



# Annual Report 2010



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This year we have divided the traditional annual report into two separate parts, to avoid printing more material than is necessary. To gain a complete review of the Group's finances we recommend that you read the publication entitled Annual Report 2010. The Annual Report 2010 can be ordered from our Customer Service's department or via our website, where you can also help to protect the environment by downloading a digital version of this and other publications.

# Constant development is our driving force

## - Managing Director's comments

There are many things happening in the world around us; events that affect conditions for the world's populations and energy supplies for various interested parties. Some events are beyond anyone's control, including ours, while some developments are driven by international agreements. Expectations for a rapid international replacement of the Kyoto agreement have faded, while the trend in the EU continues towards the earlier targets without any major deviations.

In order to meet EU targets and Sweden's commitments, energy companies are key players and in our capacity as a regional player, we are a part of them. For us it is self-evident, as well as imperative, to participate in the ongoing climate adjustment. The Group also has the long-term vision to become climate neutral. The changeover of energy systems means much more than climate activities, however. EU influence on

"For me, it is increasingly clear that future energy supplies are driving a large-scale approach based on major underlying units to manage costs and skills."

legislation and the framework for our business is growing and most regulations now originate in the European community.

One example is the plan for a Nordic end-customer market as a first step towards such a European market. Another is future emissions trading and the consideration of changing financial conditions for our energy supplies. The Swedish proposal for hourly metering of small electricity customers and remote reading of district heating customers in the development of the smart grid and so on will only add to demands.

We are in a strongly expanding region with much ongoing construction and more coming in the future – such as MAX IV and ESS. We naturally want to

participate in development and growth in the region, at the same time as we have our own ambitions ranging from the Örtofta plant, biogas production in Dalby and the charging infrastructure for electric cars. Big investments make great demands on us, while both new legislation and the transformation of energy systems also require a high degree of competence. For me, it is increasingly clear that future energy supplies are driving a large-scale approach based on major underlying units to manage costs and skills. These circumstances in turn drive towards consolidation and will require further cooperation in various forms between us, the energy companies.

For our group it has long been natural to cooperate with our close colleagues who have the same background and attitude. Examples so far are many. For us it is clear that interaction with similar companies should be accelerated, because we so clearly see the opportunities in integration. Cooperation will lead to the sharing of resources

and expertise in the best possible way and our complementing each other in an optimal fashion, which will benefit us as a company as well as our customers. A very successful example is the joint energy trading company that was launched during this year and which we own jointly with Öresundskraft. Through Modity Energy Trading, we share critical skills and can grow stronger together, improving our chances of survival in the energy jungle! This good example has led to further analyses in the district heating area, where our two groups also cooperate with Landskrona Energi to find common benefits.

The conversion of energy systems requires stronger resources for development and the efficient use of other resources. An ongoing review and questioning of

existing structures and working methods must always be in progress. Constant innovation is our driving force and for this reason we have launched another efficiency improvement programme intended to run up to 2014. Many projects, large and small, strategic and operational, as well as issues involving greater coordination and the question of whether we shall insource and/or outsource, are being analyzed at the moment in various parts of the group. Together with internal investments in situational leadership training, this will enhance both our profitability and our cash flow in the future.

One driving factor is, of course, credit rating since the group is self-financing on the credit market. An annual review is made by Standard & Poors, which at times can be stressful but at the same time helps us to continuously develop business profitability. Fortunately, we have been able to maintain our high rating of BBB+ and have thus been able to start financing the Örtofta plant through a new corporate bond of SEK 500 million. The market showed great confidence in the Group and the new issue went like "hot cakes".

During the year, "Gröna Lund" was an example that emphasized society's sensitivity to shocks and our increasing obligation to reinvest in infrastructure, be it heating, gas, electricity or fibre networks. The vulnerability of society and the potential for electricity network companies to fund adequate reinvestment is the foundation of the new regulation that is now being introduced. Conditions are different for network companies, but the fact remains that all companies must obtain a reasonable return if they are going to be interested in taking responsibility. Otherwise it will only be the government that can afford to keep networks in the long-term, and that was not what we fought for in the deregulation of 1996, was it?

The debate is still about high electricity charges, even though they represent only about 20 per cent of the customer's total cost. This debate is probably a result of the fact that during the year we experienced the most expensive electricity prices since deregulation. Despite this fact, electricity is still only about 40 per cent of the total bill. This year's winners are, in addition to the government taking the remaining 40 per

cent, probably the foreign power generating companies that saved us from electricity shortages, with high-margin revenues as a result.

I am slightly dreading next winter, now that Sweden is being divided into four electricity areas. The electricity area of Malmö, where we operate, is a deficit area in terms of electricity supply. This fact will mean that our price margin during much of the year will be linked to the Danish and German electricity prices. We have calculated that it will be at least 5 öre/kWh more expensive for the customer, but it may become even more expensive. It is necessary to establish more electricity production in southern Sweden and we are doing what we can to contribute. The Örtofta plant's future electricity production now appears to be even more important – not only for our needs in the region but for the whole of Sweden to achieve an electricity balance.

The issues associated with the new electricity areas, together with higher network charges, will be a major challenge for us, who have contacts with customers, even though we do not even make any big money in this changeover! Properly used, however, the situation might help people to understand how important it is for local energy companies to stay on the market. Local companies, with a commercial benefit to society, will contribute to development in more than one way.



Jan Samuelsson,  
Group Managing Director





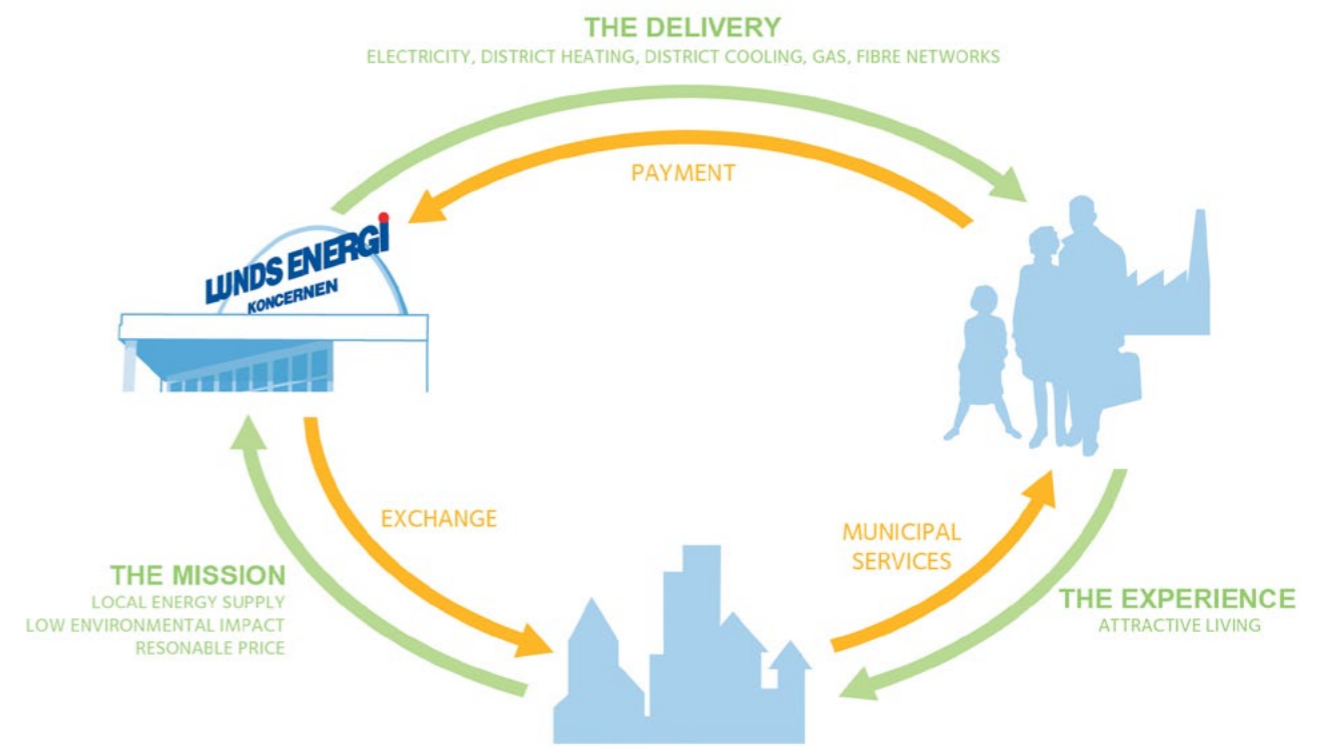
26 May - Official opening of our new wastewater treatment plant for digester gas at the Källby plant in Lund

# Lunds Energikoncernen

## Our positive cycle

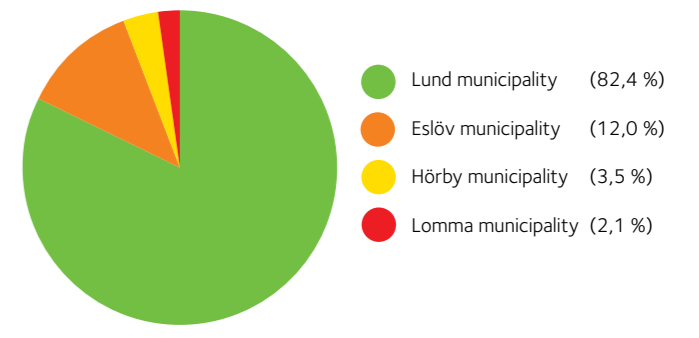
The Lunds Energikoncernen supplies energy and communications services with local roots and a strong commitment to the environment. The Group owners have received roughly SEK 60 million in annual returns in recent years. This money is passed on to local residents in the form of municipal services of all kinds.

Our environmental efforts result in an improved local climate and reduced greenhouse gas emissions globally. We are driven by constant improvements to our products and want to help contribute to improvements in the local environment, better service and increased local involvement. The better the products, the more followers we gain – and so the cycle goes on.



## Owners

Lunds Energikoncernen AB is a wholly-owned group subsidiary of the holding company Krafringen AB, which is owned by four municipalities in Skåne. The company was created through a merger of the municipalities' local power utilities. The objective is to be a strong local alternative to the large energy companies, to provide good local service and implement sound environmental practices. Behind the merger was also the need for increased synergies, cost savings and increased opportunities for good financial solutions.



# Board of Directors 2010



Christer Wallin (Lund, chairman)    Kenneth M Persson (Lund, vice-chairman)    Gunnar Nilsson (Eslöv, 2nd vice-chairman)



Rolf Englesson (Lund, member)    Lars V Andersson (Lund, member)    Thomas Frennstedt (Lund, member)    Claes Hedlund (Lomma, member)    Ingemar Jeppsson (Eslöv, member)



Lars Leonardsson (Lund, member)    Kjell Åke Persson (Hörby, member)    Jeanette Olsson (Lund, member)    Björn Björnson (Lund, replacement)    Lars Carlén (Lomma, replacement)



Christer Henningsson (Lund, replacement)    Lars A Ohlsson (Lund, replacement)    Åke Hansson (Hörby, replacement)    Christer Wallström (Lund, replacement)



Tony Hansson (Eslöv, replacement)    Ingrid Holmér (employee representative)    Linda Ahlman (employee representative)    Jörgen Mårtensson (employee representative)



Ola Persson (Lund, member)    Johanna Kyander (Lund, member)    Johan Andersson (Eslöv, member)    Catharina Malmberg (Eslöv, member)    Mattias Persson (Hörby, member)



Lars Hansson (Lund, replacement)    Ann Schlyter (Lund, replacement)    Lena Emilsson (Eslöv, replacement)    Anita Ullmann Kradjian (Hörby, replacement)



Jan Samuelsson (group managing director)    Mikael Andersson (group chief of staff)    Mats Didriksson (development manager)    Ulrika Prytz Rugfelt (communications manager)



Magnus Sjövik (marketing manager)    Susanne Serenhov (HR manager)    Jonas Andréen (BA Sales)



Johan Holmstedt (BA Production)    Linnéa Lindberg (assistant to managing director)    Anders Möller (BA Network)

# New 2011 Management Team

25 October - The Group's newly purchased Fiat 500 EV in front of two of its energy sources



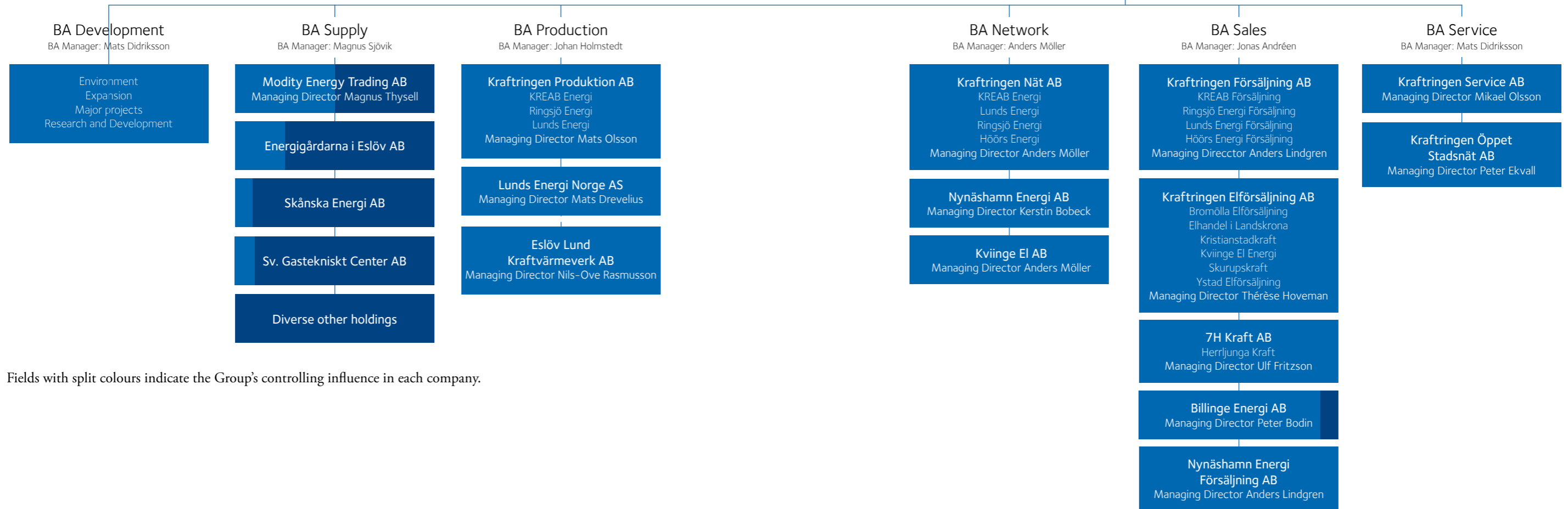
29 September - Cooperation with Nordic Sugar in Örtofta continues with the inauguration of a flue gas condenser



# Strategy and organisation

The overall framework for governance is the shareholder agreement, the owners' directive and the company articles of association. The owners have appointed representatives to an owners' forum in order to maintain regular contact with the company. The Board's working committee and the Managing Director meet regularly (3–4 times per year) with the owners' forum

to discuss the company's progress and finances. The Board is nominated by the municipal council in each municipality and board members are elected at the AGM. Lunds Energikoncernen is a publicly traded company that follows the Swedish code of Corporate Governance and has an official rating.



Fields with split colours indicate the Group's controlling influence in each company.

The Group is divided into function-oriented business areas: Development, Supply, Production, Network, Sales and Service. The activities in each business area are coordinated to harmonise with each other and behind the division is the EU requirement for a legal structure separating network operations from operations that are subject to competition.

In 2010 the Group was reorganised, which meant that the former Energy trade business area was wound down when business operations were moved to Modity Energy Trading AB, which is jointly owned by Öresundskraft AB. The reorganisation also led to business development activities at the parent company being moved to a separate business area (Development). Contacts with Modity Energy Trading and other joint-owned companies were gathered together in the new business area: Supply.

# Excerpts from the Annual Report 2010

This is an excerpt from Lunds Energikoncernen's Annual Report 2010. The complete publication can be ordered from our Customer Service's department or via our website, where you can also download a digital copy. References to notes in the tables on the following pages have been kept, but the notes themselves can only be found in the Annual Report 2010.

## General information about business activities

### The Group

Lunds Energikoncernen AB (publ) is a sub-group owned by Krafringen AB (556527-9758) with its registered head office in Lund. This company in turn is owned by the municipalities of Lund (82.4%), Eslöv (12.0%), Hörby (3.5%) and Lomma (2.1%). Business activities encompass energy production and energy distribution, contracting and IT communication. The company owns and manages properties and facilities for the business's needs, stocks and shares in companies within the energy sector and provides services in association with its operations.

The company is run according to business-like principles observing municipal objectives in its operations and the principles set out in the articles of association and the owners' directive. The owners require the Group to be a leader in energy supply by, for instance, taking advantage of opportunities for further consolidation and collaboration with local energy interests. In the future, the Group will have a strong local presence and operate and develop local energy production activities with an effective environmental approach, reliable delivery security, a high level of service and the efficient use of energy.

## Important events during the year

### The Group

The Group's energy procurement is handled by the former wholly owned subsidiary Modity Energy Trading AB (formerly Krafringen Energihandel AB). From 1 July 2010, Öresundskraft AB and Lunds Energikoncernen AB (publ) each hold a 50 per cent share in the company. At the same time, Öresundskraft AB transferred its business activities and the Modity Energy Management AB (formerly Öresundskraft Energy Trading AB) company to Modity Energy Trading AB.

The Group is planning to build a biofuel-fired combined heat and power station in Örtofta, through its wholly owned subsidiary Eslöv Lund Kraftvärmeverk AB (ELKV). The licensing process, which consists of a detailed development plan and an environmental permit, has been protracted as the decision-making bodies have not yet reached agreement. The detailed plan

for Eslöv's Municipality, where the biopower heating plant is planned, was ratified by the government in 2009 and is now legally binding. In 2007, the Environment Court decided to grant an environmental permit. The ruling was appealed and in 2008 the Environmental Court of Appeal rejected ELKV's environmental application. A renewed environmental permit application was submitted in June 2010. A ruling from the Environmental Court is expected to come before summer 2011.

Standard Poor's long-term rating is set at BBB+, with the short-term rating at A-2. The Group's small-scale business operations are considered to be negative, which is compensated by strong ownership support. The evaluation "stable outlook" mainly reflects the stability of monopoly activities and the business's cash flow. The Group's commercial paper programme, amounting to SEK 1,000 million, with a rating of K-1, is successful. In January 2011 the Group issued bonds, with a rating of BBB+, for a total of SEK 500 million.

### Business Area Production

The Group's conversion from fossil-fuel dependency towards a more effective production of electricity and district heating via renewable energy sources continued throughout the year. In 2010, the supply of waste heat to our district heating network from the Nordic Sugar factories in Örtofta increased further as a result of a new flue gas condensation plant being put into operation. The increase in the sugar factory's heat supply equates to the annual heating needs of 4,500 family homes.

The biomass power heating plant, which in 2006 was built in Klippan has not yet been taken delivery of from the supplier as the guaranteed performance level has not yet been achieved. Throughout 2010, the supplier completed a major refurbishment of the boiler. In the spring 2011, additional measures were implemented to deal with the problems. In 2009, damage to the gas turbine at Gunnesboverket was detected. The damage was so extensive that it took until January 2010 before it could be operational again.

Svartisen's hydropower plant in Norway, where the Group owns withdrawal rights, is being extended

with a new turbine. Test operations will be conducted during 2011 and the plant is expected to be completed by late 2011.

### Business Area Network

The existing model for subsequent regulation of electricity grid earnings is being replaced by an advance regulation which will likely become effective in 2012. This means that in 2011, the Energy Market Inspectorate will decide how large earnings will be allowed to be through a so-called earnings framework agreement for the period 2012-2015.

By means of a buy-out, operations in Höörs Elverk i Krafringen Nät AB were incorporated on 1 January 2010. In November 2010, network operations in KREAB Öst AB were merged into Krafringen Nät AB.

### Business Area Sales

In May 2010, an upgrading plant was inaugurated, built jointly with VA Syd which will convert digester gas into biogas at Källby sewage treatment plant in Lund. The plant will reduce carbon dioxide emissions by over 1,700 tonnes per year.

The state of the market has meant that a general restraint has prevailed, which has meant that many customers have chosen to postpone investments in new heating technologies. For the business area, this has meant that a significantly smaller amount of new district heating and gas installations have been sold compared to previous years.

Cooperation in electricity sales and customer administration with Brittedals Energi in Hästveda was developed in 2010. Cooperation with C4 Energi in Kristianstad with regard to assigned supply and the supply of grid energy losses began during the latter part of 2010. During the year the Group acquired the electricity sales operations of Herrljunga Elektriska AB. At the same time, cooperation with Herrljunga Elektriska began. The subsidiary 7H Kraft is now 100 per cent owned by the Group.

### Business Area Service

In 2010, construction and civil engineering activities both in Lunds Energikoncernen, and on the external market have returned to more normal levels compared to the years immediately preceding. Contracting operations, despite a reduction in staff numbers by about 20 per cent compared to 2009, increased sales in 2010. Operations in the Open Urban Network continued to expand during the year.

### Parent Company

Lunds Energikoncernen AB (publ) is the parent company of 15 (17) companies and prepares its own consolidated accounts. The parent company's operations include development work and group-wide support functions.

## Turnover and earnings trend

The operating profit amounted to SEK 179.8 million (179.8). The profit after financial items amounted to SEK 139.3 million (144.0). The profit for the year amounted to SEK 99.8 million for the Group and SEK 98.6 million for the parent company.

Despite the extreme cold start to the year with high production costs, earnings increased thanks to increased supplies of waste heat and increased electricity production in line with last year.

The change in the parent company's earnings from 2009 is primarily due to writedowns of subsidiary shares in connection with the formation of Modity Energy Trading AB.

Net turnover increased by 11 per cent to SEK 3,197 million (2,885). Of the turnover, the electricity and electricity distribution accounted for SEK 2,127 million (1,970), district heating SEK 703 million (611), gas SEK 136 million (131), district cooling 25 million (26), contracts SEK 6 million (5) and others SEK 201 million (141). Investments for the year amounted to SEK 292 million (264).

## Expectations with regard to future developments

### The Group

The Group's result for 2011 is assessed at which is on parity with the yield requirements of the owners.

## Risk exposure and financial instruments

### The Group

Via its business operations, the Group is exposed to different types of financial risks. By financial risks we include fluctuations in the company's earnings and cash flow as a result of changes in energy prices (mainly oil, natural gas and electricity), currency exchange rates, interest rates as well as refinancing risks and credit risks. The Group's risk policy is decided by the Group's board and forms a framework of guidelines and regulations in the form of a risk mandate and limits all financial risks in the energy, interest and currency markets. The responsibility for the Group's market risks associated with the sale of energy, primarily electricity, district

heating and natural gas, is dealt with centrally by the Group's company for trade with energy. In a similar manner, the financial transactions and risks are handled by the Group's financial unit. The overall all objective is to provide cost-efficient financing and to safeguard all contractually bound energy prices and thereby minimise market fluctuations and their negative effects on the Group's earnings. In order to follow up on developments and control of the business operations exposed to risks, the Managing Director has the Risk Committee and the Risk Controller at his disposal.

#### Environmental information

During 2010, Lunds Energikoncernen increased carbon dioxide emissions from production after a decline which lasted several years. The increase is partly due to increased district heat production due to cold weather and increased demand for heating, partly due to operational problems at some of the Group's biomass power plants, which together resulted in more natural gas being used than anticipated.

The long term aim for Lunds Energikoncernen is to become a climate neutral company. The Group has facilities in Lund, Lomma, Eslöv and Klippan which are subject to concession for the production of district heating, district cooling and electricity. All facilities have permission for their operations in accordance with the Environmental Protection Act or the Environmental Code.

The environmental impact of business activities derives mainly from the emissions into the air from the burning

of fuels (renewable/non-renewable) for the production of electricity and heating. Since 1998, the Group has been environmentally certified in accordance with ISO 14001.

#### Management of the company

The board decided in 2006 that, as long as it is judged suitable and possible, it would adapt its work methods to the Swedish code of Corporate Governance. According to the code's rules and regulations, the board should submit an annual report where any deviations from the regulations are explained. A corporate governance report was prepared for 2010 and published together with the printed annual report.

#### Important events after the accounting date

Nothing has happened that may be considered as being of importance after the accounting date and before the signing of this annual report. The balance sheet and income statements as well as profit allocation will be presented for adoption by the AGM on 27 April 2011.

#### Proposal for distribution of the company's profits or losses

The board suggests that the profits of SEK 476,525,886:13 should be appropriated as follows:

<i>Balance carried forward</i>	476 525 886
<i>Total</i>	476 525 886

With regard to the company's profits and position in general, refer to the following income statement and balance sheets with associated notes to the financial statement.

## Income statement – Group

Amounts in TSEK	Note	2010 -01-01 – 2010 -12-31	2009 -01-01 – 2009 -12-31
Net turnover	1	3 196 835	2 884 970
Capitalised work for own account		174 412	104 242
Other operating income		36 982	33 120
		<b>3 408 229</b>	<b>3 022 332</b>
<b>Operating expenses</b>			
Raw materials and consumables	2	-66 665	-58 773
Purchase of energy and energy taxes		-2 323 909	-1 917 883
Other external costs	3,4	-310 016	-273 690
Personnel costs	5	-288 318	-320 577
Depreciation and write-downs of tangible and intangible assets	6	-234 492	-248 237
Other operating expenses	7	-5 019	-23 333
<b>Operating profit</b>		<b>179 810</b>	<b>179 841</b>
<i>Profit from financial items</i>			
Profit/loss from shares in associated companies	9	-4 342	-636
Result from securities and receivables accounted for as fixed assets	10	1 670	1 270
Other interest income and similar profit items	11	11 094	89 679
Interest expenses and similar profit/loss items	12	-48 968	-126 127
<b>Profit after financial items</b>	13	<b>139 264</b>	<b>144 027</b>
Tax on year's profit	15	-37 447	-44 430
Minority share of the profit/loss for the year		-2 038	-1 034
<b>Profit/loss for the year</b>		<b>99 779</b>	<b>98 563</b>
<b>Profit per share</b>			
Profit per share (SEK)		20,50	20,25

#### Financial overview, the past 5 years

Amounts in SEK million (if not specified otherwise)	2010	2009	2008	2007	2006
Turnover	3 408	3 022	2 841	2 525	2 413
Profits after net interest income/expense	139,3	144,0	165,1	146,8	143,7
Equity ratio	40,1 %	39,7 %	37,0 %	37,6 %	36,8 %
Yield equity	6,0 %	6,3 %	7,4 %	7,0 %	7,0 %
Dividend per share (SEK)	–	–	–	–	–
Group contribution per share (SEK)	12,33	12,33	12,30	13,53	14,37
Dividend	–	–	–	–	–
Group contribution	60,0	60,0	59,8	65,9	69,9

#### Investments over the past 5 years

Amounts in SEK million (if not specified otherwise)	2010	2009	2008	2007	2006
Investments	292	264	465	321	442

## Balance sheet – Group

### Assets

Amounts in TSEK	Note	2010 -12-31	2009 -12-31
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Electricity certificate and emission rights	16	18 761	34 684
Usage rights hydro-electric power	16	270 582	287 073
Computer software	16	26 477	28 839
Goodwill	16	21 019	10 101
Advance payments regarding intangible assets	17	0	0
		<b>336 839</b>	<b>360 696</b>
<i>Tangible assets</i>			
Buildings and land	18	171 180	178 464
Machinery and other technical assets	19	2 721 896	2 614 456
Equipment, tools, fixtures and fittings	20	22 163	31 714
New plants being built and advance payments for tangible assets	21	231 391	251 068
		<b>3 146 630</b>	<b>3 075 701</b>
<i>Financial fixed assets</i>			
Participations in associated companies	23	31 632	4 526
Assets in associated companies	24	818	-
Other long-term security holdings	25	25 356	8 060
Deferred tax asset	34	3 223	15 723
Other long-term receivables	26	8 963	10 001
		<b>69 991</b>	<b>38 309</b>
<b>Total fixed assets</b>		<b>3 553 461</b>	<b>3 474 707</b>
<b>Current assets</b>			
<i>Stock, etc.</i>			
Raw materials and consumables	27	31 805	32 345
		<b>31 805</b>	<b>32 345</b>
<i>Current receivables</i>			
Accounts receivable		217 522	201 452
Income taxes recoverable		8 723	26 324
Established but non-invoiced revenue	28	13 176	16 429
Other receivables		52 188	66 611
Prepaid expenses and accrued income	29	395 638	380 360
		<b>687 247</b>	<b>691 176</b>
Current investments	30	-	6 132
Cash and bank balances		85 004	89 358
<b>Total current assets</b>		<b>804 056</b>	<b>819 011</b>
<b>Total assets</b>		<b>4 357 517</b>	<b>4 293 718</b>

## Balance sheet – Group

### Equity and debts

Amounts in TSEK	Note	2010 -12-31	2009 -12-31
<i>Shareholders' equity</i>			
Share capital		48 672	48 672
Restricted reserves		1 211 547	1 286 404
Non-restricted reserves		385 963	271 792
Profit/loss for the year		99 779	98 563
		<b>1 745 962</b>	<b>1 705 431</b>
Minority interest		2 299	10 536
<i>Allocations</i>			
Allocations for pensions and similar obligations	33	37 134	27 391
Allocations for deferred tax	34	535 039	529 751
Other provisions	35	1 129	4 649
		<b>573 301</b>	<b>561 791</b>
<i>Long-term liabilities</i>			
Other liabilities to credit institutes	36	200 000	200 000
Other liabilities	37	162	162
		<b>200 162</b>	<b>200 162</b>
<i>Current liabilities</i>			
Liabilities to credit institutions	31	1 240 098	1 260 454
Accounts payable		112 137	75 129
Liabilities to Parent company		65 072	65 072
Current tax debts		10 339	14 314
Other liabilities	37	84 646	90 769
Accrued expenses and deferred income	38	323 502	310 059
		<b>1 835 793</b>	<b>1 815 797</b>
<b>Total equity and liabilities</b>		<b>4 357 517</b>	<b>4 293 718</b>

## Pledged securities and contingent liabilities – Group

Amounts in TSEK	2010 -12-31	2009 -12-31
<b>Pledged assets</b>		
<i>For own liabilities and provisions</i>		
Floating charges	7 000	7 000
Assets with reservation of title	-	1 105
	<b>7 000</b>	<b>8 105</b>
<b>Contingent liabilities</b>		
Pension obligations in addition to what has been taken up		
Guarantee commitments for the benefit of associated companies	1 490 488	-
Guarantee commitments, others	-	874
	<b>1 490 488</b>	<b>874</b>

The Group has a right of recourse to Öresundskraft AB amounting to SEK 245,162.

## Summary of changes in share equity – Group

Amounts in TSEK	Share capital	Non-distributable reserves	Non-restricted reserves
<i>Group</i>			
Closing balance in accordance with balance sheet on 31 December 2008	48 672	1 308 603	276 368
Movement between restricted and non-restricted equity		-22 200	22 200
Profit/loss for the year			98 563
Group contribution			-60 008
Tax effect on Group contribution			15 782
Translation difference*			17 451
<b>Equity on 31-12-2009</b>	<b>48 672</b>	<b>1 286 404</b>	<b>370 355</b>
Movement between restricted and non-restricted equity		-74 857	74 857
Profit/loss for the year			99 779
Group contribution			-60 024
Tax effect on Group contribution			15 786
Translation difference*			-15 012
<b>Equity on 31-12-2009</b>	<b>48 672</b>	<b>1 211 547</b>	<b>485 743</b>

\* Accumulated translation difference in foreign subsidiaries' net assets amounts to -6,834 TSEK (8,178). The share capital consists of 4,867,242 shares and has a quota value of SEK 10.

## Cash flow analysis – Group

Amounts in TSEK	2010-01-01 – 2010-12-31	2009-01-01 – 2009-12-31
<b>Current operations</b>		
Profit after financial items	139 264	144 027
Adjustments for non-cash items, etc.	252 109	196 462
	<b>391 373</b>	<b>340 489</b>
Taxes paid	2 421	-23 258
<b>Cash flow from operating activities before changes in operating capital</b>	<b>393 794</b>	<b>317 230</b>
<i>Cash flow from changes in operating capital</i>		
Increase (-) /Decrease (+) in inventories	-15 798	1 061
Increase (-) /Decrease (+) in current receivables	-72 280	135 193
Increase (+) /Decrease (-) in current liabilities	126 544	-108 953
<b>Cash flow from operating activities</b>	<b>432 260</b>	<b>344 531</b>
<b>Investment activities</b>		
Acquisition of subsidiary	-16 000	-
Sale of subsidiary	-79 087	-
Acquisition of intangible assets	-17 822	-12 476
Acquisition of tangible assets	-292 175	-263 812
Sale of tangible assets	975	6 641
Acquisition of financial assets	-13 281	-13 056
Sale/decrease in financial assets	2 180	11 403
<b>Cash flow from investment activities</b>	<b>-415 210</b>	<b>-271 300</b>
<b>Financing operations</b>		
Amortisation of loans	-20 356	-85 464
Dividends paid	-1 022	-1 648
<b>Cash flow from financing activities</b>	<b>-21 378</b>	<b>-87 112</b>
Cash flow for the year	-4 328	-13 881
Liquid assets at beginning of year	89 358	102 908
Exchange rate difference in liquid assets	-25	330
<b>Liquid assets at end of year</b>	<b>85 004</b>	<b>89 358</b>

## Supplementary disclosures regarding cash flow analysis – Group

Amounts in TSEK	2010-01-01 –2010-12-31	2009-01-01 –2009-12-31
<b>Paid interest and dividends received</b>		
Dividends received	1 670	1 566
Interest received	4 204	51 035
Interest paid	-37 370	-86 278
<b>Adjustments for non-cash items, etc.</b>		
Less: profit participations in associated companies	4 342	636
Depreciation and write-downs of assets	241 397	259 890
Unrealised currency rate differences	3 525	-9 388
Capital result from sale of fixed assets	-429	4 464
Capital result from sale of operations/subsidiary	-2 510	-
Pension allocations	9 742	-245
Other provisions	-3 520	-58 895
Other earnings items not affecting liquidity	-439	-
	<b>252 109</b>	<b>196 462</b>
<b>Acquisition of subsidiaries and other business units</b>		
<i>Acquired assets and liabilities</i>		
Intangible fixed assets	6 747	-
Total assets	6 747	-
Minority	-9 253	-
Total liabilities and provisions	-9 253	-
Sales price	16 000	-
Sales price received	16 000	-
<b>Effect on liquid assets (minus = increase)</b>	<b>16 000</b>	<b>-</b>
<b>Sale of subsidiaries and other business units</b>		
<i>Sold assets and liabilities</i>		
Tangible assets	269	-
Raw materials and consumables	15 812	-
Current receivables	75 093	-
Liquid assets	82 537	-
<b>Total assets</b>	<b>173 711</b>	<b>-</b>
Current liabilities	141 323	-
<b>Total liabilities and provisions</b>	<b>141 323</b>	<b>-</b>
Sales price	3 450	-
Sales price received	3 450	-
Less: Liquid assets in the sold business operation	-82 537	-
<b>Effect on liquid assets</b>	<b>-79 087</b>	<b>-</b>
<b>Liquid assets</b>		
<i>The following are included as liquid assets:</i>		
Cash and bank balances	85 004	89 358
	<b>85 004</b>	<b>89 358</b>

The above items have been classified as liquid assets on the basis that:

- There is an insignificant risk of value fluctuations.
- They can easily be turned into cash.
- They have a duration of 3 months at the most from date of acquisition.

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