233,858	–14,584
Reported value at year end	431,395	31,468

Note 9 Buildings and land

	Group	Parent Company
Accumulated acquisition values		
At beginning of year	69,687	–
New acquisitions	41	–
Translation differences	–1,118	–
	68,610	–
Accumulated depreciations according to plan		
At beginning of year	–15,996	–
Depreciation according to plan for the year	–2,980	–
Translation differences	341	–
	–18,635	–
Accumulated write-downs		
At beginning of year	–	–
Write-downs for the year	–8,067	–
	–8,067	–
Reported value at year end	41,908	–
Tax value, buildings (in Sweden)	23,688	–
Tax value, land (in Sweden)	3,200	–

Note 10 Machinery and other technical facilities

	Group	Parent Company
Accumulated acquisition values		
At beginning of year	252,277	–
New acquisitions	15,360	–
Disposals and retirements	–5,149	–
Reclassifications	6,015	–
Translation differences	–5,697	–
	262,806	–
Accumulated depreciations according to plan		
At beginning of year	–115,660	–
Disposals and retirements	5,149	–
Depreciation on acquisition values according to plan for the year	–28,023	–
Translation differences	3,964	–
	–134,570	–
Accumulated write-downs		
At beginning of year	–4,311	–
	–4,311	–
Reported value at year end	123,925	–

Note 11 Inventories, tools and installations

	Group	Parent Company
Accumulated acquisition values		
At beginning of year	54,667	–
New acquisitions	4,238	–
Disposals and retirements	–9,968	–
Reclassifications	247	–
Translation differences	–1,079	–
	48,105	–
Accumulated depreciations according to plan		
At beginning of year	–28,852	–
Disposals and retirements	9,860	–
Depreciation on acquisition values according to plan for the year	–3,610	–
Translation differences	948	–
	–21,654	–
Accumulated write-downs		
Write-downs for the year	–315	–
	–315	–
Reported value at year end	26,136	–

Note 12 Fixed assets under construction and advanced payments in respect of fixed assets

	Group	Parent Company
At beginning of year	5,083	–
Reclassifications	-6,262	–
New acquisitions	7,898	–
Disposals and retirements	-20	–
Translation differences	-20	–
Reported value at year end	6,679	–

Note 13 Shares in Group companies

	12/31/2009	12/31/2008
Accumulated acquisition values, Parent Company		
At beginning of year	933,858	933,858
Reported value at year end	933,858	933,858

Shares in Group companies *Subsidiaries*	*Dom*	*Quantity shares*	*Share in%*	*Reported value*
Ålö AB, 556081-0482, Umeå	Sweden	12,255	100.0	933,858
Trima AB	Sweden			
Alö Deutschland GmbH	Germany			
Alo Danmark A/S	Denmark			
Ålö Cylinder AB	Sweden			
Agroma S.A.S.	France			
Alo North America Inc.	Canada			
Alo USA Inc.	USA			
Ålö Norge A/S	Norway			
Alo Skive A/S	Denmark			
Alo France S.A.S.	France			
Alo UK Ltd.	UK			
Alo Tennessee Inc.	USA			
Alo Component S.R.O	Czech Republic			
				933,858

Note 14 Other long-term receivables

	Group	Parent Company
Accumulated acquisition values		
At beginning of year	54	–
	54	–
Accumulated write-downs		
Reclassifications	-30	–
Translation differences	1	–
	-29	–
Reported value at year end	25	–

Note 15 Prepaid expenses and accrued income

	Group	Parent Company
Accrued contributions	2,244	–
Prepaid rent	1,670	–
Prepaid insurance	1,290	–
Prepaid leasing	923	–
Other items	4,820	–
	10,947	–

Note 16 Equity

Group	*Share-capital*	*Restricted reserves*	*Non-restricted equity*
At beginning of year	3,302	43,279	132,050
Displacement of restricted and non-restricted equity		-730	730
Net profit/loss for the year			-11,509
Translation differences			-1,290
At year end	3,302	42,549	119,981

Parent Company	*Share-capital*	*Statutory reserve*
Balance carried forward according to the previous year's balance sheet	3,302	3,022
At year end	3,302	3,022

Parent Company	*Revaluation reserve*	*Non-restricted equity*
At beginning of year	–	231,808
Net profit/loss for the year		-2,379
At year end	–	229,429

Note 17 Tax allocation reserves

	Group	Parent Company
Deferred tax regarding temporary differences	3,242	–
	3,242	–

Note 18 Negative goodwill

	Group	Parent Company
Accumulated negative goodwill from acquisitions		
At beginning of year	419	–
At year end	419	–
Accumulated utilization		
At beginning of year	-37	–
The year's utilizations – negative goodwill attributable to future losses/expenses 1)	-21	–
At year end	-58	–
Reported value at beginning of year	382	–
Reported value at year end	361	–

1) The year's utilizations are reported in the income statement under:

Goodwill amortization	-21	–
	-21	–

Note 19 Other provisions

	Group	Parent Company
Provisions for pension obligations	12,909	–
Warranty commitments	13,024	–
Other	1,451	–
	27,384	–

Note 20 Convertible loans

The Group has outstanding loans that are convertible or associated with options rights on new share issues. There are seven (7) convertible loans, totaling SEK 202,468 thousand. The convertible loans fall due on 31 July 2012, unless converted prior to that date. As per the date of the Swedish Companies Registration Office's registration of a share issue and up until 31 July 2012, the convertible loans can be converted to 7,467,565 shares in Ålö Intressenter AB. The convertible loans bear interest at a rate of 0–7 per cent per annum. Most of the accrued interest is added to the principal.

Note 21 Long-term liabilities

	Group	*Parent Company*
Due date, 1–5 years from balance sheet date	887,355	718,266
Due date, later than 5 years from balance sheet date	–	–
	887,355	718,266

Note 22 Assets pledged for liabilities to credit institutions

	Group	*Parent Company*
Property mortgages	46,313	–
Floating charges	219,525	–
Other	28,783	–
	294,621	–

Note 23 Bank overdraft

	Group	*Parent Company*
Overdraft facilities granted	132,369	50,000
Unutilized	-71,466	-25,000
Utilized credit	60,903	25,000

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

Note 24 Accrued expenses and deferred income

	Group	*Parent Company*
Salary and holiday pay liabilities	35,459	2,143
Payroll overhead liability	17,890	1,257
Accrued interest expense	1,230	824
Other items	47,621	292
	102,200	4,516

Note 25 Items affecting comparability

	01/01/2009 12/31/2009	*01/01/2008 12/31/2008*
Group		
Acquisition costs reported as expenses for terminated acquisition	–	-14,871
Provision for rent of premises, Alo Skive A/S	-1,426	–
Impairment loss, buildings and land, Trima AB	-8,067	–
Impairment loss, fixtures and fittings, Trima AB	-315	–
Provision for leasing charges, Trima AB	-416	–
	-10,224	-14,871

It has not been possible to make a reliable estimate regarding additional costs arising from the decision to transfer implement manufacturing to China.

Parent Company		
Acquisition costs reported as expenses for terminated acquisition	–	-2 024
	–	-2 024

Umeå, February 26, 2010

Stelio Demark
Chairman

Lars Erik Blom

Bo Ulván

Olle Pehrsson
Managing Director

Our Audit Report was submitted on February 26, 2010

Birgitta Gustafsson
Authorized Public Accountant

Audit report

To the Annual General Meeting of Ålö Intressenter AB
Corp. ID No. 556622-5917

We have audited the annual accounts, the consolidated accounts and the accounting and administration of the Board of Directors and the Managing Director of Ålö Intressenter AB for the year 2009. These accounts and the administration of the company are the responsibilities of the Board of Directors and the Managing Director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

The audit was conducted in accordance with auditing standards generally accepted in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated accounts are free of material misstatement. An audit 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 Managing Director and significant estimates made by them when preparing the annual accounts, and also includes the evaluation of information prepared in the annual accounts and consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any board member or the Managing Director. We also examined whether any board member or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and consolidated accounts were prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair reflection of the company's and Group's financial position and earnings in accordance with accounting principles generally accepted in Sweden. The administration report is consistent with the rest of the annual report and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the income statement and balance sheet for the Parent Company and the Group be adopted, that the profit in the Parent Company be dealt with in accordance with the proposal in the administration report and that board members and the Managing Director be discharged from liability for the financial year.

Umeå, February 26, 2010
KPMG AB

Birgitta Gustafsson
Authorized Public Accountant

Board, management and auditor

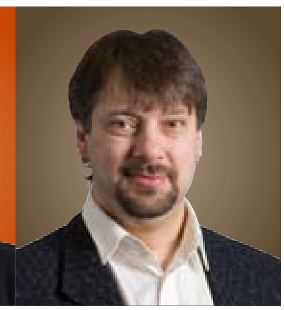
Board of Directors

Lars Erik Blom
Member of the Board

Bo Ulván
Member of the Board

Stelio Demark
Chairman

Hans Andersson
Member of the Board
(Employee representative)



Lennart Engström
Member of the Board
(Employee representative)

Management Group

1. Tomas Nygren
R&D Director
Born 1966
Employed 2005

2. Mattias Byström
Finance Director
Born 1971
Employed 2001

3. Olle Pehrsson
Managing Director
Born: 1949
Employed: 1998

4. Urban Hadarsson
Sales Director
Born 1966
Employed 1988

5. Jan Sandsjö
Production Director
Born 1963
Employed 2003

6. Lena Rydström
HR Director
Born 1953
Employed 2003

Auditor

Birgitta Gustafsson

Definitions

Average number of employees
Those costs which are associated with the number of employees represent a considerable part of the Group's total costs. The development of the average number of employees over time in comparison to the development of net sales therefore provides an indication of the cost rationalization taking place.

Capex
Capital Expenditure. Investments in fixed assets.

Capital employed
Balance sheet total excluding non interest-bearing debts, provisions and minority interests.

Capital turnover rate
Net sales in relation to the balance sheet total (average for the year), expressed in multiples.

Debt/equity ratio
Interest-bearing debt divided by equity, expressed in multiples.

EBITA
Earnings Before Interest, Tax and Amortization. This earnings measurement is fully comparable over time independent of financing costs, and of depreciation of goodwill and surplus values, which from time to time burden the Group.

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortization. This earnings measurement is fully comparable over time independent of financing costs, and of depreciation of goodwill and surplus values, which from time to time burden the Group.

EBITDA, margin
EBITDA in relation to net sales, expressed as a percentage.

Net debt
Interest-bearing debts with deductions for liquid assets.

Net sales
Income from goods sold and services rendered which form part of the Group's normal activities, after deductions for rebates, value added tax and other tax which is directly connected to sales.

Operating cash flow
Cash flow from operating activities with deductions for net investments in tangible and intangible fixed assets.

Orders received
An order which has been received during the financial year, calculated in the same way as net sales. Orders received provide a reference to actual demand for the Group's products which, with varying delays, show up in net sales.

Productivity
The value added divided by the total payroll costs including payroll overheads.

Return on capital employed
Operating profit (EBITA) including interest income in relation to average capital employed, expressed as a percentage. The average capital employed constitutes for each respective year an average of the outgoing capital employed for the twelve previous accounting periods.

Sales per employee
Net sales divided by the average number of employees.

Value added
EBITA plus payroll costs including payroll overheads.

WACC
Weighted Average Cost of Capital.

Working capital
Current assets minus short-term liabilities.

Ålö Intressenter AB
Brännland 300
SE-901 37 Umeå
Sweden
Visiting address: Strömpilsplatsen 20
Tel: +46 90 17 05 00
Fax: +46 90 17 05 99
Olle Pehrsson, MD

Ålö AB
Brännland 300
SE-901 37 Umeå
Sweden
Seth Karlsson

Ålö Sverige
Brännland 300
SE-901 37 Umeå
Sweden
Jan Folkesson

Ålö Cylinder AB
Strömvägen 10
SE-901 32 Umeå
Sweden
Pekka Karelmo

Trima AB
Box 301
SE-820 70 Bergsjö
Sweden
Peter Sandström

Ålø Norge AS
Televeien 12
NO-1890 Rakkestad
Norway
Sverre Bye

Alo Skive A/S
Gyrovej 1-5
DK-7800 Skive
Denmark
Thomas Sørensen

Alo Danmark A/S
Gyrovej 1-5
DK-7800 Skive
Denmark
Arne Fisker

Alö Deutschland Vertriebs-GmbH
Industriestrasse 23
DE-64807 Dieburg
Germany
Robert Eckert

Agroma SAS
Blanzac Les Matha
FR-17160 Matha
France
Christian Lamy

Alo France SAS
Blanzac Les Matha
FR-17160 Matha
France
Gérald Depriester

Alo UK Ltd.
315 Elm Drive
Hartlebury Trading Estate
Hartlebury, Kidderminster
Worcestershire DY10 4JB
United Kingdom
Philip Nunn

Alo North America Inc.
8485 Montrose Road
Niagara Falls, Ontario L2H 3L7
Canada
Dana Hoover

Alo USA Inc.
101 Alo Boulevard
Telford, Tennessee 37690-2421
USA
Dana Hoover

Alo Tennessee Inc.
101 Alo Boulevard
Telford, Tennessee 37690-2421
USA
Sanford Zahler

Alo Agricultural Machinery (Ningbo) Co Ltd.
No. 61 Jingshui Road
Nordic Industial Park
Zhenhai, Ningbo 315221,
P.R. China
Niels Sandberg

Alo Trading (Ningbo) Co Ltd.
No. 61 Jingshui Road
Nordic Industial Park
Zhenhai, Ningbo 315221,
P.R. China
Niels Sandberg

www.alo.se

vinter. Print: Luleå Grafiska. Photo: Platform/Johnér Bildbyrå, Björn Wanhatalo, Hans Edin and Gösta Wendelius.