# Annual Report 2010/2011

ADDTECH

» Read more at www.addtech.com

# Table of Contents


| | |
|---|---|
| The Year in Brief | **1** |
| Group Overview | **2** |
| Comments by the President and CEO | **4** |
| Business Concept, Goals and Strategies | **6** |
| Market Drivers | **7** |
| Organisation and Corporate Culture | **8** |
| Addtech's Sustainability Work | **9** |
| GRI index | **10** |
| Administration Report | **11** |
| Financial Statements | **26** |
| Notes | **32** |
| Proposed Allocation of Earnings | **52** |
| Audit Report | **53** |
| Board of Directors | **54** |
| Group Management | **55** |
| Addtech Share | **56** |
| Multi-year Summary | **58** |
| Invitation to the Annual General Meeting | **60** |
| Our Companies | |


# Calendar

**Interim Report Q1**
1 April – 30 June 2011
to be published on 15 July 2011

**Annual General Meeting 2011**
to be held on 23 August 2011

**Interim Report Q2**
1 April – 30 September 2011
to be published on 27 October 2011

**Interim Report Q3**
1 April – 31 December 2011
to be published on 9 February 2012

**Year-end Report**
1 April 2011 – 31 March 2012
to be published on 9 May 2012

All financial information is published on Addtech's website, www.addtech.com, as soon as announced. The annual report is distributed to shareholders who have ordered it via Addtech.

# The Year in Brief

## The 2010/2011 financial year

The financial year can best be described as a year of recovery. The business climate and demand for Addtech's products and services were good, and all business areas reinforced their positions and reported a positive sales and earnings trend.

The strongest recovery took place in the Swedish market, which also contributed most to the increase in sales. In other markets, the recovery occurred later and has been significantly more cautious than in Sweden.

The 76 percent rise in operating profit shows that the organisation, despite previous years' cutbacks and lower costs, successfully met greater demand without appreciably increasing its costs.

A total of 14 acquisitions were made since the start of the financial year; the takeover date for 2 of them was after the financial year. Acquired operations have developed well in terms of the sale of products and services and profitability.

**4.4** billion in revenue

**380** million in operating profit

**14** acquisitions

- **Revenue rose** by 20 percent and reached SEK 4,418 million.
- **Operating profit increased** by 76 percent to SEK 380 million, corresponding to an operating margin of 8.6 percent.
- **Profit after tax** totalled SEK 265 million, corresponding to earnings per share of SEK 11.80.
- **Cash flow** from the operations was robust and amounted to SEK 300 million, corresponding to cash flow per share of SEK 13.50.
- **Return on equity** totalled 31 percent and the equity ratio was 40 percent.
- **The Board of Directors** proposes dividend of SEK 7.00 per share.

## Key indicators

| | 10/11 | 09/10 | 08/09 | 07/08 | 06/07 |
|---|---|---|---|---|---|
| Revenue, SEKm | 4,418 | 3,680 | 4,445 | 4,198 | 3,661 |
| Operating profit, SEKm | 380 | 216 | 376 | 415 | 360 |
| Profit for the year, SEKm | 265 | 150 | 271 | 287 | 256 |
| Operating margin, % | 8.6 | 5.9 | 8.5 | 9.9 | 9.8 |
| Profit margin, % | 8.2 | 5.5 | 8.2 | 9.5 | 9.6 |
| Return on working capital (P/WC), % | 50 | 30 | 45 | 57 | 61 |
| Earnings per share, SEK | 11.80 | 6.60 | 12.05 | 12.70 | 11.15 |
| Equity per share, SEK | 40.80 | 36.10 | 37.20 | 29.90 | 24.40 |
| Dividend per share, SEK | 7.00* | 5.00 | 5.00 | 7.00 | 6.00 |
| Return on equity, % | 31 | 18 | 36 | 48 | 54 |
| Equity ratio, % | 40 | 45 | 39 | 34 | 32 |
| Average number of employees | 1,445 | 1,335 | 1,532 | 1,368 | 1,235 |
| Number of employees at year-end | 1,512 | 1,323 | 1,426 | 1,537 | 1,306 |

* As proposed by the Board of Directors.

# This is Addtech

**1,500** employees

**100** subsidiaries

## Technology trading under many brands

Addtech is a technology trading group that provides technological and economic value added in the link between manufacturers and customers. Addtech operates in selected niches in the market for advanced technology products and solutions. Its customers primarily operate in the manufacturing industry and public sector. The Group has about 1,500 employees and achieves annual sales of about SEK 4.5 billion to more than 30 countries.

Addtech consists of more than 100 operating companies that all strive to be market leaders in their niches. The companies are bound together by a corporate culture in which business skills and technical competence are central concepts and in which the flexibility of a small company is combined with the broad network, resources and financial strength of the Group.

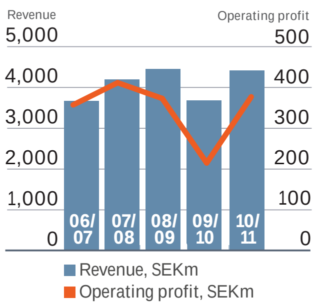
Sales and trading in standard products form the foundation of the operation, but advanced technical competence, long-term customer relationships and understanding of customers' operations often lead to more in-depth cooperation and development of specially adapted products, solutions and services.

## Addtech adds value

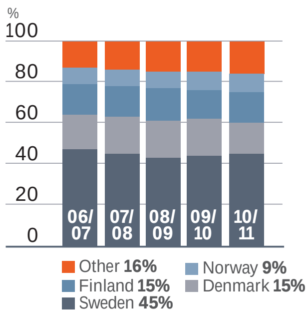
Addtech owns and develops technology trading companies with the objective of generating sustainable profitability exceeding 45 percent in terms of return on working capital.

Addtech creates value for its owners by supplying its subsidiaries with knowledge, networks and security and by continually acquiring niched technology trading companies within selected market segments.

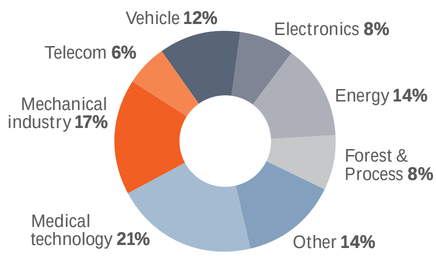
### Revenue and operating profit




### Revenue by geographic market




### Revenue by customer segment



## Addtech Components

Addtech Components works with technical components and subsystems used in mechanics, electromechanics, electronics and hydraulics. The business area's offering consists of technical standard components that are in demand in medium-sized volumes. The components are often built into adapted system solutions.

## Addtech Energy & Equipment

Addtech Energy & Equipment focuses on supplying industry with batteries and battery solutions. It also sells components and products used in power transmission, and equipment and materials for industrial production processes. This business area also manufactures certain niche products which are sold internationally under own brands.

## Addtech Industrial Solutions

Addtech Industrial Solutions primarily works on advanced solutions used in the manufacturing industry. The business area is characterised by high technical competence, and a significant proportion of sales consists of customised subsystems and comprehensive solutions. Some products and subsystems are developed entirely in-house and are produced and marketed internationally under own brands.

## Addtech Life Science

Addtech Life Science sells instruments and consumables to laboratories in healthcare and research, diagnostic equipment for the healthcare sector, and process and analysis equipment for industry. The offering also includes related services such as application knowledge, training, support and servicing. Calibration services are offered in process engineering.

### Examples of products

Linear units, ball screws, electric motors, switches, sensors and transducers. The hydraulics section, which also includes pneumatics, vacuum and compressed air products, sells components and solutions such as valves, pumps, installations and filters.

Industrial batteries, electrical power products, production machinery and consumables.

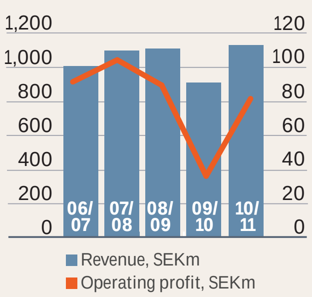
Gaskets, seals, moulded components, vibration dampers, chains, gear units, power and signal transmission components, automation components, and measuring and testing systems.

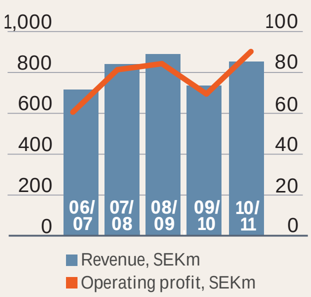
Blood-gas equipment for the healthcare sector, chromatography instruments for research, and chemical analysis equipment for the process industry, consultation, training, support and servicing.

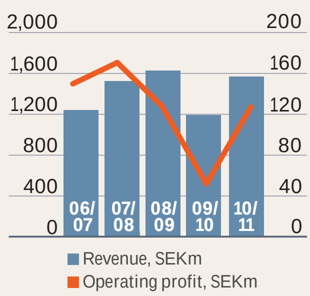
### Revenue, proportion of Group

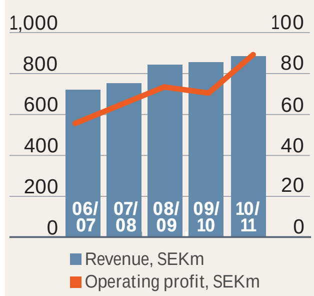
| Addtech Components | Addtech Energy & Equipment | Addtech Industrial Solutions | Addtech Life Science |
|---|---|---|---|
| 26% | 19% | 35% | 20% |

### Revenue and operating profit




### Average number of employees

| Addtech Components | Addtech Energy & Equipment | Addtech Industrial Solutions | Addtech Life Science |
|---|---|---|---|
| 280 | 273 | 575 | 280 |

# **2010/2011**: Strong recovery and advanced market positions

**Johan Sjö**, CEO

‘Addtech is to stand for continuity and development at the same time as being perceived by our customers, suppliers and employees as the most competent and long-term partner.’

**The Nordic markets recovered during the year – as did Addtech. Revenue rose by 20 percent to more than SEK 4.4 billion and earnings per share increased by about 80 percent. Addtech also reinforced its positions in several market segments, partly via 14 acquisitions.**

The Swedish market has acted as the main locomotive during the recovery. Several industries have really picked up speed, including the vehicle and engineering industries. This has meant that our subsidiaries that sell products and solutions to the manufacturing industry have enjoyed a much better business climate. Other markets still have growth potential, because corresponding market segments have so far grown more slowly than those in Sweden. The subsidiaries that target the energy market have also seen stronger demand, while our subsidiaries that sell to the healthcare sector have had a stable business climate – which was actually also the case throughout the recession.

Although business was good for Addtech during the year, we have not yet regained the levels of demand that we had before the financial crisis. The fact that we achieved such favourable results in a short space of time is thanks to our successful work to maintain customer relationships during the recession, even though the sales volumes were sometimes very low. When demand subsequently returned, we were ready to quickly resume delivery of our products and solutions.

### More attuned to customers’ needs

Part of our work on building market positions involves being attuned to our customers and their needs. This approach has enabled us to strengthen our role as a refining link between manufacturers and customers. As a result, sales of modified standard products as well as products and solutions designed in house have steadily increased. Half of our operations remain focused on standard products, however, and they form the core of our offering.

### Acquisitions bolster our market positions

Our objective is earnings growth of at least 15 percent per annum over the course of a business cycle. We are to achieve this through a combination of organic growth and acquisitions. Strategic acquisitions are a particularly important part of our efforts to create long-term, profitable growth. In 2008/2009 Addtech made few acquisitions, because the prices were often at unrealistic levels in relation to lower profitability. During the past year, we substantially increased the rate of our acquisition activity. We acquired a total of 14 companies that operate in strategically interesting market segments and fit in with the Group's business model. Through the acquisitions, we strengthened our positions at several levels. The subsidiaries made smaller bolt-on acquisitions, and many business units reinforced their positions in their respective market segments. Finally, one business area added a completely new business unit by acquiring the BEVI group, which is now the Power Drives business unit at Addtech.

### Focusing produced results

Three years ago, we grouped all subsidiaries into market-oriented business units. The objective was to boost the focus on sales in each market segment and increase the right conditions for cost-effective cooperation. The market orientation has led to a more intensive exchange of experience between heads of subsidiaries and heads of business units. Dialogue in the business units has meant that our employees now have better understanding of where Addtech is heading and what we can do to harness future opportunities in each segment. Experiences from the latest crisis show that our organisation is resilient in both good and bad times and can be rapidly adapted to the prevailing conditions.

### The leading technology trading company

Addtech's basic strategy stands firm, at the same time as our operations are constantly evolving and being tailored to the current market conditions. Strategically, we are going from strength to strength, and to elevate our level of ambition even more, we established a joint vision in June of this year stating that Addtech is to be the leading value adding tech provider. The vision is not new to each individual subsidiary, but as a Group-wide watchword it adds another dimension that I know will affect the way we do business. To be a leader means that we must be best at what we do. We are to stand for continuity and development at the same time as being perceived by our customers, suppliers and employees as the most competent and long-term partner. The year's sustainability work is one example of several areas in which we can work together in the Group to become the leader in our industry.

### Well-equipped for the future

I rate the outlook for 2011/2012 as good. Addtech is well-equipped to face the challenges and opportunities that the future will bring. Sweden will probably return to a more normal rate of growth in light of the robust recovery that has taken place.

‘We acquired a total of 14 companies that operate in strategically interesting market segments.’

However, there are still plenty of opportunities for substantial growth in other Nordic markets; the positive trend of the past six months in Denmark and Finland looks set to continue, while the recovery in Norway might not take place until some way into the new financial year. I also see a positive market trend for our markets beyond the Nordic countries. Exports to these markets continue to rise, and the business climate is favourable for our operations outside the Nordics.

Dear shareholders, our employees' competence, skills, professionalism and personal commitment are what form the foundation of our business model and make it possible for us to continue delivering technical and financial value added to our customers, year after year. That's why I'd like to say a big thank you to all employees who have contributed to the admirable growth of the past year!

Stockholm, June 2011

Johan Sjö
Group President and CEO

# Business Concept, Goals and Strategies

## Vision
Addtech shall be the leading value adding tech provider.

## Business concept
Addtech offers high-tech products and solutions to industrial companies and the public sector. Addtech adds both technological and financial value by being a skilled and professional partner in its cooperation with customers and manufacturers.

## Financial goals
Addtech's overriding goal is to achieve growth combined with profitability. The Group's objective is earnings growth of at least 15 percent per year over the course of a business cycle.

The profitability target for each subsidiary is a minimum of 45 percent, measured using the relationship between operating profit (P) and working capital (WC), expressed as return on working capital (P/WC). This P/WC ratio encourages high operating profit and low levels of tied-up capital. When combined with the growth target of 15 percent, this creates the possibility of positive cash flow and conditions for profitable growth.

## Operating goals
The Addtech Group is to be the leader in value-adding technology trading and be perceived by our customers, suppliers and employees as the most competent and long-term partner.

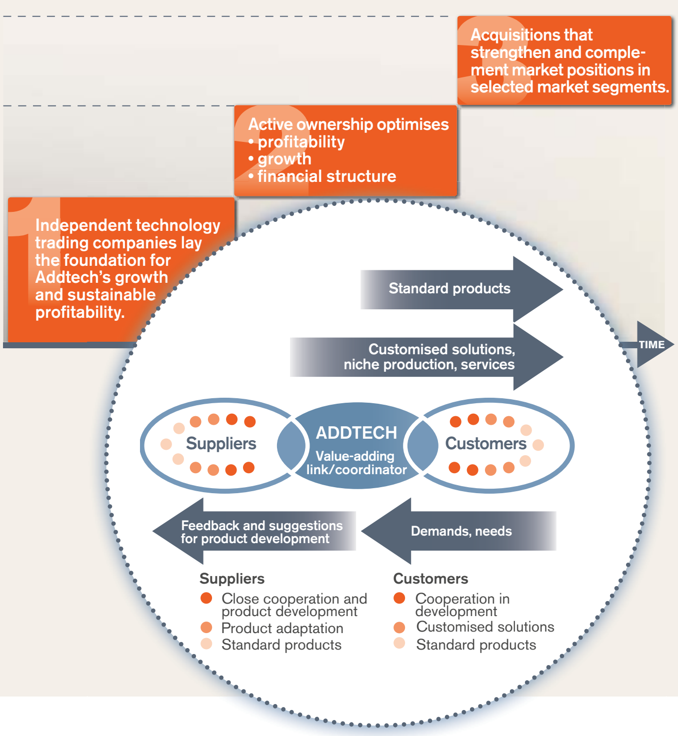
## Strategies
Profitable growth is achieved through continuous business and organisational development. Addtech has three core strategies for reaching its goals:

### Market-leading positions
Addtech sets out to be the market leader and to build positions in selected and clearly defined niches with high knowledge and technology content and where customers demand carefully selected products, solutions and subsystems – often in small and medium-sized volumes. The market-leading position is a significant factor for achieving stable growth and sustainable profitability.

### Operating mobility
Addtech is to be noted for its flexible organisational structure with quick-thinking, innovative employees who recognise new business opportunities. Addtech is to capitalise on the growth potential of each of its subsidiaries and product areas by dividing or merging operations, either in whole or in part. Operating mobility also involves having effective processes for integrating new operations into the Group.

### Acquisitions
Addtech works at all times to strengthen its operations through small bolt-on acquisitions and by building and expanding positions in chosen niches. Business operations are also to be acquired in new niches where the Group has the possibility of becoming the market leader. The ability to apply the Group's business model is a common success factor in all acquisitions.

## Addtech drives shareholder value




### Shareholder value in three steps

Addtech's earnings and shareholder value are created in three cooperating and mutually-dependent steps.

**1.** The value-adding base. More than 100 subsidiaries lay the foundation for Addtech's earnings and shareholder value. Their operations and business model are based on the need for a link between customer and manufacturer that helps the customer choose a supplier and technology from an increasingly complex supplier market. Sales of products and solutions build on close relationships with customers, manufacturers and suppliers, combined with high levels of technological know-how and business skills.

**2.** Active ownership and industrial development. Addtech works actively to increase the profitability of its subsidiaries, but the role of owner is exercised with care. Addtech seeks to combine the advantageous flexibility, personal touch and efficiency of a small enterprise with the resources, networks and industrial skills of a large corporation. Addtech believes that long-term growth and profitability are optimised by taking a small-scale approach on a large scale.

**3.** Acquisitions for growth and development. Acquisitions of new subsidiaries are necessary to create long-term profit growth and value for shareholders. New companies increase the value-adding base. They add sales volume, agency companies, customers, competence and – at least equally important – motivated leaders and entrepreneurs. New companies also bring opportunities for efficiency enhancements and development.

# Market Drivers

Addtech operates in the international technology trading market, where players buy, adapt and sell technical products and solutions. The Group focuses on carefully selected niches with a high technology and knowledge content. Addtech is a key partner for industrial companies and technology-intensive service companies in the private and public sectors in Northern Europe.

### The Northern European market

Addtech's operational focus is on the Nordic countries, although markets outside the region have grown in importance in recent years. The operations beyond the Nordics are in the UK, Germany, Austria, Poland, Estonia, Latvia, Japan and China. In addition to this, the Group exports to more than 20 other countries.

### Market drivers

The long-term growth and profitability of the technology trading market depend on the size and diversity of the industrial and service sectors. Northern Europe's relatively high costs have spurred the development of knowledge-intensive, automated and specialised industrial and service sectors. This has also contributed to differentiation of the value chain, increased trade and greater reliance on external partners for product development and component modifications as well as for maintenance and other aftermarket services. Addtech cooperates with manufacturers who, via their in-house product development, supply market-leading, high-quality products with advanced technological content. Cooperation with our companies is to be the most profitable way for suppliers to sell their products in the geographic markets where we operate.

Customers need a partner who helps them select the right supplier and technology from an increasingly complex supplier market. When we can provide a range of market-leading products, combined with our own technological and market knowledge alongside flexible customisation options, we will also be an attractive partner for our customers. Our range of products and services is aimed at both end users and OEM customers (Original Equipment Manufacturers, who integrate Addtech's products into their own products).

### Growth and profitability

In the short term, growth and profitability are closely tied to the state of the economy in industry and the economic conditions prevailing in the Group's markets.

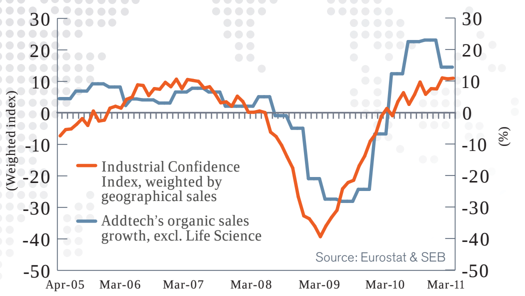
Addtech's focus on infrastructure, the public sector and narrow market niches reduces sensitivity to economic volatility. However, growth and profitability are highly dependent on the state of competition among our customers and their possibilities of performing well domestically and/or globally. As a result, it is crucial when selecting customers that resources are invested in niche markets offering long-term sustainability. Addtech therefore evaluates each of its markets on an ongoing basis to ensure that they offer the Group scope for reaching its financial targets.

## Addtech around the world

**Addtech is based in Nordic industry, but operates internationally**

The subsidiaries find and represent market-leading manufacturers from all over the world. In addition, many of Addtech's products are incorporated into the end products of globally exporting customers. Addtech often continues to supply its parts to these customers when they relocate their manufacturing operations abroad.

## Industrial production determines demand




**Industrial production determines the demand for Addtech's products**

Close connections between Addtech's sales, excluding the Life Science business area, and the confidence index in industry.

# Organisation and Corporate Culture

Addtech's companies are run using the 'freedom with responsibility' principle, and this independence is highly significant to Addtech's ability to retain and recruit business-driven employees and contractors. Freedom with responsibility means that the companies are free to run and develop their business operations provided that they follow Addtech's business model and Group-wide rules. The Parent Company does not govern the details of the operating activities, but provides an array of tools that support efficiency and optimisation. The tools are used in areas such as law, accounting and finance, training, quality, IT and business systems as well as in framework agreements (master contracts) for purchases of services and consumables.

## Business units create synergies

Addtech has grouped its subsidiaries with similar customers, products and solutions into 15 business units under the 4 business areas to harness the benefits of the Group's networks of suppliers and customers. Each business unit is led by a manager who often doubles as managing director of one of the constituent companies. The business unit manager and business area management support the subsidiaries through board work and in matters of a more operational nature.

The main task of the business unit is to create exchanges between the subsidiaries to identify and capitalise on business opportunities in their market segments. Each unit has formulated its own vision for its market area or area of technology, and cooperation in the business units strengthens a broader and more customer-oriented business focus among the subsidiaries. The decentralised organisational model is dynamic and ready to accept new companies that contribute to growth and development. A new business unit called Power Drives was formed during the year in conjunction with the acquisition of the BEVI group. The business units help to further reinforce Addtech's positions in its selected market segments.

## Organisation for individual development

Addtech depends on skilled, highly proactive employees and the operations are designed to give these people scope to grow. The decentralised organisation, including operationally active business unit managers, enables employees to develop their capacity to assume increased responsibility. Further career opportunities in an exchange-listed company may also be important to motivated entrepreneurs who are considering selling their operation, but want to continue leading their companies within the framework of a larger company.

## Business-driven corporate culture

Addtech's long established corporate culture and shared core values serve as a good source of guidance for employees in their work. The corporate culture is rooted in business skills and high levels of technical expertise, combined with individual freedom and a willingness to take personal responsibility.

The attitude and approach of Addtech employees are decisive factors when customers and suppliers choose to do business with Addtech. The Group's employees are known among customers for their ability to create innovative solutions that meet customers' needs.

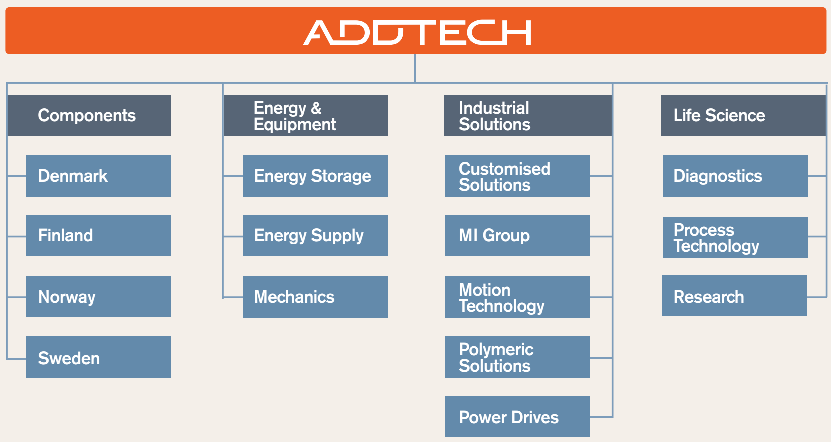
Employees' business skills also include an ability to see to their company's long-term profitability and growth based on doing business that benefits all parties.

## Investing in skills development

The Group takes a long-term approach on several levels aimed at increasing internal knowledge transfer, furthering the growth of employees and refining the corporate culture. The Addtech Business School and various internal Group projects are key mechanisms in this context. All employees go on the 'Vision & Corporate Philosophy' course.

### Organisation

Within Addtech's four business areas the subsidiaries are grouped in business units linked to overall technology segments or market segments.



# Addtech's Sustainability Work

Addtech has decided to gear up its ambition regarding its work on sustainability issues. From now on, the issues will form a natural part of day-to-day work at Group and employee level. The work is to be presented in a sustainability report that complies with the Global Reporting Initiative (GRI), initially at Application Level C.

This decision means that overall responsibility for sustainability issues is being moved up to Group level from its previous level which was mainly at the individual subsidiaries. Historically, Addtech's sustainability work has complied with laws and ordinances, but it has above all corresponded to the sustainability requirements of each market. For some operations, this has meant far-reaching sustainability efforts with environmental certification.

Addtech's reason for changing its strategy is that these issues will henceforth be raised at Group and employee level and will lead to constant work towards continually sustainable and profitable development. Addtech's overriding goal is to fulfil the requirements and expectations of customers, shareholders and employees regarding sustainable enterprise. Greater transparency and follow-up are key foundation stones in this work.

Addtech's corporate structure and operations, with about 100 companies, is a challenge when it comes to achieving rapid results in sustainability work, and many units will introduce completely or partly new processes. On the other hand, the sustainability work paves the way for creating greater value, for example through more attractive customer offerings, larger cost cuts and improved quality and HR work. The sustainability work must take place continually in coming years, and the results will not be measurable until a few years have passed. This year's sustainability report complies with GRI Application Level C.

## Materiality analysis

We have conducted an internal and external stakeholder analysis to ensure that we are working and reporting on the areas that are most important to our operations and stakeholders. The internal stakeholders represented all four of our business areas and the external stakeholders consisted of major shareholders and key customers. The results of the analysis show that the areas of highest priority are business ethics, energy consumption, profit trends and working environment.

## Guiding policies

Governance guidelines and policies form the foundation of Addtech's sustainability efforts, and during the year we updated our Group-wide Code of Conduct, which includes all important points in the areas of the environment, human rights, working terms and conditions, and corruption. The code is based on the UN's Global Compact, ILO's Core Conventions, and the OECD Guidelines for Multinational Enterprises, and it is aimed at our operations and those of our suppliers.

## Our environmental work

The main business of Group companies comprises technology trading, so the environmental footprint of our own operations is limited. Nonetheless, we constantly strive to make improvements in the areas that we have an opportunity to influence. More than 60 percent of the electricity used in the Addtech Group already comes from renewable sources. Our goal is to continue to increase this proportion each year.

## Our employees

The companies in the Addtech Group strive to be attractive employers and provide their employees with sound opportunities for personal growth. During the year we will conduct an employee survey to identify areas in which we can improve even more; the survey will form the basis of long-term strategic work.

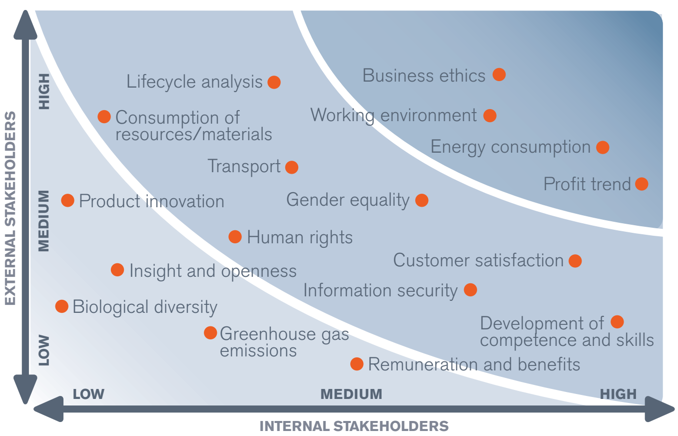
## Our suppliers

A major share of the sales generated by Addtech companies comes from selling on products and solutions from global and market-leading suppliers. Relationships with suppliers are often longstanding and involve close collaboration on how the supplier's products can be used in a variety of customer applications. As of this year, we will deepen these relationships and take long-term action to ensure that our suppliers live up to requirements at an acceptable level in relation to their employees and the environment.

As a technology trading group, we cannot ignore the possibility that our employees could be involved in bribes. During the reported periods, we have not been involved in incidents of corruption.

Read more in the administration report on page 17.

### Degree of relevance




### Energy consumption GWh

| | 2010/2011 | % | 2009/2010 | % |
|---|---|---|---|---|
| **Electricity** | | | | |
| Renewable sources | 7.3 | 66 | 5.8 | 64 |
| Non-renewable sources | 3.7 | 34 | 3.3 | 36 |
| **Total** | **11.0** | **100** | **9.1** | **100** |
| **District heating** | | | | |
| Renewable sources | 2.0 | 52 | 1.1 | 42 |
| Non-renewable sources | 1.8 | 48 | 1.5 | 58 |
| **Total** | **3.8** | **100** | **2.6** | **100** |

# GRI index

| Standard Disclosures | | Page |
|---|---|---|
| **1.** | **Strategy & Analysis** | |
| 1.1 | Statement from CEO about vision and strategy. | 9 |
| **2.** | **Organisational Profile** | |
| 2.1 | Name of the organisation. | 51 |
| 2.2 | Primary brands, products, and/or services. | 3 |
| 2.3 | Operational structure of the organisation. | 8 |
| 2.4 | Location of organisation's headquarters. | 51 |
| 2.5 | Countries where the organisation operates. | 7 |
| 2.6 | Nature of ownership and legal form. | 18, 56-57 |
| 2.7 | Markets served. | 7 |
| 2.8 | Scale of the reporting organisation. | 1 |
| 2.9 | Significant changes during the reporting period. | 9 |
| 2.10 | Awards received in the reporting period. | - |
| **3.** | **Report Parameters** | |
| **Report Profile** | | |
| 3.1 | Reporting period. | 9 |
| 3.3 | Reporting cycle. | 9 |
| 3.4 | Contact point for questions regarding the report or its contents. | 51 |
| **Report Content and Boundaries** | | |
| 3.5 | Process for defining report content. | 9 |
| 3.6 | Boundaries of the report. | 9 |
| 3.7 | Specific limitations on the scope or boundary of the report. | 9 |
| 3.8 | Basis for reporting on subsidiaries and outsourced operations. | 9 |
| 3.10 | Effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement. | 9 |
| **Table of Contents according to GRI** | | |
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | 10 |
| **4.** | **Governance, Commitments, and Engagement** | |
| **Governance** | | |
| 4.1 | Governance structure of the organisation. | 20-25,54-55 |
| 4.2 | Indication on whether the Chair of the highest governance body (Board) is also an executive officer. | 54-55 |
| 4.3 | Information on whether the CEO is part of the highest governance body. | 54-55 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body or Company management. | 60 |
| **Stakeholder Communication** | | |
| 4.14 | Stakeholder groups engaged by the organisation. | 9 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | 9 |

| Labor Practices and Decent Work Performance Indicators* | |
|---|---|
| **Employees – Employment** | |
| LA1 | Total workforce. |
| LA2 | Rate of employee turnover. |
| LA7 | Rates of injury and occupational diseases. |
| **Employees – Training and education** | |
| LA10 | Average hours of training. |
| LA12 | Percentage of employees receiving regular performance and career development reviews. |
| **Diversity and equal opportunity** | |
| LA13 | Composition of governance bodies based on indicators of diversity. |
| LA14 | Ratio of basic salary of men to women. |

| Economic Performance Indicators* | |
|---|---|
| **Economic Performance** | |
| EC1 | Economic value generated and distributed. |
| EC4 | Financial assistance received from public sector. |

| Environmental Performance Indicators* | |
|---|---|
| **Energy** | |
| EN4 | Indirect energy consumption by primary source. |
| **Compliance** | |
| EN28 | Compliance with environmental laws and regulations. |
| **Emissions, Effluence and Waste** | |
| EN29 | Environmental impacts of transporting products and other goods and transporting members of the workforce. |

| Social Performance Indicators* | |
|---|---|
| **Corruption** | |
| SO4 | Actions taken in response to incidents of corruption. |

| Product Responsibility Performance Indicators* | |
|---|---|
| **Compliance** | |
| PR9 | Compliance with laws and regulations concerning the provision and use of products and services. |

***** The outcome of these performance indicators is reported on www.addtech.com/csr.

# Administration Report

1 April 2010 – 31 March 2011

The Board of Directors and the CEO of Addtech AB hereby submit the annual accounts and consolidated financial statements for the 2010/2011 financial year.

## Market trend during the year

The financial year can be described as a year of recovery. The turning point came at the end of the preceding financial year, but was bolstered during the year under review – which was characterised by a positive market trend in Addtech's market segments.

The economy was particularly robust in Sweden, but more varied in our neighbouring Nordic countries. There, the market recovery occurred later and was significantly more cautious than in Sweden. In our other European markets, the recovery took place during the second half of the financial year. However, the strong currency and high prices of raw materials were challenges faced by some of our operations during the year.

### First quarter

The financial year started well with good demand during the first quarter. Geographically, the strongest recovery took place in Sweden, and we saw signs of improved demand in Finland and Denmark. The positive trend was mainly thanks to greater demand for production components from Nordic manufacturing companies, which benefited Components and Industrial Solutions, the Group's more industry-oriented business areas. In Energy & Equipment, the picture was patchier in the first quarter. The market for the Life Science business area remained stable, although with slightly lower volumes than before.

### Second quarter

During the second quarter, demand continued to improve, yielding a 24 percent increase in volume. Several acquisitions contributed to the substantial increase in volume, and demand and incoming orders remained at a favourable level. The strong business climate in Sweden continued in this quarter, driven by the engineering and vehicle industry segments. The Components and Industrial Solutions business areas benefited from the continued rise in demand from manufacturing companies for production components and automation solutions. Demand for aftermarket products also rose. The dramatically increasing demand did, however, lengthen delivery times for components during the quarter – chiefly because our suppliers did not adapt their production operations quickly enough. The climate for the Energy & Equipment business area remained variable. Demand for industrial battery solutions and power transmission products grew stronger, whereas the business climate for other battery solutions remained more stable. In the Life Science business area, the buoyant demand for diagnostic equipment and consumables for the Nordic healthcare sector continued, while the sale of equipment for laboratories remained influenced by the market's restraint in investments.

### Third quarter

The positive growth continued and volume rose by 29 percent during the third quarter, which was imbued by very strong demand and good incoming orders throughout the period. As in previous quarters, the Group's Swedish operations accounted for the largest increase in sales, but the business climate in other markets – particularly Finland – also picked up towards the end of the quarter. In terms of the different market segments, demand continued to grow for production components to manufacturing companies in customer segments such as vehicles, telecom and machinery manufacture, and for products aimed at the Nordic healthcare sector. In Components' Swedish operations, growth slowed down slightly in the latter part of the quarter. The Industrial Solutions business area reported a very robust quarter with strong demand in most customer segments, such as automation solutions, machine components and electric motor solutions. A distinctive feature of the third quarter for Energy & Equipment consisted of positive market signals with strong demand for power transmission products and industrial battery solutions in particular. All units in the business area performed well. In Life Science, the Nordic healthcare sector continued to show good demand for diagnostic equipment and consumables, while restraint prevailed regarding demand for laboratory equipment. The market for instruments and analysis equipment to the Nordic process industry improved in the latter part of the quarter.

### Fourth quarter

The year ended with a strong fourth quarter, in which volume rose by 22 percent. All geographic markets displayed good growth and demand. The business climate in Norway, which had varied substantially during the year, also stabilised in the final quarter. The business climate for Components and Industrial Solutions remained very favourable, with strong demand in the vehicle, energy and telecom segments. Demand for aftermarket products in the forestry and mechanical industries also developed well during the fourth and final quarter. Delivery times and lead times for components stabilised at a relatively normal level. Several agency companies that were new additions this financial year in automation and fibre optics started to produce results during the quarter. Demand in Energy & Equipment remained vigorous and several new customer projects were launched after the long winter. The market for diagnostic equipment and consumables supplied to Nordic healthcare customers remained stable, while demand for laboratory equipment improved. Optimism also returned to the market for instruments and analysis equipment aimed at the Nordic process industry.

## Key events during the year

To sum up, the 2010/2011 financial year was very positive from a market perspective. All business areas strengthened their positions in various markets and reported a positive earnings trend.

The Group's companies worked hard to be able to achieve the increased sales growth using the existing organisation. Cuts and adaptations of the organisation in previous years led to lower costs, which, alongside rising volumes, produced a substantial improvement in the Group's profitability. The business areas and subsidiaries have also increased their focus on developing new business opportunities and cultivating profitable segments. The Group's companies have also worked hard to improve or phase out less profitable operations and agency companies.

Financially, the Group's position improved during the year. The equity ratio remains high, and the net debt/equity ratio is low; we have also reached and even surpassed our profitability target in terms of P/WC (return on working capital). The Group is thereby very well-equipped for further expansion of the operation.

The focus in several areas during the year was to acquire operations to enhance the Group's market position in selected segments and niches.

## Acquisitions and disposals

Addtech is continually on the lookout for companies to acquire and is engaged in discussions with several possible companies. Only one acquisition took place in the preceding year, which reflected a market situation with price expectations among sellers that were far too high, and uncertainty regarding the development of the economy. In the financial year under review, 12 acquisitions took place that came into effect during the year and 2 that came into effect on 1 April 2011. The acquisitions were implemented in all business areas and are diverse as regards both market and products.

Our acquisitions are largely made so that 1) the subsidiaries can make smaller bolt-on acquisitions in order to reinforce existing operations in their niche; 2) the business units can expand and build market and/or product positions in selected market segments; and 3) the business areas can add new market segments in the areas where we see the right conditions for being able to gain the market-leading position.

Since becoming a listed company in 2001, Addtech has acquired more than 50 companies.

### The following acquisitions and disposals took place during the year:

On 31 May 2010, Addtech acquired the company Immuno Diagnostic Oy, with annual sales of EUR 4 million and 10 employees. Immuno sells reagents for diagnostics and research to laboratories at hospitals, colleges and universities, and to pharmaceutical companies. The company is part of the Addtech Life Science business area.

On 1 July 2010, Addtech acquired 80 percent of the shares in Egil Eng & Co. AS, which became part of the Addtech Components business area. The company is a technology trading company that sells components and customised solutions in hydraulics and mechanics and has sales of NOK 50 million. Egil Eng has 20 employees.

BEVI International AB, the parent company of the BEVI group, was acquired on 1 July 2010. The BEVI group has subsidiaries in the Nordics, Baltics and China, and annual sales of SEK 200 million. The group sells electric motors, mechanical gears, frequency inverters and special proprietary motors. BEVI is part of the Addtech Industrial Solutions business area and forms the new business unit called Power Drives. The BEVI group has 90 employees.

Addtech acquired ACC Systems Oy, with annual sales of EUR 3 million and four employees, on 1 July 2010. The company, which is part of the Addtech Industrial Solutions business area, is a technology trading company that sells fibreoptic network components and systems in the Finnish market.

PSAB Linje- och kabelutrustning AB has been included in the Addtech Energy & Equipment business area since 1 July 2010. The company has sales of SEK 12 million and two employees.

R&K Electronics Ltd. has been part of the Addtech Components business area since 1 July 2010. The company has sales of SEK 13 million, SEK 1 million of which will affect the Addtech Group's annual sales. R&K Electronics has two employees.

Addtech acquired Hansabattery Oy on 1 September 2010; the company sells specialised batteries, mainly to Finnish customers at institutes and in industry. Hansabattery Oy is part of the Addtech Energy & Equipment business area and has sales of EUR 2 million. The company has one employee.

Fox Electronics AS was acquired on 1 November 2010 to become part of the Addtech Components business area. Fox Electronics is a technology trading company that sells components and customised solutions used in electronics and fibre optics. The company has seven employees and sales of NOK 45 million.

Elgood Oy has also been part of the part of the Addtech Components business area since 1 November 2010. Elgood is a technology trading company that sells components and customised solutions used in electronics. The company has nine employees and sales of more than EUR 4 million.

Hydro Service ApS was acquired on 1 January 2011 and became part of the Addtech Components business area. Hydro Service is a technology trading company that sells components and customised solutions used in hydraulics for Danish industry. The company has four employees and sales of DKK 15 million.

Addtech also acquired A Wendler AB, with annual sales of more than SEK 40 million and three employees, on 1 January 2011. Wendler is a technology trading company operating in the field of electrical installation materials, fuses and exterior lighting for public spaces. The company is now part of the Addtech Energy & Equipment business area.

Electra-Box Diagnostica AB was acquired on 11 January 2011 and joined the Addtech Life Science business area. Electra-Box Diagnostica AB is the parent of the Electra-Box group, with subsidiaries in Denmark, Finland, Norway and Sweden. The group sells reagents and instruments for diagnostics to laboratories in healthcare and medical research; it has 28 employees and sales of SEK 110 million.

The consideration for the year's acquisitions totals SEK 441 million. The combined effect of the acquisitions on the Addtech Group's revenue was SEK 357 million, on operating profit SEK 34 million and on profit after tax for the year SEK 23 million.

Had the acquisitions been completed on 1 April 2010, their impact would have been an estimated SEK 637 million on Group revenue, about SEK 73 million on operating profit and some SEK 48 million on profit after tax for the year. The businesses were acquired at an average multiple of about 5.5 times the annual profit. The year's acquisitions increased the number of Addtech employees by a total of 180.

Addtech disposed of Mikro Kemi AB on 1 January 2011. Mikro Kemi was part of the Addtech Life Science business area. It has annual sales of roughly SEK 17 million and 17 employees.

## Revenue and profit

Revenue in the Addtech Group rose by 20 percent during the financial year to SEK 4,418 million (3,680). After adjustment for units acquired and disposed of and taking account of foreign exchange effects arising on translation of non-Swedish units, the increase in revenue totalled 14 percent. Foreign exchange effects arising on translation of non-Swedish units had a negative impact of SEK 194 million on sales and SEK 11 million on operating profit during the year.

Operating profit climbed by 76 percent to SEK 380 million (216) and the operating margin reached 8.6 percent (5.9). The increase in sales of products and services was largely handled by the existing organisation, and in addition the improved profit is the result of savings made in previous years. Operating profit includes capital gains of about SEK 10 million, principally from the disposal of Mikro Kemi AB. Costs for efficiency enhancement measures of roughly SEK 8 million were incurred in the Danish operation working with polymer materials in the Industrial Solutions business area. The operating margin before amortisation of intangible non-current assets equalled 9.6 percent (6.9).

Net financial items were SEK -16 million (-14) and profit after financial items rose 80 percent to SEK 364 million (202).

Profit after tax increased by 77 percent to SEK 265 million (150) and earnings per share rose by 79 percent to SEK 11.80 (6.60). The effective tax rate was 27 percent (26).

## Profitability, financial position and cash flow

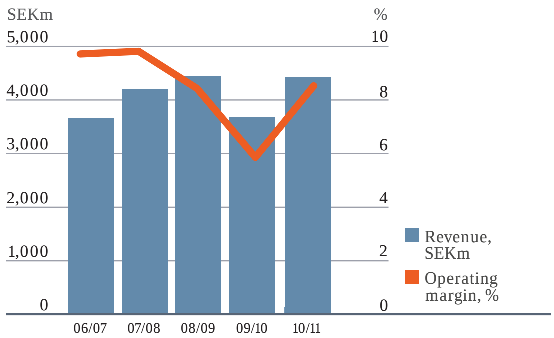
The return on capital employed was 33 percent (19) and return on equity was 31 percent (18). Return on working capital (P/WC) amounted to 50 percent during the year (30). The long-term target for P/WC in the Group and all units is 45 percent. The P/WC profitability ratio encourages high operating profit and low levels of tied-up capital. When combined with the growth target of 15 percent, this provides conditions for profitable growth in the companies and Group. Working capital, which comprises inventories plus net accounts receivable and accounts payable for the calculation of P/WC, reached SEK 808 million (674) at the end of the financial year.

At the end of the period the equity ratio stood at 40 percent (45). Equity per share, excluding non-controlling interest, totalled SEK 40.80 (36.10). Consolidated financial net debt at the end of the period stood at SEK 358 million (168) and included pension liabilities of SEK 186 million (183). Net debt in relation to operating profit with reversed depreciation/amortisation (EBITDA) amounted to 0.8 (0.6). The net debt/equity ratio was 0.4 (0.2).

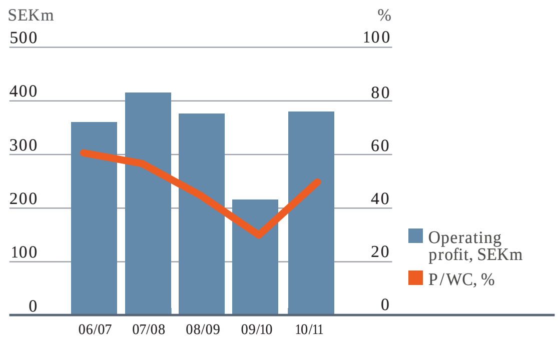
The Group's total assets fell by SEK 87 million (fell by SEK 84 million) from 31 March 2010 as a result of currency translation effects. Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, totalled SEK 655 million (700) at 31 March 2011.

Cash flow from operating activities reached SEK 300 million (293) in the financial year. Investments in non-current assets were SEK 41 million (29) and company acquisitions, including settlement of additional consideration for acquisitions implemented in previous years, totalled SEK 273 million (22). Disposal of operations totalled SEK 11 million (-), and disposals of non-current assets totalled SEK 1 million (8).

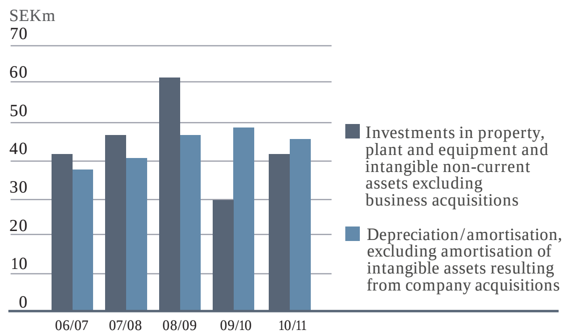
### Revenue and operating margin



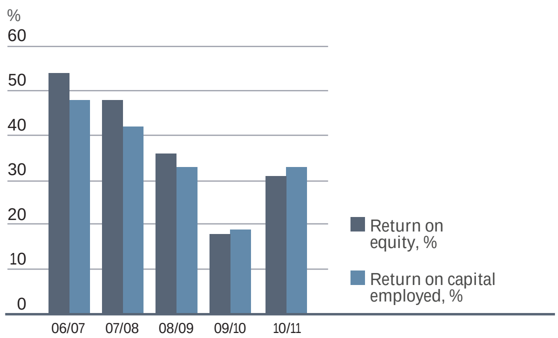

### Operating profit and return on working capital (P/WC)




### Investments, depreciation and amortisation




### Return on equity and capital employed



## Trends and earnings in the business areas

### Addtech Components

Revenue in Addtech Components increased by 24 percent to SEK 1,128 million (908). Operating profit rose by 128 percent to SEK 82 million (36). The year started with a substantial recovery in terms of demand for production components from Nordic manufacturing companies, primarily in the vehicle and engineering industry segments. Demand from other customer segments such as medical technology and manufacturers of special machinery remained at stable levels. Demand grew stronger in the second half of the year from the machinery manufacturers and mobile hydraulics customer segments. During the year, the operations in different countries have been in different phases of the economic cycle, resulting in wide variations from one country to the next. The Swedish operations acted as the locomotive during the first three quarters, but demand subsequently levelled off slightly. In the third quarter, the business climate substantially improved in Finland – an improvement that lasted for the rest of the year. Throughout the year, the Danish market recovered slowly from the recession. In Norway the business climate was very varied during the year: a very vigorous start was followed by clear stagnation and then stabilisation at the end of the year.

Five acquisitions were added to the business area during the year: Egil Eng & Co AS, R&K Electronics Ltd, Fox Electronics AS, Elgood Oy and Hydro Service ApS.

### Addtech Energy & Equipment

Revenue in Addtech Energy & Equipment increased by 16 percent to SEK 851 million (735). Operating profit rose by 30 percent to SEK 91 million (70). As a whole, the year was one of recovery, with a very buoyant autumn and very favourable results for the entire business area. The Swedish operations were the first out of the starting blocks after the recession. The Finnish operations recovered later during the autumn, while demand in Denmark did not strengthen until the fourth quarter. As a result of hard work on costs and working capital throughout the preceding year, the increased demand led to improved earnings and a better profitability level for the business area.

The business climate for power transmission products supplied to the energy sector and for industrial battery solutions to vehicle and telecom customers improved steadily during the year. Demand was more stable for battery solutions for other market segments. The sale of equipment and consumables for industrial production processes recovered from the considerable drop in volume that occurred during the recession. During the fourth quarter, however, growth in demand slowed down compared to earlier in the year.

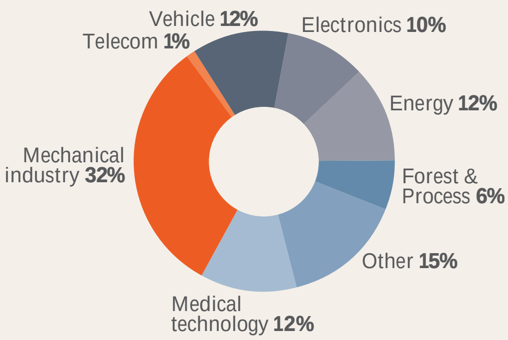
The business area made five acquisitions during the year: PSAB Linje & kabelutrustning AB, Hansabattery Oy, A Wendler AB, Elteco AS and Trinergi AB. Ownership of Elteco AS and Trinergi AB will commence after the financial year.

### Addtech Industrial Solutions

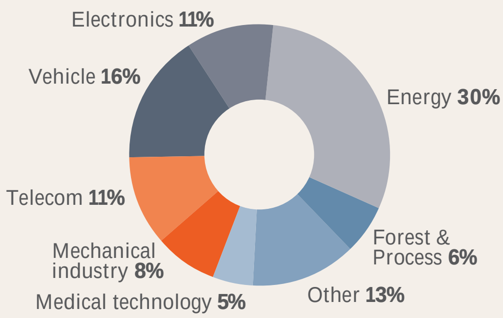
Revenue in Addtech Industrial Solutions increased by 32 percent to SEK 1,567 million (1,191). Operating profit rose by 146 percent to SEK 128 million (52).

As a whole, the business area achieved a very good recovery compared to the decline in sales of the preceding year. Most markets in which the business area operates displayed a strong recovery and growth. However, the business area's sale of polymer products in the Danish market reported lower demand. Demand for products supplied to the vehicle industry and the telecom segment and for automation solutions and machinery components was buoyant all year. Apart from a temporary levelling off period at the turn of the calendar year, demand in the wood products and paper industry was vigorous during the year. Demand for electric motor solutions, medical technology products and aftermarket products for the energy segment took longer to pick up speed, but grew well during the latter part of the year.

Addtech Components
sales by customer segment




Addtech Energy & Equipment
sales by customer segment



## Business areas

| | Components | | Energy & Equipment | | Industrial Solutions | | Life Science | |
|---|---|---|---|---|---|---|---|---|
| | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 |
| Revenue, SEKm | 1,128 | 908 | 851 | 735 | 1,567 | 1,191 | 884 | 855 |
| Operating profit, SEKm | 82 | 36 | 91 | 70 | 128 | 52 | 90 | 71 |
| Operating margin, % | 7.3 | 4.0 | 10.7 | 9.5 | 8.2 | 4.4 | 10.2 | 8.3 |
| Working capital, SEKm | 202 | 199 | 134 | 126 | 305 | 289 | 116 | 120 |
| Return on working capital (P/WC), % | 41 | 18 | 68 | 56 | 42 | 18 | 78 | 59 |
| Investments in property, plant and equipment, SEKm | 8 | 1 | 2 | 1 | 11 | 7 | 14 | 15 |
| Average number of employees | 280 | 260 | 273 | 268 | 575 | 495 | 280 | 271 |

Delivery and lead times for components were long during parts of the year, but have now stabilised. The high prices of raw materials and the strong Swedish krona were challenges for some of the companies during the year.

Two acquisitions were made in the business area during the year: BEVI International AB, the parent company of the BEVI group, and ACC Systems Oy. The BEVI group forms the new business unit called Power Drives in the business area.

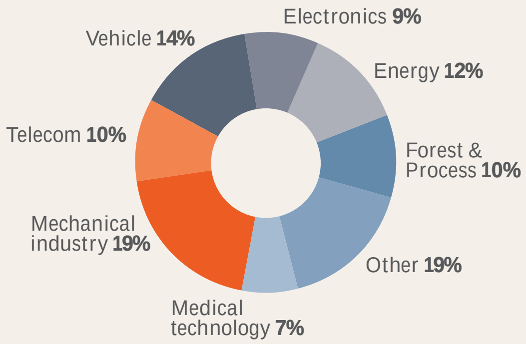
### Addtech Life Science

Revenue in Addtech Life Science rose by 3 percent to SEK 884 million (855). Operating profit increased by 27 percent to SEK 90 million (71). The growth and good results in this business area during the year were chiefly generated by ongoing strong demand for diagnostic equipment and consumables from Nordic healthcare customers. The trend is attributable to the business area's long-term and strategic work on establishing an installed base of diagnostic instruments. This has resulted in a market-leading niche position and steadily growing demand for consumables, service and technical user guidance.

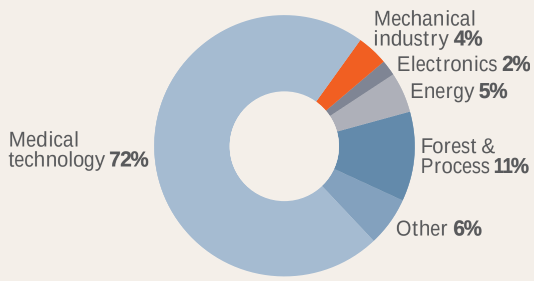
Price competition remains fierce in the market segments for basic instruments and sophisticated analysis and measuring instruments for laboratories. During the year, the market was permeated by a cautious approach to investments in this area, and intensive work continued with the goal of increasing profitability in the companies. This included phasing out a large, yet unprofitable, agency company in one of the companies. During the fourth quarter the business climate for laboratory equipment stabilised somewhat. Operations based on sales of measuring and analysis instruments to industrial customers experienced a quiet market during the first six months. The business climate subsequently improved; demand rose on a broad front in all countries and had climbed back to a good level in the final quarter.

The business area made two acquisitions during the year: Immuno Diagnostic Oy and Electra-Box Diagnostica AB, and disposed of one company: Mikro Kemi AB.

## Addtech Industrial Solutions sales by customer segment




## Addtech Life Science sales by customer segment



## Employees

At the end of the period, the number of employees was 1,512, compared to 1,323 at the beginning of the financial year. The year's acquisitions and disposals increased the number of employees by 163 (15). The average number of employees during the latest 12-month period was 1,445 (1,335). The increase in the number of employees during the year is a direct result of a need to reinforce the organisations to handle the greater demand. The organisation was reduced in the preceding financial year when about 275 employees were laid off, 100 of them in the Group's production units. This was part of the cost adjustment carried out during the recession. Several of these people were re-employed in the production units over the course of the year.

» Read more about our employees at www.addtech.com

## Risks and uncertainties

Exposure to risks is part of the business. This is reflected in Addtech's ongoing risk management work, which aims to identify and measure risks and prevent them from occurring, and to continually make improvements, thus reducing potential risks. Our risk management focuses on business, financial and other potential material risks, such as legal risks. Assessments of the operation's risk take place in all units. The Addtech Group has internal rules in the form of policies and instructions that give the responsible managers tools with which to identify and follow up the progress of the operation and to detect deviations that could become risks. Monthly reports, in which the managers describe developments in their respective units, are a systematic way of following up the situation in our operations. In these monthly reports, 'warning flags' about negative deviations are raised or risks are identified.

Addtech's profit and financial position, as well as its strategic position, are affected by various internal factors within Addtech's control and various external factors over which Addtech has limited influence. Addtech's most significant risks relate to the state of the economy combined with structural changes and competition.

In addition, Addtech is affected by financial risks such as transaction exposure, translation exposure, financing risk, interest rate risk and credit and counterparty risk. See Note 3 for a detailed description of how Addtech manages financial risks.

### State of the economy

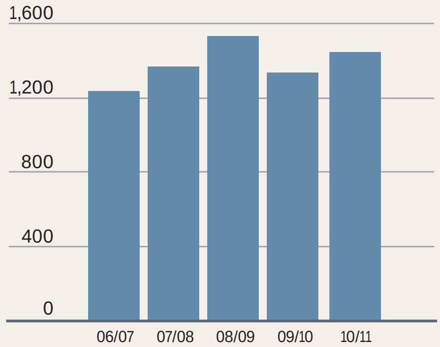
The markets in which Addtech is active largely follow overall industry trends. Through the Addtech Life Science business area, trends in the national economy are generally important to the Group, because these trends partly govern the scope for investments and consumption in healthcare and research. Addtech's sensitivity to the economy is reduced through geographic spread and industry diversity, in that the customers of Addtech's 100 or so operating subsidiaries work in different phases of the business cycle, and through a focus on multiple niche markets. Addtech's significant sales of technical service, support and consumables to the aftermarket, as well as to healthcare and laboratories, reduce the risk of fluctuations in the economy in individual industries having a major impact on the Group.

### Structural changes in customers' operations

Structural changes among and consolidation by customers are accentuating demands for value added in offerings from suppliers. To meet these demands, operations active in the market must be of sufficient size in terms of financial strength, service content and product offerings. In many industries, parts of production are being subcontracted. This involves risks as well as opportunities for Addtech, because a contract manufacturer could choose other suppliers, or new business opportunities could materialise.

The effects of growing internationalisation, in which production is being relocated to different countries, have been limited so far – except in the early 2000s when telecom and electronics firms relocated. The production that has relocated so far largely comprises volume production, and Addtech does not normally focus on that segment. The Group's exposure to a large number

Average number of employees




Employees

| | 2010/2011 | 2009/2010 | 2008/2009 |
|---|---|---|---|
| Average number of employees | 1,445 | 1,335 | 1,532 |
| proportion of men | 72% | 70% | 70% |
| proportion of women | 28% | 30% | 30% |
| Age distribution | | | |
| -up to 29 years old | 8% | 9% | 8% |
| 30-49 years | 60% | 61% | 62% |
| 50 and older | 32% | 30% | 30% |
| Average age | 44 years | 44 years | 44 years |
| Personnel turnover (adjusted as a result of programmes of measures and disposals) | 13% | 12% | 13% |
| Average length of employment | about 11 | about 11 | about 10 |

of industries and the fact that no single customer accounts for more than three percent of consolidated sales reduce the impact of individual companies deciding to relocate abroad. Clear value added and the uniqueness of Addtech's offering to customers generate opportunities to deliver beyond the immediate geographic area as well.

### Competitive situation

Change and consolidation among companies in the technology trading industry are constantly altering the competitive situation. Economies of scale may pressure prices, but Addtech's strategy includes achieving market-leading positions in specific niches by offering products and services for which price is not the sole deciding factor.

### Seasonal variations

Overall, Addtech's business has limited vulnerability to seasonal variations. Business activities normally follow the seasonal pattern of production industry operations, which means lower sales during the summer months. Based on historical results, just under half of the earnings are normally generated in the first two quarters of Addtech's financial year (April–September), and just over half in the last two quarters (October–March). Major deviations from this pattern may occur if conditions in the economy change rapidly during the course of a financial year. In individual operations in Addtech Life Science and Addtech Energy & Equipment, seasonal variations are more substantial.

### Employees

The companies in the Addtech Group strive to be attractive employers and to provide their employees with sound opportunities for personal growth. Internal recruitment is Addtech's most important tool for the supply of managers, and our employees are our most important competitive advantage. The Group therefore works long-term on several levels to increase knowledge transfer internally, help its employees to continue growing and refine its corporate culture.

The Group runs its own Business School. It covers all employees and constitutes an important platform from which to convey corporate culture, enhance business acumen and raise the level of professionalism among employees. The Business School creates scope for both personal and professional growth. The Group's deeply rooted decentralised corporate culture and entrepreneurship are additional key success factors for us.

In conjunction with acquisitions, the Group places particular emphasis on motivating and ensuring long-term commitment from key people in the acquired company.

### Changes in volumes of sales

A small increase in volume in the Group's various operations can be expected to bolster operating profit in line with the gross margin in that business. However, after a certain increase, the operation reaches a level of resource utilisation at which resources must be expanded. Incremental effects arise and tend to reduce the increase in earnings from additional volume to a level that eventually approaches the operating margin. When volumes decline, the negative effect on operating profit in the short term may be assumed to be greater than the corresponding positive effect of greater volumes. Action must be taken to deal with this negative effect so that, in the slightly longer term, it approaches the operating margin. It should also be noted that the Group's different businesses operate under varying conditions with respect to gross margins and resource utilisation, for instance. This leads to different possibilities of coping with volume growth within the framework of existing resources, or of reducing resources in the event of decreasing volumes. The effects reported should be seen as indications only and do not include any effects of offsetting actions that the Group would take in such eventualities.

### Sensitivity analysis

| Profit/loss items | Change | Effect on operating profit |
|---|---|---|
| Sales volume | +/-5% | SEK +19/-78 million |
| Cost of sales | +/-1% | SEK -/+26 million |
| Payroll expenses | +/-1% | SEK -/+7 million |
| Overheads, not including payroll expenses | +/-1% | SEK -/+4 million |

### Acquisition risks

Addtech's overriding goal is to achieve growth combined with profitability. The Group's objective is earnings growth of at least 15 percent per year over the course of a business cycle. To achieve this we require a combination of organic growth and acquisitions. To ensure the success of our acquisitions, Addtech has a well-established process for implementing the deals and integrating acquired companies into the Group effectively. All acquisitions involve a risk and it is not always certain that all acquisitions will prove favourable. Costs attributable to acquisitions may therefore be higher than expected and positive effects of acquisitions may sometimes take longer time to realise than expected. Acquired goodwill is tested annually for impairment. If goodwill is not deemed to have been correctly valued in such assessment, this may result in an impairment loss that would affect the Addtech Group's results.

## ■ Environment and sustainable development

Active environmental efforts are made in the Group to reduce the Group's impact on the environment. The main business of Group companies comprises technology trading, so the environmental footprint of our own operations is limited. The combined environmental impact of the products that our companies provide also includes production operations at our suppliers, the transport of products and the way in which our customers use the products. We therefore take the entire lifecycle of our operation into account in the improvement work that is continually carried out in the Group. Each company performs this work locally based on its specific circumstances.

In the Group, 36 companies (15) have earned ISO 14001 or equivalent certification. The Group conducts operations requiring notification under the Swedish Environmental Code in five subsidiaries and operations requiring a permit under this Code in one subsidiary. Together these businesses account for about nine (one) percent of consolidated revenue.

During the financial year the Group initiated more active sustainability work and we are publishing our first sustainability report. In conjunction with this, we have also updated our Group-wide Code of Conduct, which includes all important points in the areas of the environment, human rights, working terms and conditions, and corruption. The code is based on the UN's Global Compact, ILO's Core Conventions, and the OECD's Guidelines for

Multinational Enterprises, and it is aimed at our operations and those of our suppliers.

More than 70 percent of the Group's purchases are made from suppliers outside the Nordics in Europe, the US and Asia. Many suppliers have worked with Addtech subsidiaries for decades, while others come and go. There is always a certain amount of supplier turnover, and Addtech is constantly on the hunt for new partners and agency companies that can complement or boost our existing business.

As a technology trading group, we cannot ignore the possibility that our employees could be involved in bribes, so it is very important that we work according to strict ethical and moral requirements.

Read more about Addtech's sustainability work on page 9.

## Research and development

The Addtech Group conducts limited in-house research and development. The Group's business model includes continuous dialogue with and feedback to the Group's suppliers, who conduct most of the R&D that is relevant to the Group's product range.

## Principles for remuneration to senior management

The Board intends to propose that the Annual General Meeting in August 2011 approves the same guidelines as in the preceding year:

The guidelines are to relate to remuneration of the CEO and other members of Addtech Group management ('Group management').

Addtech seeks to offer a reasonable and competitive total remuneration package capable of attracting and retaining skilled individuals. The size of the overall package varies in relation to the performance of the employee and the Group and may comprise the different elements stated below.

A fixed salary forms the foundation of the total remuneration. The salary should be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually.

Variable pay can be based on factors such as the Group's earnings growth, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary.

The Board of Directors will evaluate on an annual basis whether or not a long-term incentive programme shall be proposed to the Annual General Meeting and, if such is the case, whether or not the proposed long-term incentive programme shall include a transfer of shares in the Company.

Retirement pension and sickness and healthcare benefits should be structured in accordance with applicable rules and market norms. The pensions should be based on defined contribution plans where possible.

Other benefits may be provided to individual or all members of Group management and are structured to reflect market norms. These benefits may not account for a material portion of an individual's total remuneration package.

A notice period of six months applies to termination of own employment by members of Group management. They are entitled to a maximum notice period of 12 months if the Company terminates their employment contracts. Members of Group management whose contracts are terminated by the Company are entitled to severance pay of up to 12 months' salary, in addition to salary and other employment benefits during the notice period. No severance pay is payable if the employee initiates termination.

The Board of Directors is entitled to waive the above guidelines for remuneration in individual cases and if there are special reasons for doing so. In the event of any such deviation, information about this and the reasons for the deviation shall be reported at the next Annual General Meeting.

The remuneration committee appointed by the Board prepares and submits a proposal for the remuneration of the CEO to the Board which decides on the matter. The remuneration committee sets the remuneration of other members of Group management based on the a proposal from the CEO. The Board is informed of the remuneration committee's decisions.

See Note 6 Employees and Employee Benefits Expense for more details.

## Parent Company

Operations of the Parent Company, Addtech AB, include Group management, Group reporting and financial management.

Parent Company revenue totalled SEK 32 million (32) and profit after financial items was SEK 177 million (139). Income from interests in Group companies is included and totals SEK 163 million (130). Net investments in non-current assets were SEK 0 million (0). The Parent Company's financial net debt was SEK 30 million at the end of the year, compared to net assets of SEK 501 million at the start of the financial year.

## Share capital and shareholder structure

At 31 March 2011 Parent Company share capital stood at SEK 51,148,872, distributed over the following number of shares with a quotient value of SEK 2.25 per share.

| Share class | Number of shares | Number of votes | Percentage of capital | Percentage of votes |
|---|---|---|---|---|
| A 10 votes | 1,094,406 | 10,944,060 | 4.8 | 33.6 |
| B 1 vote | 21,638,426 | 21,638,426 | 95.2 | 66.4 |
| **Total** | **22,732,832** | **32,582,486** | **100.0** | **100.0** |

If requested by the holders of Class A shares, such shares should be possible to convert into Class B shares. Since the end of the financial year, 1,780 Class A shares have been converted into Class B shares.

The total number of shareholders on 31 March 2011 was 3,832 (3,649). Two shareholders each control 10 percent or more of the votes: Anders Börjesson (with family interests) owns shares corresponding to 15.4 percent of the votes and Tom Hedelius (with family interests) owns shares corresponding to 14.8 percent of the votes.

Chapter 6, Section 2a of the Swedish Annual Accounts Act requires listed companies to disclose specific circumstances that may affect the prospects for acquiring the Company via a public share offer. No such circumstances exist in respect of Addtech AB.

## Repurchase of treasury shares and incentive programmes

The Annual General Meeting in August 2010 authorised the Board of Directors to repurchase a maximum of ten percent of all shares in the Company during the period until the Annual General Meeting in 2011.

A total of 20,000 shares at SEK 145 each were repurchased on 2 August. Addtech's number of treasury shares totals 486,800, with an average purchase price of SEK 105. These shares correspond to 2.1 percent of the number of shares issued and 1.5 percent of the votes.

Of the shares repurchased, 457,700 shares secure the Company's undertakings to holders of call options, issued by the Company, on repurchased Class B shares. The average number of treasury shares held during the year was 479,951 (528,410).

The Board of Directors will recommend that the Annual General Meeting in August 2011 approves renewal of the repurchase mandate. The mandate would empower the Board to acquire Company shares during the period until the next Annual General Meeting, provided that the number of shares as payment held by the Company does not exceed 10 percent of all shares at any time. Repurchases shall be made in the stock market. The proposed mandate would also allow use of repurchased shares as payment for acquisitions or disposal of the repurchased shares outside the stock market to finance acquisitions.

In accordance with a resolution of the August 2010 AGM, 24 members of management were offered the opportunity to acquire 236,000 call options on repurchased Class B shares. Employees have subscribed for 221,700 call options in the programme. If the options are fully exercised, the number of B shares outstanding will increase by 221,700, equivalent to 1.0 percent of the total number of shares outstanding and 0.7 percent of the votes.

In accordance with a resolution of the August 2009 AGM, 22 members of management were offered the opportunity to acquire 236,000 call options on repurchased Class B shares. The programme was fully subscribed, and if all options are exercised the number of Class B shares outstanding will increase by 236,000, equivalent to 1.1 percent of the total number of shares outstanding and 0.7 percent of the votes.

The redemption price of issued call options attributable to the share-based incentive programme for 2009 is SEK 127.70; the redemption period is 3 September 2012 until 14 June 2013. The redemption price of issued call options attributable to the share-based incentive programme for 2010 is SEK 164.70; the redemption period is 16 September 2013 until 30 May 2014.

The Board has decided to propose that the Annual General Meeting in August 2011 approves an incentive programme according to the same, or an essentially similar, model as decided at the AGMs in 2009 and 2010.

## Events after the end of the reporting period

Addtech acquired Elteco AS on 1 April and the company is now part of the Addtech Energy & Equipment business area. Elteco AS is a technology trading company with products in electricity distribution and automation. It has 19 employees and sales of some NOK 80 million.

On 1 April, Addtech acquired Trinergi AB, which became part of the Addtech Energy & Equipment business area. Trinergi is a technology trading company with products in electrical power measurement and thermography. Trinergi has sales of about SEK 20 million and 7 employees.

Addtech signed an agreement on 7 June to acquire Maxeta AS for integration into the Addtech Energy & Equipment business area. Maxeta is a technology trading company operating in two main fields: products for electricity distribution and electrical installation materials. It has 50 employees and sales of about NOK 80 million. The estimated takeover date is 1 July.

On 17 May, Artur Aira was appointed as new business area manager for Addtech Life Science and as a member of Group management. He succeeds Göran Brandt, who will retire after the summer. Artur Aira has worked at Addtech since autumn 2010 and prior to that, his previous employer was bioMérieux, a French diagnostics company.

## Future prospects

A robust recovery took place in the Group during the financial year. Addtech has made up for a large part of the substantial decline that we experienced in conjunction with the recession. The growth figures were strong during the year, particularly in Sweden, but levelled off slightly during the last quarters. We do not expect the same vigorous rate of growth in the Swedish market in the coming the year. The situation is partly different in our neighbouring Nordic countries and our other markets. There, the recovery occurred later than in Sweden and the growth rate is still rising. We see several opportunities there for good growth ahead.

Addtech's financial position remains strong, which creates favourable opportunities for future growth, both organically and via acquisitions.

## Dividend

The Board of Directors proposes a dividend of SEK 7.00 (5.00) per share. The total dividend amounts to SEK 156 million (111). Addtech's dividend policy is to pay as a dividend more than 50 percent of average Group profit after tax over a business cycle. The proposed dividend represents a payout ratio of 59 percent (76).

## Proposed Allocation of Earnings

See page 52.

## Corporate Governance Report

### Principles for corporate governance

In addition to requirements stipulated by law or other ordinances, Addtech applies the Swedish Code of Corporate Governance (the Code). The Code is part of self-regulation in Swedish industry and is based on the 'comply or explain' principle. This means that a company that applies the Code may deviate from certain rules but, if so, must provide an explanation and reason for each deviation.

Deviations from aspects of the Code and justification for such deviations are stated where applicable throughout the text. The Company deviates on three points, two of which are included in the section on the nomination committee and one in the section on quarterly review by auditors.

The Company's auditor has audited this corporate governance report.

The Company's website is: www.addtech.com.

#### Distribution of responsibilities

The aim of corporate governance is to create a clear distribution of roles and responsibilities between owners, the Board of Directors, the Board's committees and executive management. Corporate governance at Addtech is based on applicable legislation, mainly the Swedish Companies Act, the stock exchange listing agreement with NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance (the Code) and internal guidelines and regulations.

### System for internal control and risk management in financial reporting

#### Internal control

The Board of Directors has overall responsibility for ensuring that the Group has an effective system for management and internal control. The Board is responsible for annually evaluating the financial reports it receives and for stipulating the content and format of these reports to ensure their quality. This requirement means that the financial reporting must fulfil its purpose and comply with applicable accounting rules and other requirements incumbent on listed companies. The CFO annually reports on the Group's internal control work to the Board.

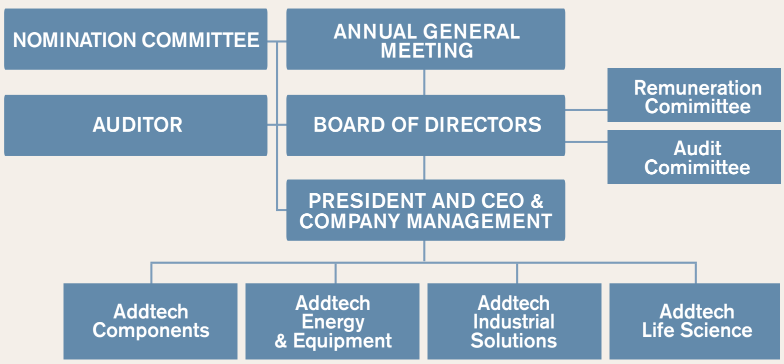
#### Control environment

Addtech builds and organises its business on the basis of decentralised responsibility for profitability and earnings. Internal control in a decentralised operation is founded on a firmly established process for defining targets and strategies for the various operations. Internal directives and Board-approved policies convey clear decision-making channels, powers of authority and responsibilities. The financial and currency policy, reporting manual, treasury manual and instructions for each annual/quarterly accounts are the Group's primary financial policy documents. A Group-wide reporting system with related analysis tools is used in the Group's annual/quarterly accounts process. At a more comprehensive level, all operations in the Addtech Group must comply with the Group's Code of Conduct.

#### Risk assessment

Addtech has set procedures for managing the risks that the Board and Company management deem pertinent to internal control of financial reporting. The Group's exposure to several market and customer segments and the fact that operations are run in more than 100 companies constitute a substantial distribution of risks. Risk assessments begin with the Group's income statement and balance sheet to identify the risk of material errors. For the Addtech Group as a whole, the greatest risks are linked to inventories and carrying amounts of intangible non-current assets related to business acquisitions, as well as revenue recognition.

Corporate Governance



### Control activities

Control activities include transaction-related controls such as authorisation and investment rules, clear payment procedures and analytical controls performed by the Group controller function and the central finance and accounting function. Controllers and financial managers at all levels of the Group play a key role in terms of their integrity, competence and capacity to create the right environment for transparent and true financial reporting.

Regular finance conferences are held to discuss current issues and ensure effective sharing of knowledge and experience within the controller function. In addition, the monthly review of results that is performed via the internal reporting system and is analysed and commented on internally by the Board serves as a key overall control activity. The review includes an evaluation of results compared to targets set and previous performance as well as a follow-up of key indicators.

A 'self-evaluation' of internal control issues in all Group companies is performed each year. The companies comment on how important issues were handled, such as business terms and conditions in customer contracts, assessments of customers' credit ratings, valuation and documentation of inventories, payment procedures, documentation and analysis of financial statements,, and compliance with internal policies and procedures. An accepted minimum level has been set for critical issues and processes and all companies are expected to meet this level. The responses of each company are validated and commented on by that company's external auditor in conjunction with the ordinary audit. The responses are then compiled and analysed, after which they are presented to business area management and Group management. The results of self-evaluation are taken into consideration in planning the self-evaluation and external auditing for the coming year.

In addition to the 'self-evaluation' work, a more in-depth analysis of the internal control in 15–20 operating companies takes place each year. This is classed as 'internal auditing' and is performed at the companies by business area controllers and employees from the Parent Company's central finance and accounting function. This audit work involves charting and testing the companies' key processes and control points in such processes. The external auditors study the records kept of the internal audits in conjunction with their audit of the companies. The process provides a good foundation on which to chart and assess the internal control in the Group. KPMG also conducts an annual review and assessment of the Group's internal control process.

### Follow-up, information and communication

The Board receives monthly comments from the CEO regarding the business situation and development of operations. The Board reviews all quarterly reports and the annual report before publication. The Board is updated annually about the internal control work and its results. The Board also examines the assessment made by KPMG of the Group's internal control processes.

The Group CFO, Group controller and business area controllers review the outcome of the internal control each year. An assessment is made of the improvement measures that are to be implemented in the various companies. The boards in the various Group companies are informed of the outcome of the internal control in each respective company and the improvement measures that should be implemented. The business area controllers and company boards then follow up this work on a continual basis during the following year. All governance guidelines, policies and instructions are published on the Group's intranet; they are updated continually when required. Changes are communicated separately via email and at meetings for controllers and finance and accounting employees.

Access to the documents for internal information on the intranet is governed via levels of authorisation. The Group's employees are divided into different groups and the groups have various levels of access to information. All financial guidelines, policies and instructions are available for each company's managing director and financial manager, business unit managers, business area managers, business area controllers and the central finance and accounting function. Access to financial data for the Group is also governed centrally via levels of authorisation.

### Internal auditing

In light of the above risk assessment and structure of control activities, including self-evaluation and a more in-depth analysis of internal control, the Board has chosen not to have a separate internal auditing function.

### Auditor

The Articles of Association stipulate that a registered auditing firm be selected as auditor.

The Company's auditor works according to an audit plan that includes comments from the Board and reports his or her findings to Company and business area managements, Group management and the Board of Addtech AB. This takes place during the audit and when establishing the annual accounts. The Company's auditor also takes part in the Annual General Meeting, describing and commenting on his or her audit work.

The independence of the external auditor is regulated in a special directive decided on by the Board. It states the areas in which the services of the external auditor may be used regarding issues that are not part of regular auditing. KPMG continually assesses its independence of the Company and submits written affirmation to the Board each year stating that the auditing firm is independent of Addtech. In the past year, the auditors performed advisory assignments, mainly concerning accounting and taxation issues. The total fee for KPMG's non-auditing services totalled SEK 1.0 million during the 2010/2011 financial year and SEK 2.1 million during the preceding year.

The 2009 Annual General Meeting elected KPMG to serve as auditor until the close of the 2013 Annual General Meeting. Joakim Thilstedt is the principally responsible auditor. KPMG audits Addtech AB and practically all its subsidiaries.

### Quarterly review by auditors

Addtech's six-month or nine-month reports were not reviewed by Addtech's external auditors during the 2010/2011 financial year, which deviates from the rules of the Code. Among other things, after consultation with the Company's external auditors, the Board has so far judged that the additional cost to the Company of extended quarterly reviewing by the auditors cannot be justified.

## Ownership and shareholdings

### Shareholders

Addtech is a public limited liability company and was listed on NASDAQ OMX Stockholm on 3 September 2001. The Company was previously part of the listed Bergman & Beving group. Data on owners and shareholdings are provided on pages 56–57 of the annual report. Anders Börjesson (with family interests) and Tom Hedelius (with family interests) are the only shareholders who have a shareholding in the Company that represents more than 10 percent of the number of votes for all shares in the Company.

## Limitations to voting rights

The Company's Articles of Association do not limit the number of votes that each shareholder may cast at an Annual General Meeting.

## Articles of Association

According to the Articles of Association, the Company's name is Addtech Aktiebolag. Share capital amounts to SEK 51,148,872 and the number of shares is 22,732,832, of which 1,092,626 are Class A shares, entitling holders to 10 votes per share, and 21,640,206 are Class B shares, with one vote per share.

At 31 March 2011, the number of Class A shares stood at 1,094,406 while Class B shares amounted to 21,638,426. A total of 1,780 Class A shares were converted into Class B shares after the end of the reporting period. The Company's financial year is from 1 April to 31 March and the AGM is to be held in Stockholm.

The Company's Articles of Association have no special provisions about the appointment and dismissal of Board members and about amendments to the Articles.

For the full Articles of Association, which the AGM on 24 August 2009 adopted in their present form, see the Company's website under Investors/Corporate governance/Articles of association of Addtech.

## Annual General Meeting

The Annual General Meeting (AGM) is the highest decision-making body at which shareholders exercise their voting rights. The AGM makes decisions on the annual report, dividend, election of the Board (and auditor where applicable), remuneration to Board members and the auditor and other issues as per the Swedish Companies Act and the Articles of Association. More information about the AGM and the minutes are available on the Company's website.

No special arrangements regarding the function of the AGM, due to any provisions in the Articles of Association or as far as is known to the Company due to shareholder agreements, apply in the Company.

### The 2010 Annual General Meeting

Information about the 2011 AGM is available on page 60 of this annual report and on the Company's website.

Shareholders representing 52.3 percent of the share capital and 64.7 percent of the votes took part in the AGM on 24 August 2010. Anders Börjesson was elected Chairman of the meeting. The meeting's decisions included approving a dividend of SEK 5.00 per share and a share-based incentive programme. Johan Sjö, the Company's President and CEO, commented on the Group's operations, the 2009/2010 financial year, developments during the first quarter of the new financial year and the Group's outlook for the future.

Board members Anders Börjesson, Eva Elmstedt, Tom Hedelius, Johan Sjö and Lars Spongberg were re-elected. Anders Börjesson was elected Chairman of the Board. At the subsequent first meeting of the new Board following its election, Tom Hedelius was re-appointed Vice Chairman of the Board.

In accordance with the Board's proposal, the AGM authorised the Board of Directors to purchase and dispose of shares in the Company on one or more occasions during the period until the next AGM. The purpose of repurchases is to allow for adaptation of the Group's capital structure, and also to enable the Company to pay for future acquisitions of companies or operations using the Company's own shares. Holdings of treasury (own) shares also secure the Company's obligations in the share-related incentive programmes decided on at the 2009 and 2010 AGMs.

Purchases shall be made on the NASDAQ OMX Exchange in Stockholm at a price within the range registered at any given time, which is the interval between the highest purchase price and the lowest sale price. Purchases of treasury shares are limited by the stipulation that the Company's total holding of treasury shares shall not exceed 10 percent of all shares in the Company at any time.

Disposal of the Company's treasury shares should be possible with or without preferential rights for shareholders, although not via NASDAQ OMX Stockholm. Disposals may take place to finance acquisitions of companies or operations.

The 2010 AGM was held in Swedish and, in light of the ownership structure, simultaneous interpretation to other languages was not deemed necessary. All material for the meeting was available in Swedish and English. Due to the ownership structure, the minutes of the AGM are only available in Swedish.

## Board of Directors

### Board structure

According to the Articles of Association, the Board of Directors is to consist of at least three and at most nine members.

Since being elected at the 2009 AGM, the Board of Directors comprises: Anders Börjesson (Chairman), Eva Elmstedt, Tom Hedelius (Vice Chairman), Johan Sjö and Lars Spongberg. The Board members are presented on page 54 of this annual report and on the Company's website. All Board members are independent of the Company, apart from Johan Sjö, who is employed in the Company as the CEO. Eva Elmstedt and Lars Spongberg are also independent of the Company's major shareholders. The Board thus complies with the requirement that at least two of the members who are independent of the Company are also independent of major shareholders.

### Board fees

In accordance with the AGM's decision, the fee to each of the external Board members elected by the AGM amounts to SEK 225,000. The Chairman receives SEK 450,000 and the Vice Chairman receives SEK 350,000. Total Board fees amount to SEK 1,250,000, as decided by the AGM.

### Chairman of the Board

The task of the Board Chairman is to ensure that Board work is well organised and efficiently run and that the Board performs its duties. In particular, the Chairman is to organise and lead the work of the Board to create the best possible conditions for the Board's work. The Chairman shall also ensure that any new Board member undergoes requisite introductory training, as well as other training that the Chairman and members jointly deem suitable, that the Board members continually update and deepen their knowledge of the Company, that the Board meets when required and that it receives satisfactory information and background material for making decisions in its work. Additionally, the Chairman shall

## Attendance at Board and committee meetings 1 April 2010 – 31 March 2011

| Board member | Elected | Board | Remuneration committee | Audit committee | Independent in relation to the Company | Independent in relation to major shareholders |
|---|---|---|---|---|---|---|
| Number of meetings | | 11 | 2 | 1 | | |
| Anders Börjesson (Chairman of the Board) | 2001 | 11 | 2 | 1 | Yes | No |
| Eva Elmstedt | 2005 | 11 | | 1 | Yes | Yes |
| Tom Hedelius (Vice Chairman of the Board) | 2001 | 11 | 2 | 1 | Yes | No |
| Johan Sjö | 2008 | 11 | | | No | Yes |
| Lars Spongberg | 2001 | 11 | | 1 | Yes | Yes |

propose Board meeting agendas after consulting with the CEO, check that Board decisions are implemented and ensure that Board work is evaluated annually. The Chairman is responsible for contacts with the owners about ownership issues and for conveying owners' opinions to the Board.

### Board duties

The Board of Directors annually establishes written procedural rules governing its work and internal delegation of Board duties, including Board committees, Board decision-making processes, Board meeting procedures and the work of the Chairman. The Board has also issued a directive to the CEO and a directive regarding financial reporting to the Board. The Board has additionally adopted various policies for the Group's operations such as a Financial Policy, Investment Policy and Addtech's Code of Conduct.

The Board oversees the work of the CEO through continuous monitoring of operations during the year and is responsible for ensuring that the organisation, the management and the guidelines for managing Company affairs are appropriate, and that the Company has good internal control and effective systems for following up and controlling the Company's operations as well as for ensuring compliance with laws and regulations that apply to the Company's operations. The Board is also responsible for establishing, developing and following up the Company's goals and strategy, decisions on acquisitions and disposals of operations, major investments and the appointment and remuneration of Group management. The Board and the CEO are responsible for submitting the annual accounts to the AGM.

Board work is evaluated annually in a process led by the Board Chairman, and the nomination committee is informed of the result of the evaluation. The Board continually evaluates the CEO's work. This issue is specially addressed annually, and no one from Company management attends this evaluation. The Board also evaluates and decides on material assignments held by the CEO outside the Company.

### Board work

According to the Board's procedural rules, the Board is to meet in conjunction with presentation of the interim reports, at an annual strategy meeting and at the first post-election meeting per year as well as on other occasions if required. The Board had 11 meetings during the financial year, of which 6 preceded the 2010 AGM and 5 followed the AGM.

The Company's Chief Financial Officer is the Board Secretary and the secretary of the nomination committee. Other salaried employees in the Company take part in Board meetings to present certain issues or when otherwise judged suitable. The Board's work during the year addressed various issues, for example concerning the Group's strategic development, day-to-day operations, earnings and profitability trends, business acquisitions, organisation and the Group's financial position.

### Remuneration committee

The remuneration committee elected by the Board of Directors consists of: Anders Börjesson (Board Chairman) and Tom Hedelius (Vice Chairman), and Johan Sjö as the reporting member. The remuneration committee draws up the 'Board's proposal for principles regarding remuneration to senior management'. The Board discusses the proposal, which is then presented to the AGM to decide on. The Board sets the remuneration of the CEO based on the AGM's decision. The CEO does not report on his own remuneration and does not take part in making the Board decision. The remuneration committee sets the remuneration of other members of Group management based on the CEO's proposal. The Board is informed of the remuneration committee's decisions. The remuneration committee then has the task of monitoring and evaluating application of the guidelines for remuneration to senior management as decided on by the AGM. In addition, the remuneration committee must monitor and evaluate ongoing programmes, and those completed during the year, for variable remuneration to the Company management.

The remuneration committee had two meetings during the financial year.

### Audit committee

The Board has appointed an audit committee consisting of the Board members who are not employed by the Company, in other words, Anders Börjesson, Tom Hedelius, Eva Elmstedt and Lars Spongberg. The audit committee's tasks were integrated with Board work at the Board's regular meetings, so the Board Chairman also acted as Chair of the audit committee. The committee Chair has accounting and auditing knowledge.

Eva Elmstedt and Lars Spongberg are also independent of the Company's major shareholders and have accounting knowledge.

Without affecting the Board's responsibility and tasks in other respects, the audit committee shall monitor the Company's financial reporting, the effectiveness of the Company's internal control and risk management regarding the financial reporting; stay informed about the audit of the annual accounts and the consolidated financial statements; assess and monitor the impartiality and independence of the auditor and in doing so shall pay particular attention to whether the auditor provides the Company with other services besides auditing services; and assist in drawing up proposals for the AGM's decision on selection of an auditor.

In conjunction with granting its approval of the 2009/2010 annual accounts at the May 2010 Board meeting, the Board held discussions with the external auditors and received their report. At this meeting, the Board also discussed matters with the auditors without the CEO or other members of Company management being present. A corresponding meeting was held in May 2011 for the 2010/2011 financial year.

## CEO

Johan Sjö is the CEO of Addtech. He is presented on page 55 of this annual report and on the Company's website.

The CEO heads the operations as per the requirements of the Swedish Companies Act and the frameworks set by the Board. In consultation with the Board Chairman, the CEO prepares requisite documentation for information and decisions prior to Board meetings, makes presentations and explains proposals for decisions. The CEO leads the work of Group management and makes decisions in consultation with other members of the management. Group management consists of Johan Sjö, Anders Claeson, Åke Darfeldt, Håkan Franzén, Kristina Willgård (as of 15 September 2010) and Artur Aira (as of 17 May 2011). Göran Brandt was a member of Group management until 17 May 2011. Group management regularly reviews operations in meetings chaired by the CEO. The members of Group management are presented in more detail on page 55 of this annual report and on the Company's website.

## Operating organisation

The Group's operations are organised in four business areas: Addtech Components, Addtech Energy & Equipment, Addtech Industrial Solutions and Addtech Life Science. The business is conducted through subsidiaries in Sweden, Denmark, Finland, Norway, the United Kingdom, Austria, Germany, Poland, Estonia, Latvia, Japan and China. Each operating company has a board of directors, in which the company's managing director and employees in managerial positions from business areas or business units are represented. Within each business area the companies are organised in business units linked to product or market concepts. Each company's managing director reports to a business unit manager, who in turn reports to the business area manager. Each business area manager reports to the CEO of Addtech AB. The business areas and business units hold internal board meetings chaired by the CEO of Addtech AB and the managers of the business areas, respectively.

## Acquisition of companies

Acquisitions are a key part of the Group's growth strategy, and since its listing in 2001 Addtech has acquired more than 50 companies. From a management perspective it is important, in certain issues of importance to the Group, to integrate the acquired company directly in conjunction with the acquisition. This work starts before the takeover date, during the negotiation and analysis period. Immediately after the takeover, the company's employees receive training in matters such as the Group's financial reporting, which enables consolidation in the Group's accounts right from the acquisition date. Other areas may consist of establishing administrative routines to comply with the Group's established working methods, integration in the Group's insurance programmes and training titled 'Vision and company philosophy', in which all employees have the opportunity to learn about the Group's core values.

## Nomination committee

The Annual General Meeting in August 2009 authorised the Board Chairman to establish a nomination committee for the 2010 AGM. The members were to comprise representatives of the five largest shareholders known to the Company in terms of number of votes at 31 December 2009, to serve with the Chairman on the nomination committee. The following were thus chosen: Marianne Nilsson, representing Swedbank Robur; Peter Rönström, representing Lannebo Fonder; Per Trygg, representing SEB fonder; Tom Hedelius and Anders Börjesson (Board Chairman). For the AGM in August 2010, the nomination committee presented proposals for AGM Chairman, number of Board members, fees to Board members and auditors, candidates for Board members and Board Chair, and proposals for how to appoint the nomination committee in preparation for the AGM in 2011 and its tasks.

The committee had three meetings at which minutes were taken prior to the 2010 AGM. Addtech's Board chairman provided the nomination committee with information on the Board's own evaluation. In its evaluation, the nomination committee stated that the Board was effective and that the competence required was represented on the Board. The nomination committee therefore proposed that all members be re-elected.

The Company pays costs linked to carrying out the nomination committee's tasks. The members of the nomination committee receive no compensation from the Company. The Company paid no costs linked to the nomination committee's tasks during the year.

In preparation for the Annual General Meeting in August 2011, the selection criteria for and process of appointing the nomination committee were the same as during the preceding year. The committee comprises: Marianne Nilsson (representing Swedbank Robur), Peter Rönström (representing Lannebo Fonder), Per Trygg (representing SEB fonder), Tom Hedelius and Anders Börjesson (Chairman of the Board). Two nomination committee members are Board members and are not independent of the Company's major shareholders, which deviates from the Code's rules on composition of the nomination committee. If more than one Board member is included on the nomination committee, no more than one of them may be in a position of dependence in relation to the Company's major shareholders. The composition of the committee follows the principles set by the AGM. Anders Börjesson is chairman of the committee and Board Chairman. This deviates from the Code's rules which state that the chairperson of the nomination committee shall not, without an explanation, be a Board member of the Company. The Chairman knows the Company and other shareholders well. In conjunction with its first meeting, the nomination committee also deemed it suitable that the committee chairperson should be the member who represents the largest group of shareholders. The composition of the nomination committee was disclosed in the interim report published on 10 February 2011.

The nomination committee is to present proposals for selection of an AGM Chairman, the number of Board members, fees to each of the Board members and the auditor, candidates for Board members and the Board Chair, as well as proposals for how to appoint the nomination committee in preparation for the AGM in 2012 and its tasks. The proposals of the nomination committee to the AGM will be presented in the notice to attend the meeting and on the Company's website.

### Contraventions

The Company has not contravened any regulations that apply to the stock exchange on which the Company's shares are listed for trading, nor has it contravened fair practice in the stock market.

## CONSOLIDATED INCOME STATEMENT

| SEKm | Notes | 2010/2011 | 2009/2010 |
|---|---|---|---|
| Revenue | 4, 5 | 4,418 | 3,680 |
| Cost of sales* | | -2,990 | -2,514 |
| **Gross profit** | | **1,428** | **1,166** |
| Selling expenses* | | -780 | -686 |
| Administrative expenses* | | -281 | -262 |
| Other operating income | 9 | 22 | 9 |
| Other operating expenses | 9 | -9 | -11 |
| **Operating profit** | **3-10, 16** | **380** | **216** |
| Finance income | 11 | 5 | 4 |
| Finance costs | 11 | -21 | -18 |
| **Net financial items** | | **-16** | **-14** |
| **Profit before tax** | | **364** | **202** |
| Income tax expense | 13 | -99 | -52 |
| **PROFIT FOR THE YEAR** | | **265** | **150** |
| Attributable to: | | | |
| Equity holders of the Parent Company | | 262 | 147 |
| Non-controlling interests | | 3 | 3 |
| Earnings per share (EPS), (SEK) | 30 | 11.80 | 6.60 |
| Diluted EPS (SEK) | 30 | 11.75 | 6.60 |
| Average number of shares after repurchases ('000s) | | 22,253 | 22,204 |
| Number of shares at end of period after repurchases ('000s) | | 22,246 | 22,266 |

*The distribution of cost of sales and selling and administrative expenses was revised. The preceding year's figures were adjusted to comply with this. Cost of sales increased by SEK 8 million, selling expenses increased by SEK 32 million and administrative expenses fell by SEK 40 million in relation to the figures presented in the previous annual report.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEKm | 2010/2011 | 2009/2010 |
|---|---|---|
| Profit for the year | 265 | 150 |
| Cash flow hedges | 0 | -4 |
| Foreign currency translation differences for the period | -48 | -49 |
| Tax attributable to other comprehensive income | 0 | 1 |
| **Other comprehensive income** | **-48** | **-52** |
| **Comprehensive income for the year** | **217** | **98** |
| Attributable to: | | |
| Equity holders of the Parent Company | 216 | 95 |
| Non-controlling interests | 1 | 3 |

## CONSOLIDATED BALANCE SHEET

| SEKm | Notes | 31 Mar 11 | 31 Mar 10 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible non-current assets | 14 | 793 | 554 |
| Property, plant and equipment | 15 | 162 | 141 |
| Financial assets | 17 | 11 | 6 |
| Non-current receivables | 17 | 2 | 1 |
| Deferred tax assets | 13 | 0 | 1 |
| **Total non-current assets** | | **968** | **703** |
| **CURRENT ASSETS** | | | |
| Inventories | 18 | 556 | 465 |
| Tax assets | | 1 | 8 |
| Accounts receivable | 3 | 657 | 516 |
| Prepaid expenses and accrued income | 19 | 41 | 36 |
| Other receivables | | 36 | 24 |
| Cash and cash equivalents | | 50 | 50 |
| **Total current assets** | | **1,341** | **1,099** |
| **TOTAL ASSETS** | | **2,309** | **1,802** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS' EQUITY** | 20 | | |
| Share capital | | 51 | 51 |
| Other contributed capital | | 344 | 344 |
| Reserves | | -20 | 28 |
| Retained earnings, including profit for the year | | 532 | 380 |
| **Equity attributable to equity holders of the Parent Company** | | **907** | **803** |
| Non-controlling interests | | 15 | 11 |
| **Total shareholders' equity** | | **922** | **814** |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Non-current interest-bearing liabilities | 24 | 49 | 4 |
| Provisions for pensions | 22 | 186 | 183 |
| Deferred tax liabilities | 13 | 163 | 125 |
| **Total non-current liabilities** | | **398** | **312** |
| **CURRENT LIABILITIES** | | | |
| Current interest-bearing liabilities | 25 | 173 | 31 |
| Accounts payable | | 405 | 307 |
| Tax liabilities | | 26 | 32 |
| Other liabilities | | 148 | 111 |
| Accrued expenses and deferred income | 26 | 222 | 188 |
| Provisions | 23 | 15 | 7 |
| **Total current liabilities** | | **989** | **676** |
| **Total liabilities** | | **1,387** | **988** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **2,309** | **1,802** |

## CONSOLIDATED CASH FLOW STATEMENT

| SEKm | Notes | 2010/2011 | 2009/2010 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit after financial items | | 364 | 202 |
| Adjustment for items not included in cash flow | 28 | 83 | 83 |
| Income tax paid | | -113 | -89 |
| Cash flow from operating activities before changes in working capital | | 334 | 196 |
| Cash flow from changes in working capital | | | |
| Changes in inventories | | -31 | 104 |
| Changes in operating receivables | | -88 | 61 |
| Changes in operating liabilities | | 85 | -68 |
| **Cash flow from operating activities** | | **300** | **293** |
| | | | |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment | | -37 | -25 |
| Disposal of property, plant and equipment | | 1 | 7 |
| Acquisition of intangible non-current assets | | -4 | -4 |
| Acquisition of operations, net liquidity effect | 28 | -273 | -22 |
| Disposal of operations, net liquidity effect | 28 | 11 | - |
| Disposal of non-current financial assets | | - | 1 |
| **Cash flow from investing activities** | | **-302** | **-43** |
| | | | |
| **FINANCING ACTIVITIES** | | | |
| Repurchase of own shares | | -3 | -13 |
| Personnel options exercised and call options issued | | 2 | 15 |
| Borrowings | | 145 | 0 |
| Repayments on loans | | -28 | -173 |
| Other financing | | 2 | 1 |
| Dividend paid to equity holders of the Parent Company | | -111 | -111 |
| Dividend paid to non-controlling interests | | -2 | -3 |
| **Cash flow from financing activities** | | **5** | **-284** |
| | | | |
| **Cash flow for the year** | | **3** | **-34** |
| | | | |
| Cash and cash equivalents at beginning of year | | 50 | 84 |
| Exchange differences on cash and cash equivalents | | -3 | 0 |
| **Cash and cash equivalents at year-end** | | **50** | **50** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEKm | Share capital | Other contributed capital | Reserves | Retained earnings, including profit for the year | Total, equity holders of the Parent Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **EQUITY, OPENING BALANCE 1 APR 10** | **51** | **344** | **28** | **380** | **803** | **11** | **814** |
| Comprehensive income for the year | - | - | -48 | 264 | 216 | 1 | 217 |
| Call options issued | - | - | - | 2 | 2 | - | 2 |
| Repurchase of own shares | - | - | - | -3 | -3 | - | -3 |
| Dividend | - | - | - | -111 | -111 | -2 | -113 |
| Acquisition | - | - | - | - | - | 5 | 5 |
| **EQUITY, CLOSING BALANCE 31 MAR 11** | **51** | **344** | **-20** | **532** | **907** | **15** | **922** |

| SEKm | Share capital | Other contributed capital | Reserves | Retained earnings, including profit for the year | Total, equity holders of the Parent Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **EQUITY, OPENING BALANCE 1 APR 09** | **51** | **344** | **80** | **347** | **822** | **11** | **833** |
| Change in pension accounting | - | - | - | -5 | -5 | - | -5 |
| **Adjusted opening balance, 1 APR 09** | **51** | **344** | **80** | **342** | **817** | **11** | **828** |
| Comprehensive income for the year | - | - | -52 | 147 | 95 | 3 | 98 |
| Personnel options exercised and call options issued | - | - | - | 15 | 15 | - | 15 |
| Repurchase of own shares | - | - | - | -13 | -13 | - | -13 |
| Dividend | - | - | - | -111 | -111 | -3 | -114 |
| **EQUITY, CLOSING BALANCE 31 MAR 10** | **51** | **344** | **28** | **380** | **803** | **11** | **814** |

For comments on shareholders' equity, refer to Note 20.

| SEK | 2010/2011 | 2009/2010 |
|---|---|---|
| Dividend per share | 7.00[1] | 5.00 |

[1] As proposed by the Board of Directors.

## PARENT COMPANY INCOME STATEMENT

| SEKm | Notes | 2010/2011 | 2009/2010 |
|---|---|---|---|
| Revenue | | 32 | 32 |
| Administrative expenses | | -39 | -42 |
| Other operating income | 9 | - | 1 |
| **Operating profit/loss** | **6–9, 16** | **-7** | **-9** |
| Profit from interests in Group companies | 11 | 163 | 130 |
| Profit from non-current financial assets | 11 | 27 | 23 |
| Interest income and similar items | 11 | 8 | 6 |
| Interest expense and similar items | 11 | -14 | -11 |
| **Profit after financial items** | | **177** | **139** |
| Year-end appropriations | 12 | -30 | -14 |
| **Profit before tax** | | **147** | **125** |
| Income tax expense | 13 | -39 | -28 |
| **Profit for the year** | | **108** | **97** |
| Total Comprehensive income | | 108 | 97 |

## PARENT COMPANY BALANCE SHEET

| SEKm | Notes | 31 Mar 11 | 31 Mar 10 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible non-current assets | 14 | 1 | 1 |
| Property, plant and equipment | 15 | 1 | 1 |
| **Non-current financial assets** | | | |
| Interests in Group companies | 17 | 1,181 | 681 |
| Receivables from Group companies | 17 | 674 | 928 |
| Other non-current receivables | | - | 0 |
| **Total non-current financial assets** | | **1,855** | **1,609** |
| **Total non-current assets** | | **1,857** | **1,611** |
| **CURRENT ASSETS** | | | |
| Tax asset | | 1 | - |
| Receivables from Group companies | | 256 | 246 |
| Other receivables | | 1 | 0 |
| Prepaid expenses and accrued income | 19 | 3 | 4 |
| **Total current receivables** | | **261** | **250** |
| Cash and bank balances | | 1 | 33 |
| **Total current assets** | | **262** | **283** |
| **TOTAL ASSETS** | | **2,119** | **1,894** |
| **EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS' EQUITY** | 20 | | |
| **Restricted equity** | | | |
| Share capital | | 51 | 51 |
| Legal reserve | | 18 | 18 |
| **Unrestricted equity** | | | |
| Retained earnings | | 861 | 875 |
| Profit for the year | | 108 | 97 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **1,038** | **1,041** |
| **UNTAXED RESERVES** | **21** | **265** | **235** |
| **PROVISIONS** | | | |
| Provisions for pensions and similar obligations | 22 | 17 | 17 |
| **LIABILITIES** | | | |
| Liabilities to Group companies | 24 | 310 | 221 |
| **Total non-current liabilities** | | **310** | **221** |
| Liabilities to credit institutions | 25 | 135 | 21 |
| Accounts payable | | 2 | 1 |
| Liabilities to Group companies | | 340 | 332 |
| Tax liabilities | | - | 14 |
| Other liabilities | | 2 | 3 |
| Accrued expenses and deferred income | 26 | 10 | 9 |
| **Total current liabilities** | | **489** | **380** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **2,119** | **1,894** |
| Pledged assets | 27 | - | - |
| Contingent liabilities | 27 | 139 | 141 |

## PARENT COMPANY CASH FLOW STATEMENT

| SEKm | Notes | 2010/2011 | 2009/2010 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit after financial items | | 177 | 139 |
| Adjustment for items not included in cash flow | 28 | -160 | -115 |
| Income tax paid | | -54 | -54 |
| Cash flow from operating activities before changes in working capital | | -37 | -30 |
| Cash flow from changes in working capital | | | |
| Changes in operating receivables | | 0 | 0 |
| Changes in operating liabilities | | 1 | 0 |
| **Cash flow from operating activities** | | **-36** | **-30** |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment and intangible non-current assets | | 0 | 0 |
| Disposal of non-current financial assets | | - | 2 |
| **Cash flow from investing activities** | | **0** | **2** |
| **FINANCING ACTIVITIES** | | | |
| Repurchase of own shares | | -3 | -13 |
| Personnel options exercised and call options issued | | 3 | 12 |
| Change in loans | | 114 | -173 |
| Change in receivables from and liabilities to Group companies | | -113 | 79 |
| Dividend paid | | -111 | -111 |
| Group contributions received | | 114 | 205 |
| **Cash flow from financing activities** | | **4** | **-1** |
| **Cash flow for the year** | | **-32** | **-29** |
| Cash and cash equivalents at beginning of year | | 33 | 62 |
| **Cash and cash equivalents at year-end** | | **1** | **33** |

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

| | Restricted equity | | Unrestricted equity | |
|---|---|---|---|---|
| SEKm | Share capital | Legal reserve | Retained earnings, including profit for the year | Total equity |
| **EQUITY, OPENING BALANCE 1 APR 10** | **51** | **18** | **972** | **1,041** |
| Comprehensive income for the year | - | - | 108 | 108 |
| Dividend | - | - | -111 | -111 |
| Call options issued | - | - | 3 | 3 |
| Repurchase of own shares | - | - | -3 | -3 |
| **EQUITY, CLOSING BALANCE 31 MAR 11** | **51** | **18** | **969** | **1,038** |

| | Restricted equity | | Unrestricted equity | |
|---|---|---|---|---|
| SEKm | Share capital | Legal reserve | Retained earnings, including profit for the year | Total equity |
| **EQUITY, OPENING BALANCE 1 APR 09** | **51** | **18** | **979** | **1,048** |
| Comprehensive income for the year | - | - | 97 | 97 |
| Dividend | - | - | -111 | -111 |
| Personnel options exercised and call options issued | - | - | 20 | 20 |
| Repurchase of own shares | - | - | -13 | -13 |
| **EQUITY, CLOSING BALANCE 31 MAR 10** | **51** | **18** | **972** | **1,041** |

For comments on shareholders' equity, refer to Note 20.

## NOTE 1 ACCOUNTING AND VALUATION POLICIES

### General accounting policies

The annual report was prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union (EU). Recommendation RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, was also applied.

The Parent Company's and the Group's accounting policies are consistent with each other, except in the case of reporting pensions, untaxed reserves and year-end appropriations. See also 'Accounting policies of the Parent Company'.

The Board approved the Parent Company's annual report and the Group's consolidated financial statements for publication on 21 June 2011. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 23 August 2011.

### Presentation of the Annual Report

The financial reports are stated in million Swedish kronor (SEK million) unless otherwise specified. The Parent Company's functional currency is the Swedish krona (SEK), as is the presentation currency for the Parent Company and the Group. Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Assets held for sale are recognised at the lower of the previous carrying amount and fair value, less selling expenses.

Preparing financial reports according to IFRS requires that management make judgments and estimates as well as making assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and numerous other factors deemed reasonable under the circumstances at the time. Estimates and assumptions are reviewed periodically.

The Annual Report was prepared in compliance with IAS 1 Presentation of Financial Statements, such that separate income statements and balance sheets, as well as statements of other comprehensive income, changes in shareholders' equity and cash flow, are prepared and notes are provided that detail disclosures and the accounting policies applied.

Assets are divided into current assets and non-current assets. An asset is considered current if it is expected to be realised within 12 months of the end of the reporting period or within the Company's operating cycle. 'Operating cycle' refers to the time elapsed from the start of production until the Company receives payment for goods or services delivered. The Group's operating cycle is judged to be less than one year.

If an asset does not fulfil the current asset criterion, it is classified as a non-current asset.

Receivables and liabilities, as well as income and expenses, are offset only if required or if expressly permitted under IFRS.

Liabilities are divided into current liabilities and non-current liabilities. Current liabilities are liabilities to be paid within 12 months of the end of the reporting period or, in the case of operating liabilities only, that are expected to be paid within the operating cycle. As this takes into account the operating cycle, no non-interest-bearing liabilities, such as accounts payable or accrued staff costs, are recognised as non-current liabilities.

**Early application of IFRSs and interpretations issued or revised during Addtech's 2010/2011 financial year**

No newly issued IFRSs or interpretations were applied early.

**New or revised IFRSs applied during the 2010/2011 financial year**

The Group has applied the revised IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements since 1 April 2010. These are applied to acquisitions made as of 1 April 2010. For Addtech, the changes primarily affect the handling of contingent considerations and transaction costs in conjunction with acquisitions. Contingent consideration is measured at fair value at the time of the transaction, and the effects of remeasuring liabilities related to contingent consideration are recognised as income or expense in profit for the year. Transaction costs in conjunction with acquisitions are expensed; capitalisation only takes place in the Parent Company.

The term 'minority interests' has been changed in the reports to the new term 'non-controlling interests'. It is now possible for a holding that is not a controlling interest to be measured at fair value upon acquisition, which means that goodwill is included in non-controlling interests. Alternatively, non-controlling interests constitute part of net assets. The choice is determined individually for each acquisition.

Revised IFRSs have had no retroactive impact on the Group's financial statements.

**New or revised IFRSs that will be applied during periods ahead**

No new or revised IFRSs or interpretations issued that come into force during the coming financial year are judged to have any material effect on Addtech's financial statements.

### Consolidated financial statements

The consolidated financial statements comply with IAS 27 Consolidated and Separate Financial Statements and IFRS 3 Business Combinations and include the annual accounts for the Parent Company and those companies in which the Parent Company directly or indirectly has a controlling Influence. Such influence exists when the Parent Company, directly or indirectly, is entitled to determine a company's financial and operative strategies to obtain economic benefits. Normally this means that the Parent Company holds more than 50 percent of the voting rights of the interests.

Shareholdings in Group companies are eliminated using the acquisition method. In brief, this means that identifiable assets, liabilities and contingent liabilities in the company acquired are measured and recognised in the consolidated financial statements as if they had been acquired directly by purchase and not indirectly by acquisition of the company's shares. The valuation is based on fair values. If the value of the net assets is less than the acquisition price, consolidated goodwill arises. If the opposite occurs, the difference is recognised directly in profit or loss. Goodwill is determined in local currency and is recognised at cost, less any impairment losses. Consolidated equity includes the Parent Company's equity and the portion of subsidiaries' equity earned after the time of acquisition. Companies acquired or disposed of are consolidated or deconsolidated, respectively, from the date of acquisition or disposal.

Contingent consideration is measured at fair value at the time of the transaction, and the effects of revaluing liabilities related to contingent consideration are recognised as income or expense in profit for the year. Transaction costs in conjunction with acquisitions are expensed; capitalisation only takes place in the Parent Company. It is now possible for a holding that is not a controlling interest to be measured at fair value upon acquisition, which means that goodwill is included in non-controlling interests. Alternatively, non-controlling interests constitute part of net assets. The choice is determined individually for each acquisition.

Intra-Group receivables and liabilities and transactions between companies in the Group, as well as related unrealised gains, are wholly eliminated. Unrealised losses are eliminated in the same way as unrealised gains, except in the case of impairment.

### Exchange rate effects

**Translation of the financial reports of foreign Group companies**

Assets and liabilities in foreign operations, including goodwill and other surpluses and deficits on consolidation, are converted to Swedish kronor using the exchange rate prevailing at the end of the reporting period. Income and expenses in foreign businesses are converted to Swedish kronor using the average rate, which is an approximation of the rates prevailing at the time of each transaction. Translation differences resulting from the conversion of foreign operations' accounts are recognised through other comprehensive income in the foreign currency translation reserve in equity. This reserve contains translation differences accumulated from 1 April 2004, when IFRSs were adopted.

**Transactions denominated in foreign currencies**

A transaction denominated in a foreign currency is converted to the functional currency at the rate of exchange at the transaction date. Monetary assets and liabilities in foreign currency are converted to the functional currency using the rate prevailing at the end of the reporting period. Non-monetary assets and liabilities recognised at historical cost are converted using the exchange rate at the time of the transaction. Exchange differences that arise in conversion are recognised in profit or loss. Exchange differences on operating receivables and operating liabilities are included in operating profit or loss, while exchange differences on financial receivables and liabilities are recognised among financial items. The Group uses forward foreign exchange contracts to a certain extent to reduce its exposure to exchange rate fluctuations. Forward foreign exchange contracts are recognised at fair value at the end of the reporting period.

### Financial assets and liabilities, recognition and derecognition

Financial instruments recognised among assets in the balance sheet include cash and cash equivalents, loan receivables, accounts receivable, financial investments and derivatives. The liabilities include accounts payable, loans payable, contingent considerations and derivatives. A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party to the terms and conditions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has completed its undertaking and a contractual obligation to pay exists, even if no invoice has yet been received. A financial asset (or part thereof) is removed from the balance sheet when the rights in the contract are realised or expire or the Company loses control over them. A financial liability (or part thereof) is removed from the balance sheet when the obligation in the contract is fulfilled or in some other way ceases to exist. A financial asset and a financial liability are only offset and recognised at the net amount in the balance sheet when the Company is legally entitled to offset their amounts and the Company intends to settle the items with a net amount or simultaneously realise the asset and settle the liability.

## Financial assets and liabilities, measurement and classification

Financial instruments are measured and recognised in the Group as per IAS 39.

A financial instrument that is not a derivative is initially recognised at cost, equivalent to the instrument's fair value plus transaction costs; this applies to all financial instruments except those in the category of financial assets measured at fair value through profit or loss. At initial recognition, a financial instrument is classified based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

Financial instruments measured at fair value are classified in a hierarchy based on the origin of the inputs used in the evaluation. At level 1 are financial instruments with a price quoted in an active market. Level 2 comprises financial instruments whose value is determined based on observable market data, though not prices quoted in an active market. Level 3 is measured using inputs, such as cash-flow analyses, not based on observable market data.

**Financial assets and liabilities measured at fair value through profit or loss**

This category comprises two sub-groups: financial assets and liabilities held for trading, and other financial assets and liabilities that the Company initially chose to place in this category. The first group includes derivatives unless they are designated hedging instruments. The other group contains contingent consideration in conjunction with acquisition of subsidiaries.

**Accounts receivable and loan receivables**

Loan receivables and accounts receivable are financial assets that are not derivatives, with fixed payments or with payments that can be determined, and that are not quoted on an active market. Assets in this category are measured at amortised cost.

Accounts receivable are recognised at the amount expected to be recovered, after deduction for doubtful receivables, assessed individually. The expected maturities of accounts receivable are short, so they are recognised at nominal amounts without discounting. Impairment losses on accounts receivable are recognised in operating expenses.

**Available-for-sale financial assets**

This category comprises financial assets not classified in any other category or financial assets that the Company initially chose to classify in this category. Shares and interests not recognised as subsidiaries, associates or joint ventures are recognised here. Assets in this category are measured on a current basis at fair value, with changes in value recognised directly in other comprehensive income, except for changes attributable to impairment losses. However, holdings that are unquoted and of which the fair value cannot be calculated reliably are recognised at cost.

**Other financial liabilities**

Loans and other financial liabilities, such as accounts payable, are included in this category. These liabilities are measured at amortised cost. Accounts payable are measured at nominal amounts without discounting.

**Derivatives and hedge accounting**

Derivative instruments include currency clauses, forward foreign exchange contracts, currency options, currency swaps and interest rate caps used to cover the risk of foreign exchange rate fluctuations and exposure to interest rate risk. An embedded derivative is disclosed separately unless closely related to its host contract. Derivatives are initially recognised at fair value, so transaction costs are charged to profit or loss for the period. After initial recognition, derivatives are measured at fair value as follows: changes in the value of derivatives are recognised in profit or loss based on the purpose for which they are held. When a derivative is used in hedge accounting, changes in a derivative's value are recognised in profit or loss on the same line and at the same time as the item it is hedging.

Even if hedge accounting does not apply, increases and decreases in the value of a derivative are recognised as income and expense, respectively, in operating profit or loss or in net financial items, based on the intended use of the derivative and whether or not its use is related to an operating item or a financial item.

In hedge accounting, the ineffective portion is recognised in the same way as changes in the value of derivatives not used for hedge accounting.

**Transaction exposure – cash flow hedges**

Foreign currency exposure related to future contractual and forecasted flows is hedged either with currency clauses in customer and supplier contracts or by forward foreign exchange contracts or currency options. These derivatives, which protect the forecasted flow, are recognised in the balance sheet at fair value. Where hedge accounting applies, changes in value are recognised through other comprehensive income in the hedging reserve until the hedged flow enters the income statement, whereupon the accumulated changes in value of the hedging instrument are transferred to the income statement, where they will meet and match the impact of the hedged transaction on earnings.

**Net investments in foreign subsidiaries**

Investments in foreign subsidiaries (net assets including goodwill) are currently not hedged.

## Financial assets and liabilities, classification

**Cash and cash equivalents**

Cash and cash equivalents consists of cash and funds immediately available in banks and equivalent institutions, as well as short-term liquid investments that mature within three months of the time of acquisition and are subject to only an insignificant risk of fluctuation in value.

**Financial assets and investments**

Financial assets are classified either as non-current financial assets or current investments, depending on the purpose of the holding. If the maturity or the anticipated holding period is longer than one year, such financial assets are considered non-current assets; if shorter than one year, current investments.

**Non-current receivables and other current receivables**

Non-current receivables and other current receivables are receivables that arise when the Company provides funds without intending to trade in the resulting receivable. If the anticipated holding period is longer than one year, the receivable is a non-current receivable; if shorter, an other current receivable.

**Liabilities**

Non-current liabilities have an anticipated term exceeding one year, while current liabilities have a term of less than one year.

## Property, plant and equipment

Property, plant and equipment are recognised in accordance with IAS 16 Property, Plant and Equipment at cost, less accumulated depreciation and any impairment losses. The cost comprises the purchase price, including customs and excise duties, as well as costs directly attributable to the asset to bring it to the location in a condition that it can be used as intended by the acquisition. Discounts and the like are deducted from the purchase price. Examples of directly attributable costs included in the cost are shipping and handling, installation, legal ratification and consulting services.

Borrowing costs are also capitalised in the cost of a qualifying asset. The Group does not normally have qualifying assets.

Additional expenditure for an item of property, plant and equipment is only added to the cost if it increases the future economic benefits. All other expenditure, such as expenditure for repair and maintenance, is expensed on a current basis. A decisive factor as to when an incremental expenditure should be added to the cost is whether the expenditure refers to the replacement of identified components or parts thereof, in which case the expenditure is capitalised. Also, if a new component has been created, the expenditure is added to the cost. Any undepreciated carrying amounts for replaced components, or parts of components, are retired and expensed in conjunction with the replacement.

Any impairment is reported as per IAS 36 Impairment of Assets.

Depreciation is effected on a straight-line basis over the estimated useful life and taking account of any residual value at the end of that period.

Property, plant and equipment comprising parts that have different useful lives are treated as separate components.

The carrying amount of an item of property, plant and equipment is removed from the balance sheet upon retirement or disposal of the asset, or when no future economic benefits are expected to be derived from its use. Gains or losses realised upon the disposal or retirement of an asset consist of the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains or losses are recognised as other operating income or other operating expense.

| Property, plant and equipment | Useful life |
|---|---|
| Buildings | 15–100 years |
| Equipment | 3–5 years |
| Land improvements | 20 years |
| Leasehold improvements | 3–5 years |
| Machinery | 3–10 years |

## Leases

IAS 17 Leases differentiates between finance and operating leases. A finance lease is characterised by the lessee assuming, in all essential respects, the economic benefits and risks associated with ownership of the asset. If that is not the case, the lease is regarded as an operating lease.

Significant finance leases are recognised as non-current assets, initially valued at the present value of the minimum lease payments when the agreement was entered into. On the liabilities side, the present value of remaining future lease payments is recognised as interest-bearing non-current and current liabilities. The asset is depreciated over its useful life, usually corresponding to the lease period, taking into account any residual value at the end of the period. Impairment is tested in accordance with IAS 36 Impairment of Assets.

Lease payments are divided into interest and amortisation of the liability. Other lease obligations are recognised as per rules for operating leases, such that lease payments are charged as an operating expense on a straight-line basis during the lease period.

## NOTE 1 Cont'd.

### Intangible non-current assets

Intangible non-current assets are recognised in accordance with IAS 38 Intangible Assets at cost, less accumulated amortisation, and are divided between goodwill and other intangible non-current assets. Any impairment of intangible assets is recognised as per IAS 36 Impairment of Assets.

An intangible asset is an identifiable non-monetary asset, without physical substance, that is used for marketing, producing or supplying goods or services, or for rental and administration. To be recognised as an asset, it must be probable that the future economic benefits attributable to the asset will benefit the Company and that the (acquisition) cost can be calculated reliably.

Additional expenditure for an intangible asset is only added to the cost if it increases future economic benefits beyond the original assessment and if the expenditure can be calculated reliably. All other expenditure is expensed as it is incurred.

Goodwill represents the difference between the cost, in connection with a business combination, and the fair value of acquired assets, assumed liabilities and contingent liabilities.

For acquisitions completed before 1 April 2004, goodwill has been recognised, after testing for impairment, at a cost corresponding to the carrying amount as per previous accounting policies. The classification and accounting treatment of business combinations that occurred before 1 April 2004 were not reassessed based on IFRS 3 when the Group's opening balance as of 1 April 2004 was calculated in accordance with IFRS.

Goodwill and intangible non-current assets with indefinable useful lives are measured at cost, less any accumulated impairment losses. Goodwill and intangible non-current assets with indefinable useful lives are allocated among cash-generating units and are not amortised but are tested for impairment on an annual basis.

Intangible assets aside from goodwill are recognised at their original cost, less accumulated amortisation and impairment losses.

Borrowing costs are also capitalised in the cost of qualifying assets. The Group does not normally have qualifying assets.

Amortisation is charged primarily on a straight-line basis and is based on the useful lives of the assets, which are reviewed on an annual basis. An asset's useful life is based on historical experience of use of similar assets, areas of application and other specific features of the asset.

Amortisation is included in cost of sales, selling expenses or administrative expenses, depending on where in the business the assets are used.

Expenditure for development, in which the results of research or other knowledge are applied to achieve new or improved products or processes, is recognised as an asset in the balance sheet if the product is technically and commercially viable and the Company has sufficient resources to complete development and subsequently use or sell the intangible asset. Other development expenditure is expensed as it is incurred.

Expenditure for internally generated goodwill and trademarks is recognised in profit or loss as an expense as it is incurred.

| Intangible non-current assets | Useful life |
|---|---|
| Capitalised development projects | 3 years |
| Customer relationships | 5–10 years |
| Software for IT operations | 3–5 years |
| Supplier relationships | 10–33 years |
| Technology | 5–15 years |
| Trademarks | indeterminable |

### Impairment losses

**Property, plant and equipment, intangible assets and interests in subsidiaries and associates**

The carrying amounts of Group assets are tested as soon as there is indication that the asset in question has decreased in value. If such indication exists, impairment is determined after calculating the recoverable amount of the asset, which is the higher of an asset's value in use and its fair value. Impairment loss is recognised if the recoverable amount is less than the carrying amount. The value in use is calculated as the present value of future payments that the Company is expected to receive by using the asset. The estimated residual value at the end of the useful life is included in the value in use. If the recoverable amount of an individual asset cannot be determined, the recoverable amount is set at the recoverable amount for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that give rise to continuous payment surpluses independent of other assets or groups of assets. Goodwill on consolidation is attributable to the cash-generating unit to which the goodwill is linked. Impairment losses are reversed when the impairment, wholly or partly, no longer exists. However, this does not apply to goodwill or intangible non-current assets with indefinable useful lives.

For goodwill and other intangible assets with indefinable useful lives and for intangible assets not yet ready for use, the recoverable amount is calculated annually.

**Financial assets**

When accounts are prepared for reporting, the Company assesses whether there is objective evidence that any financial asset or group of assets is impaired. The recoverable amount of loan receivables and accounts receivable recognised at amortised cost is calculated as the present value of future cash flows discounted by the effective interest rate prevailing when the asset was first recognised. Assets with short maturities are not discounted. Impairment losses are charged to the income statement.

### Inventories

Inventories, that is, raw materials and finished goods for resale, are carried at the lower of cost and net realisable value, taking into account the risk of obsolescence. The cost is calculated using the first-in, first-out (FIFO) principle or weighted average prices.

In the case of finished and semi-finished goods manufactured in-house, the cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Normal capacity utilisation is taken into account in valuation.

### Shareholders' equity

When the Company's shares are repurchased, the entire consideration reduces equity. Proceeds from the disposal of equity instruments are recognised as an increase in equity. Any transaction costs are recognised in equity.

### Employee benefits

Employee benefits are recognised in the consolidated financial statements as per IAS 19 Employee Benefits.

**Employee benefits after termination of employment, pension obligations**

The recommendation differentiates between defined contribution pension plans and defined benefit pension plans. In defined contribution plans, the Company pays stipulated fees to a separate legal entity and has no obligation to pay additional fees. Costs are charged to the Group's profit or loss at the rate at which the benefits are earned. In defined benefit pension plans, benefits are paid to current and former employees based on their salary upon retirement and the number of years of service. The Group bears the risk for payment of promised benefits.

The Group's net obligation to defined benefit plans is calculated individually for each plan by estimating future benefits that employees have earned through employment in current and previous periods. These benefits are discounted to a present value, and any unreported costs related to service in previous periods and the fair value of any plan assets are deducted.

Defined-benefit pension plans are both funded and unfunded. When a plan is funded, its assets have been separated into plan assets. These plan assets can only be used for payments of benefits as per the pension agreements. The net value of the estimated present value of the obligations and the fair value of plan assets is recognised in the balance sheet, either as a provision or as a non-current financial receivable. When a surplus in a plan cannot be fully utilised, only that portion of the surplus that the Company can recover through reduced future fees or repayments is recognised. A surplus in one plan is only offset by a deficit in another plan if the Company is entitled to utilise a surplus in one plan to settle a deficit in another plan, or if the obligations are intended to be settled on a net basis.

The pension cost and pension obligation for defined benefit pension plans are calculated using the Projected Unit Credit Method. This method distributes the cost of pensions at the rate at which employees perform services for the Company that increase their rights to future benefits. The aim is to expense expected future pension payouts in a manner that provides an even cost over the employee's period of employment. This calculation takes into account anticipated future salary increases and anticipated inflation. The Company's obligation is calculated annually by independent actuaries. The discount rate used is equivalent to the interest rate on high-quality corporate bonds or government bonds with a maturity equivalent to the average maturity of the obligation and the currency.

Actuarial gains and losses may arise when establishing the obligation's present value and fair value on plan assets. These may arise either because the actual outcome differs from previously made assumptions, or because assumptions were changed. To avoid major changes in pension costs between years, changes within certain limits (the 'corridor') are disregarded in the income statement and balance sheet. With the corridor, actuarial gains and losses affect consolidated profit/loss only to the extent they exceed the higher of 10 percent of the present value of the pension obligation and 10 percent of the fair value of the plan assets. The portion of the accumulated actuarial gains and losses, at the end of the previous year, that exceeds 10 percent of the greater of the present value of the obligations and the fair value of plan assets is recognised in profit/loss during the expected average remaining service period of those employees covered by the plan. The reported return on plan assets refers to the return estimated at the start of the year and therefore normally differs from the actual return during the year. The difference is an actuarial gain or loss.

A portion of the Group's defined benefit pension obligations has been financed through premiums to Alecta. The required information cannot be obtained from Alecta, so these pension obligations are reported as a defined contribution pension plan.

When the cost of a pension is determined differently in a legal entity than in the Group, a provision or claim for taxes on pension costs is recognised, such as a special employer's contribution for Swedish companies based on this difference. The present value for the provision or claim is not calculated

**Benefits upon termination of employment**

A cost for benefits in conjunction with termination of employment is recognised only if the Company is obliged by a formal, detailed plan to terminate employment prior to the normal date.

**Short-term benefits**
Short-term benefits to employees are calculated without discounting and are recognised as an expense when the related services are performed.

A provision for the expected costs of bonus disbursements is recognised when the Group has a valid legal or informal obligation to make such payments as a result of services received from employees and where the obligation can be calculated reliably.

**Share-based incentive programmes**
The Group's share-based incentive programmes make it possible for senior management to purchase shares in the Company. The employees have paid a market premium for call options on Class B shares. The programme includes a subsidy so that the employee receives the same sum as the option premium in the form of cash payment. This subsidy shall be paid two years after the issue decision, providing that the option holder is still employed in the Group and owns call options at that time. The subsidy, and related social security costs, is distributed as employee benefits expense over the vesting period.

## Provisions and contingent liabilities
A provision is recognised in the balance sheet when the Company has a formal or informal obligation as a result of a transpired event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. If the effect is material, the provision is based on a present value calculation.

Provisions are made for future costs resulting from warranty undertakings. The calculation is based on expenditure during the financial year for similar undertakings or the estimated costs for each undertaking.

Provisions for restructuring costs are recognised when a detailed restructuring plan has been adopted and the restructuring has either begun or been announced.

Contingent liabilities are recognised when a possible undertaking exists stemming from past events and the existence of the undertaking is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the Company's control. Other obligations are also recognised as contingent liabilities if they result from past events but are not recognised as a liability or provision because it is unlikely that an outflow of resources will be required to settle the undertaking or because the size of the undertaking cannot be determined with sufficient accuracy.

## Revenue recognition
Sales revenue and revenue from projects in progress are recognised as per IAS 18 Revenue. The fair value of what has been received, or what will be received, is recognised as sales revenue. Thus, the Company recognises revenue at the amount of the invoice if the Company receives cash compensation in conjunction with delivery. Deductions are made for value-added tax, returns, discounts and price reductions. Revenue from sales of goods is recognised when certain requirements have been met. These requirements are that material risks and benefits associated with ownership of the goods have been transferred to the purchaser, that the selling company does not retain any involvement in ongoing administration nor does it exert any real control over the goods sold, that the revenue can be calculated reliably, that it is likely that the economic benefits that the Company will obtain from the transaction will accrue to the Company, and that the expenses that have arisen or are expected to arise as a result of the transaction can be calculated reliably.

Revenue from projects in progress is recognised in increments as projects are completed. The degree of completion is determined on the basis of accumulated project expenses at the end of the period as a proportion of estimated total project expenses. If future costs to complete a project are estimated to exceed remaining revenue, a provision is made for estimated losses.

Lease revenue is recognised on a straight-line basis in profit or loss based on the terms of the lease.

## Finance income and costs
Interest income on receivables and interest expense on liabilities are computed using the effective interest method. The effective rate is the interest rate that makes the present value of all future receipts and payments during the period of fixed interest equal to the carrying amount of the receivable or liability. Interest income includes accrued rebates, premiums and other differences between the original value of the receivable and the amount received upon maturity. Interest and dividends are recognised as income when it is probable that the economic benefits associated with the transaction will accrue to the Company and that the income can be calculated reliably. Interest income is recognised applying the interest rate that generates an even return on the asset in question. Dividend income is recognised when the shareholder's right to receive the dividend is deemed certain.

## Income taxes
Income tax is recognised as per IAS 12 Income Taxes. Tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is also recognised in other comprehensive income or equity. Current tax refers to tax that is to be paid or refunded for the current year. This also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated using the liability method based on temporary differences between carrying amounts and tax bases of assets and liabilities. The amounts are calculated depending on how the temporary differences are expected to be settled and by applying the tax rates and tax rules enacted or announced at the end of the reporting period. Temporary differences are not taken into account in Group goodwill, nor in differences attributable to interests in subsidiaries or associates owned by Group companies outside Sweden that are not expected to be taxed in the foreseeable future. In the consolidated financial statements, untaxed reserves are allocated to deferred tax liability and equity. Deferred tax assets related to deductible temporary differences and tax loss carry-forwards are only recognised to the extent it is likely they will reduce tax payments in the future.

## Segment reporting
The Group's operations are described in accordance with IFRS 8 Operating Segments. Assets and liabilities as well as income and expenses are attributed to the segment where they are used, earned and consumed, respectively.

The division into operating segments is based on the business area organisation, by which the Group's operations are managed and followed up. These are Addtech Components, Addtech Energy & Equipment, Addtech Industrial Solutions and Addtech Life Science. Operations that do not belong to these areas of operation are included under the heading Parent Company and Group items.

## Earnings per share
Addtech discloses earnings per share (EPS) directly following the income statement.

Calculation of EPS is based on consolidated profit or loss for the year attributable to equity holders of the Parent Company and on the weighted average number of shares outstanding during the year. To calculate diluted EPS, the average number of shares is adjusted to take into account the effect of potentially dilutive ordinary shares that, during the periods reported, result from options awarded to employees.

## Cash flow statement
In preparing the cash flow statement, the indirect method was applied as per IAS 7 Statement of Cash Flows. In addition to flows of cash and bank funds, current investments maturing within three months of the acquisition date that can be converted into bank deposits at an amount known beforehand are classified as cash and cash equivalents.

## Events after the reporting period
Events that occurred after the reporting period but whose circumstances were identifiable at the end of the reporting period are included in the reporting. If significant events occurred after the reporting period but did not affect the recognised results of operations or financial position, the event is disclosed under a separate heading in the administration report and in a note.

## Related party disclosures
Information about transactions and agreements with closely related companies and natural persons is disclosed in accordance with IAS 24 Related Party Disclosures. In the consolidated financial statements, intra-Group transactions fall outside this reporting requirement.

## Changes in accounting policies
When there is a change in accounting policy, comparative figures are restated, unless otherwise prescribed by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. If a change in accounting policy affects equity, the effect is recognised on a separate line in the statement of changes in equity.

## Government grants
Government grants refers to support from the government in the form of transfers of resources to a company in exchange for the company fulfilling (in the past or future) certain conditions regarding its operations.

The Group is active in areas where government grants are insignificant in scope.

## Personnel information
The Swedish Annual Accounts Act requires more information than IFRS, including information about the gender of Board Directors and management.

Data on gender distribution refer to the situation at the end of the reporting period. 'Members of the Board of Directors' are directors, elected by a general meeting of shareholders, in the Parent Company and in Group companies. 'Members of senior management' are people in Group management, Managing Directors and vice MD's in Group companies.

## NOTE 1 Cont'd.

### Accounting policies of the Parent Company

The Parent Company applies the same accounting policies as the Group does, except where the Swedish Annual Accounts Act and the Swedish Act on Safeguarding Pension Obligations prescribe different procedures for the Parent Company.

The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities, from the Swedish Financial Reporting Board. RFR 2 prescribes that, in the annual accounts for its legal entity, the Parent Company shall apply all EU-approved IFRSs and standard interpretations to the greatest extent possible within the scope of the Annual Accounts Act and taking account of the relationship between reporting and taxation. The recommendation spells out which exceptions from and additions to IFRSs must be made.

Interests in Group companies are recognised in the Parent Company using the cost method, which means that transaction costs are included in the carrying amount for holdings in subsidiaries. Any changes in liabilities for contingent consideration are added to or reduce the (acquisition) cost. In the Group, transaction costs are expensed and changes in liabilities for contingent consideration are entered as income or expense.

Dividends received are recognised as income.

Instead of IAS 19, the Swedish Act on Safeguarding Pension Obligations is applied in the Parent Company when calculating defined benefit pension plans. The most significant differences compared to IAS 19 are the method for determining the discount rate, that the defined benefit obligation is calculated based on current salaries without assuming future salary increases and that all actuarial gains and losses are recognised in profit or loss as they occur.

The Parent Company recognises untaxed reserves including deferred tax liabilities, rather than dividing them into deferred tax liabilities and equity as is done for the Group.

Group contributions and shareholder contributions are recognised in the Parent Company as per statement UFR 2 Group contributions and shareholders' contributions, from the Swedish Financial Reporting Board. Shareholder contributions are recognised directly in the equity of the recipient and are capitalised in the contributor's shares and interests, insofar as no impairment is required. Group contributions are recognised based on financial signification. Group contributions comparable to dividends are recognised as dividends. Consequently, Group contributions received and their current tax effects are recognised in profit or loss, Group contributions paid and their current tax effect are recognised directly in retained earnings. In the Parent Company, Group contributions received that are comparable to dividends are recognised in net financial items.

Recommendation RFR 2 from the Swedish Financial Reporting Board was applied to financial guarantee contracts, so rules in IAS 39 for recognising and measuring financial guarantee contracts benefiting subsidiaries were not applied.

## NOTE 2 CRITICAL ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are based in part on estimates and assumptions. This applies particularly to impairment testing of goodwill (Note 14) and to defined benefit pension obligations (Note 22). Assumptions and estimates are continually evaluated and are based on historical experience and expectations regarding future events deemed reasonable under prevailing circumstances.

Tests are performed each year to determine if goodwill is impaired. The recoverable amount for cash-generating units has been determined by calculating values in use. For these calculations, certain estimates must be made.

A large part of the Group's pension obligations for salaried employees is on a defined benefit basis and is covered by collective policies with Alecta. Currently it is impossible to obtain data from Alecta on the Group's share of obligations and plan assets, so the pension plan with Alecta must be recognised as a defined contribution plan. The consolidation ratio reported by Alecta does not indicate any deficit, but it is not possible to obtain detailed information from Alecta about the size of the pension obligation.

The present value of pension obligations recognised as defined benefit plans depends on multiple factors determined on an actuarial basis using a number of assumptions. The assumptions used to determine the present value of the obligation include the discount rate and salary rises. Each change in these assumptions will affect the carrying amount of pension obligations. See also Note 22.

## NOTE 3 FINANCIAL RISKS AND RISK MANAGEMENT

### Goals and policy for risk management

Addtech strives for structured and efficient management of the financial risks that arise in operations, which is manifest in the financial policy adopted by the Board of Directors. This policy spells out goals and guidelines for how to manage risks and lays a framework for how to limit such risks. The financial policy expresses the goal of limiting or eliminating financial risks. The policy defines and identifies the financial risks that arise at Addtech and how responsibility for managing these risks is distributed in the organisation. The financial risks defined in the financial policy are transaction exposure, translation exposure, financing risk, interest rate risk and credit and counterparty risk. Operational risks, that is, risks related to operating activities, are managed by each subsidiary's management according to principles approved by the Group's Board of Directors and management. Risks such as translation exposure, financing risk and interest rate risk are managed by the Parent Company, Addtech AB.

### Currency risks

Currency risk is defined as the risk of a negative effect on profit resulting from changes in foreign exchange rates. For Addtech, currency risk arises 1) as a result of future payment flows in foreign currency, known as transaction exposure, and 2) because parts of the Group's equity comprise net assets in foreign subsidiaries, known as translation exposure.

### Transaction exposure

The Group's currency flows are mainly attributable to imports from Europe, Asia and North America. During the year, the Group's payment flows in foreign currencies were distributed as follows:

| | Currency flows, gross 2010/2011 | | Currency flows, net | |
|---|---|---|---|---|
| | Inflows | Outflows | 2010/2011 | 2009/2010 |
| EUR | 845 | 1,235 | -390 | -320 |
| USD | 225 | 355 | -130 | -85 |
| JPY | 110 | 150 | -40 | -40 |
| GBP | 20 | 70 | -50 | -20 |
| CHF | 5 | 75 | -70 | -60 |

The effects of exchange rate fluctuations are reduced by buying and selling in the same currency, through currency clauses in customer contracts and, to a limited degree, by forward purchases or sales of foreign currency. Currency clauses are a common method in the industry for handling uncertainty associated with future cash flows. A currency clause means that compensation will be paid for any changes in the exchange rate that exceed a certain predefined level during the contract period. If these thresholds are not reached, for example when the exchange rate changes by less than two percentage points, no compensation is paid. The currency clauses adjust the exchange rate change between the time the order is placed and the invoice date. Currency clauses are symmetrically designed, which means that compensation is charged or credited when the exchange rate rises or declines beyond the predefined thresholds.

Of Group revenue, currency clauses cover about 15 percent and sales in the purchasing currency make up about 35 percent. In certain transactions, there is a direct link between the customer's order and the associated purchase order, which is a good basis for effective currency risk management. However, in many cases the dates of the orders do not coincide, which may reduce the effectiveness of these measures.

At the end of the financial year, the extent of outstanding forward foreign exchange contracts was limited. Hedge accounting does not apply to forward foreign exchange contracts and they are classified as a financial asset measured at fair value – held for trading. Hedge accounting applies to embedded derivatives and they are classified as derivatives used in hedge accounting.

The Group has a net exposure in several currencies. If each separate currency pair changes by 5 percent, the aggregate effect on profits would total about SEK 16 million (15), all other things being equal. Inflows and outflows in the same currency mean that the Group's exposure is relatively limited.

Currency flows in the Parent Company are mainly in Swedish kronor (SEK).

### Translation exposure

The translation exposure of the Addtech Group is currently not hedged. The Group's net assets are divided among foreign currencies as follows:

| | 31 Mar 11 | | 31 Mar 10 |
|---|---|---|---|
| Net investments | SEKm | Sensitivity analysis, impact of +/–5% in exchange rate on Group equity | SEKm |
| EUR | 347.5 | 17.4 | 189.4 |
| DKK | 198.7 | 9.9 | 210.4 |
| NOK | 110.6 | 5.5 | 75.8 |
| PLZ | 21.6 | 1.1 | 22.7 |
| CNY | 6.7 | 0.3 | 5.4 |
| HKD | 5.8 | 0.3 | 2.4 |
| GBP | 4.8 | 0.2 | 4.4 |
| JPY | 1.9 | 0.1 | - |

When translating the income statement of units with a functional currency other than SEK, a translation effect arises when exchange rates vary. With the present distribution of Group companies' different functional currencies, a change of 1 percentage point in the exchange rates would have an effect of SEK +/– 20 million (17) on revenue and SEK +/–1 million (1) on operating profit.

The exchange rates used in the financial statements are shown in the following table:

| | Average rate | | Closing day rate | |
|---|---|---|---|---|
| Exchange rate | 2010/2011 | 2009/2010 | 31 Mar 11 | 31 Mar 10 |
| CHF 1 | 6.93 | 6.91 | 6.88 | 6.81 |
| CNY 100 | 104.76 | 107.66 | 96.00 | 106.00 |
| DKK 100 | 124.54 | 139.41 | 119.85 | 130.80 |
| EUR 1 | 9.28 | 10.38 | 8.94 | 9.74 |
| GBP 1 | 10.92 | 11.72 | 10.18 | 10.94 |
| HKD 1 | 0.90 | 0.95 | 0.81 | 0.94 |
| JPY 1,000 | 82.03 | 79.21 | 76.20 | 77.80 |
| LTL 1 | 2.69 | - | 2.59 | - |
| NOK 100 | 116.86 | 121.76 | 113.40 | 121.30 |
| PLZ 1 | 2.33 | 2.47 | 2.23 | 2.52 |
| USD 1 | 7.03 | 7.35 | 6.30 | 7.26 |

### Financing risk

Financing risk is defined as the risk that the Group's borrowing needs cannot be met. To ensure available financing in the future, the Company must secure, in the form of cash available or binding credit facilities ('letters of credit'), access to an amount 20 percent greater than the estimated capital requirement for the next 12 months. At 31 March 2011, the Group had a total of SEK 300 million (220) in contractually agreed unutilised credit facilities, aside from contractual bank overdraft facilities (see Note 25). Parts of the contractually binding credit facilities are contingent upon loan covenants. Addtech meets its present covenants by a margin.

The Parent Company is responsible for the Group's long-term financing as well as its supply of liquidity. The Group's non-current and current interest-bearing liabilities are shown in Notes 24 and 25.

To manage surpluses and deficits in different currencies, Addtech uses currency swaps from time to time. This allows the Group to reduce its financing costs and the Company's liquid funds to be used in an efficient manner.

### Interest rate risk

Interest rate risk is defined as the risk of negative effects on profits as a result of changes in general interest rates. Addtech's main exposure to interest rate risk is in its debt portfolio. Aside from the pension liability, interest-bearing external debt totals SEK 222 million (35).

All investments are intended to mature in less than six months. At 31 March 2011 there were no current investments.

To achieve favourable matching of interest-rate risk, Addtech's financial policy prescribes that a maximum of 50 percent of the debt portfolio, not including the pension liability, may have a period of fixed interest exceeding one year.

At the end of the financial year, the average interest rate was 0.80 percent (0.25) for interest-bearing assets in the Group. The corresponding rate for the Parent Company was 3.51 percent (1.91).

The average rate of interest for all of the Group's interest-bearing liabilities (not including pension liabilities) was 3.86 percent (1.78) at the end of the financial year. The corresponding rate for the Parent Company was 2.18 percent (0.60).

The Group has used interest rate caps to hedge SEK 200 million. The caps, which have a remaining maturity of 2–7 months, come into force when interest rates (based on the STIBOR 90-day rate) are 5.00–5.25 percent.

With the current net financial debt, the impact on the Group's net financial items is SEK +/–4 million if interest rates change by one percentage point. See Notes 24 and 25 for more details.

### Credit and counterparty risks

Credit risk is defined as the risk that Addtech's counterparties fail to fulfil their contractual obligations. Addtech is exposed to credit risk in its financial transactions, that is, in investing its surplus liquidity and executing forward foreign exchange transactions, and in its commercial operations in connection with accounts receivable and advance payments to suppliers.

Addtech's finance department is responsible for evaluating and managing financial credit risk. The financial policy prescribes that surplus liquidity only be invested with counterparties that have a very high credit rating. As in prior years, in 2010/2011 surplus funds were not invested with any counterparties other than Swedish banks, aside from the Group's normal bank contacts.

To utilise its subsidiaries' detailed knowledge of Addtech's customers and suppliers, Addtech has each company assess the credit risk in their commercial transactions. New customers are assessed before credit is granted, and credit limits set are strictly enforced. Short credit periods are the goal, and avoiding excessive concentration of business with individual customers and with specific sectors helps minimise risks. No individual customer accounts for more than 3 percent (2) of total credit exposure during a one-year period. The equivalent figure for the 10 largest customers is about 12 percent (13). Exposure per customer segment and geographic market is presented in Note 5. Bad debt losses totalled SEK 2.9 million (3.5) during the year, equal to 0.1 percent (0.1) of revenue.

### Accounts receivable

| | 31 Mar 11 | 31 Mar 10 |
|---|---|---|
| Carrying amount | 657.3 | 515.8 |
| Impairment losses | 4.5 | 4.1 |
| **Cost** | **661.8** | **519.9** |

### Change in impaired accounts receivable

| | 2010/2011 | 2009/2010 |
|---|---|---|
| Amount at start of year | -4.1 | -4.8 |
| Corporate acquisitions | -0.6 | - |
| Year's impairment losses/reversals | -0.9 | -0.4 |
| Settled impairment losses | 0.8 | 0.8 |
| Translation effects | 0.3 | 0.3 |
| **Total** | **-4.5** | **-4.1** |

### Time analysis of accounts receivable that are overdue but not impaired

| | 31 Mar 11 | 31 Mar 10 |
|---|---|---|
| ≤ 30 days | 62.9 | 49.8 |
| 31–60 days | 4.6 | 6.0 |
| > 60 days | 4.9 | 3.7 |
| **Total** | **72.4** | **59.5** |

### Measurement of financial assets and liabilities at fair value

The fair value of a listed security is determined based on the publicly quoted price for the asset in an active market (level 1). At the end of the reporting period, the Group had no items in this category. The fair value of foreign exchange contracts and embedded derivatives is determined based on observed market data (level 2). Current and non-current loans are carried at amortised cost. The difference between carrying amount and fair value is marginal for these items. As regards contingent considerations, a cash flow-based valuation is made that is not based on observable market data (level 3). Fair value and carrying amount are recognised in the balance sheet according to the table on the next page.

## NOTE 3 Cont'd.

| SEKm | 31 Mar 11 Financial assets and liabilities measured at fair value through profit or loss | Derivatives used in hedge accounting | Accounts receivable and loan receivables | Available-for-sale financial assets | Other liabilities | Total carrying amount | Fair value |
|---|---|---|---|---|---|---|---|
| Financial assets | - | - | - | 10[3] | - | 10 | 10 |
| Non-current receivables | - | - | 2 | - | - | 2 | 2 |
| Accounts receivable | - | - | 657 | - | - | 657 | 657 |
| Other receivables[1] | 1[4] | 1 | - | - | - | 2 | 2 |
| Cash and cash equivalents | - | - | 50 | - | - | 50 | 50 |
| **Total** | **1** | **1** | **709** | **10** | **-** | **721** | **721** |
| Non-current interest-bearing liabilities | 35[5] | - | - | - | 14 | 49 | 49 |
| Current interest-bearing liabilities | 21[5] | - | - | - | 152 | 173 | 173 |
| Accounts payable | - | - | - | - | 405 | 405 | 405 |
| Other liabilities[2] | 1[4] | 3 | - | - | - | 4 | 4 |
| **Total** | **57** | **3** | **-** | **-** | **571** | **631** | **631** |

| SEKm | 31 Mar 10 Financial assets and liabilities measured at fair value through profit or loss | Derivatives used in hedge accounting | Accounts receivable and loan receivables | Available-for-sale financial assets | Other liabilities | Total carrying amount | Fair value |
|---|---|---|---|---|---|---|---|
| | Held for trading | | | | | | |
| Financial assets | - | - | - | 5[3] | - | 5 | 5 |
| Non-current receivables | - | - | 1 | - | - | 1 | 1 |
| Accounts receivable | - | - | 516 | - | - | 516 | 516 |
| Other receivables[1] | 0 | 1 | - | - | - | 1 | 1 |
| Cash and cash equivalents | - | - | 50 | - | - | 50 | 50 |
| **Total** | **0** | **1** | **567** | **5** | **0** | **573** | **573** |
| Non-current interest-bearing liabilities | - | - | - | - | 4 | 4 | 4 |
| Current interest-bearing liabilities | - | - | - | - | 31 | 31 | 31 |
| Accounts payable | - | - | - | - | 307 | 307 | 307 |
| Other liabilities[2] | 1 | 4 | - | - | - | 5 | 5 |
| **Total** | **1** | **4** | **-** | **-** | **342** | **347** | **347** |

[1] Part of other receivables in the consolidated balance sheet.
[2] Part of other liabilities in the consolidated balance sheet.
[3] Valued at amortised cost. The difference between amortised cost and fair value is marginal for the Group.
[4] Held for trading. Consist of derivatives in the Parent Company.
[5] Valued according to the fair value option. Consist of contingent considerations.

| Impact of financial instruments on net earnings | 2010/2011 | 2009/2010 |
|---|---|---|
| Assets and liabilities measured at fair value through profit or loss | -1 | 1 |
| Derivatives used in hedge accounting | 0 | -2 |
| Accounts receivable and loan receivables | -3 | -3 |
| Available-for-sale financial assets | 0 | 0 |
| Other liabilities | -5 | -6 |
| **Total** | **-9** | **-10** |

## NOTE 4 REVENUE BY REVENUE TYPE

| Group | 2010/2011 | 2009/2010 |
|---|---|---|
| **OEM** | | |
| Components | 2,423 | 1,915 |
| **Products for end users** | | |
| Components | 1,056 | 898 |
| Machinery/Instruments | 277 | 279 |
| Materials | 553 | 477 |
| Services | 109 | 111 |
| **Total** | **4,418** | **3,680** |

OEM components are built into the products that Addtech's customers produce. OEM stands for 'original equipment manufacturer'. Products for end users comprise all other uses. As regards other revenue types, dividends and interest income are recognised in financial items (see Note 11).

| Addtech Components | 2010/2011 | 2009/2010 |
|---|---|---|
| **OEM** | | |
| Components | 973 | 759 |
| **Products for end users** | | |
| Components | 128 | 123 |
| Machinery/Instruments | 14 | 13 |
| Materials | 7 | 6 |
| Services | 6 | 7 |
| **Total** | **1,128** | **908** |

| Addtech Energy & Equipment | 2010/2011 | 2009/2010 |
|---|---|---|
| **OEM** | | |
| Components | 364 | 343 |
| **Products for end users** | | |
| Components | 405 | 313 |
| Machinery/Instruments | 34 | 41 |
| Materials | 40 | 28 |
| Services | 8 | 10 |
| **Total** | **851** | **735** |

| Addtech Industrial Solutions | 2010/2011 | 2009/2010 |
|---|---|---|
| **OEM** | | |
| Components | 1,047 | 779 |
| **Products for end users** | | |
| Components | 399 | 320 |
| Machinery/Instruments | 47 | 40 |
| Materials | 68 | 51 |
| Services | 6 | 1 |
| **Total** | **1,567** | **1,191** |

| Addtech Life Science | 2010/2011 | 2009/2010 |
|---|---|---|
| **OEM** | | |
| Components | 56 | 55 |
| **Products for end users** | | |
| Components | 125 | 144 |
| Machinery/Instruments | 181 | 181 |
| Materials | 434 | 384 |
| Services | 88 | 91 |
| **Total** | **884** | **855** |

## NOTE 5 SEGMENT REPORTING

The division into business areas reflects Addtech's internal organisation and reporting system. Addtech reports its business areas as operating segments. The four business areas are Addtech Components, Addtech Energy & Equipment, Addtech Industrial Solutions and Addtech Life Science. This market grouping reflects a natural division of markets in the Group. Intra-Group sales are based on the same prices that an independent party would pay for the product.

### Addtech Components
Addtech Components markets and sells components and subsystems in mechanics, electromechanics and hydraulics to customers in manufacturing.

### Addtech Energy & Equipment
Addtech Energy & Equipment markets and sells battery solutions, products for power transmission and equipment and materials for industrial production processes. Its customers are found in the commercial vehicle industry, the energy and telecom sectors and engineering.

### Addtech Industrial Solutions
Addtech Industrial Solutions markets and sells machinery components, automation solutions, polymer products and customised products in electromechanics and connection technology. Products under own brands are marketed and sold to industrial customers locally and globally.

### Addtech Life Science
Addtech Life Science markets and sells instruments and consumable supplies to laboratories in healthcare and research, diagnostic equipment for the healthcare sector and process and analysis equipment for industry.

### Data by operating segment

| | 2010/2011 | | | 2009/2010 | | |
|---|---|---|---|---|---|---|
| Revenue | External | Internal | Total | External | Internal | Total |
| Components | 1,128 | 0 | 1,128 | 907 | 1 | 908 |
| Energy & Equipment | 850 | 1 | 851 | 735 | 0 | 735 |
| Industrial Solutions | 1,556 | 11 | 1,567 | 1,183 | 8 | 1,191 |
| Life Science | 884 | 0 | 884 | 855 | 0 | 855 |
| Parent Company and Group items | - | -12 | -12 | - | -9 | -9 |
| **Total** | **4,418** | **0** | **4,418** | **3,680** | **0** | **3,680** |

| | 2010/2011 | | | 2009/2010 | | |
|---|---|---|---|---|---|---|
| Operating profit/loss, assets and liabilities | Operating profit /loss | Assets[1)] | Liabilities[1)] | Operating profit /loss | Assets[1)] | Liabilities[1)] |
| Components | 82 | 491 | 172 | 36 | 375 | 158 |
| Energy & Equipment | 91 | 423 | 165 | 70 | 337 | 133 |
| Industrial Solutions | 128 | 833 | 253 | 52 | 645 | 180 |
| Life Science | 90 | 489 | 151 | 71 | 364 | 134 |
| Parent Company and Group items | -11 | 73 | 646 | -13 | 81 | 383 |
| **Total** | **380** | **2,309** | **1,387** | **216** | **1,802** | **988** |

[1)] Does not include balances in Group accounts or financial transactions with Group companies.

| | 2010/2011 | | | 2009/2010 | | |
|---|---|---|---|---|---|---|
| Investments in non-current assets | Intangible | Property, plant and equipment | Total | Intangible | Property, plant and equipment | Total |
| Components | - | 8 | 8 | - | 1 | 1 |
| Energy & Equipment | 0 | 2 | 2 | 0 | 1 | 1 |
| Industrial Solutions | 1 | 11 | 12 | 3 | 7 | 10 |
| Life Science | - | 14 | 14 | 0 | 15 | 15 |
| Parent Company and Group items | 3 | 2 | 5 | 1 | 1 | 2 |
| **Total** | **4** | **37** | **41** | **4** | **25** | **29** |

| | 2010/2011 | | | 2009/2010 | | |
|---|---|---|---|---|---|---|
| Depreciation/amortisation of non-current assets | Intangible | Property, plant and equipment | Total | Intangible | Property, plant and equipment | Total |
| Components | 10 | 4 | 14 | 8 | 4 | 12 |
| Energy & Equipment | 8 | 3 | 11 | 7 | 4 | 11 |
| Industrial Solutions | 12 | 15 | 27 | 10 | 16 | 26 |
| Life Science | 7 | 14 | 21 | 6 | 14 | 20 |
| Parent Company and Group items | 5 | 1 | 6 | 7 | 1 | 8 |
| **Total** | **42** | **37** | **79** | **38** | **39** | **77** |

## NOTE 5 Cont'd.

| Significant profit or loss items, other than depreciation or amortisation, not matched by payments in 2010/2011 | Capital gains | Change in pension liability | Other items | Total |
|---|---|---|---|---|
| Components | 0 | -2 | -1 | -3 |
| Energy & Equipment | - | -1 | 1 | 0 |
| Industrial Solutions | 1 | -1 | 0 | 0 |
| Life Science | 0 | -3 | 0 | -3 |
| Parent Company and Group items | 10 | 0 | -9 | 1 |
| **Total** | **11** | **-7** | **-9** | **-5** |

### Data by country

| | 2010/2011 | | | 2009/2010 | | |
|---|---|---|---|---|---|---|
| | Revenue, external | Assets[1] | Of which non-current assets | Revenue, external | Assets[1] | Of which non-current assets |
| Sweden | 1,993 | 1,311 | 569 | 1,635 | 991 | 409 |
| Denmark | 647 | 338 | 123 | 664 | 352 | 132 |
| Finland | 652 | 365 | 177 | 516 | 251 | 96 |
| Norway | 403 | 145 | 54 | 330 | 93 | 25 |
| Other countries | 723 | 78 | 20 | 535 | 64 | 20 |
| Parent Company, Group items and unallocated assets | - | 72 | 12 | - | 51 | 13 |
| **Total** | **4,418** | **2,309** | **955** | **3,680** | **1,802** | **695** |

[1] Does not include Group account balances. External revenues are based on the customers' location, and the carrying amounts of assets are based on where the assets are located.

| | 2010/2011 | | | 2009/2010 | | |
|---|---|---|---|---|---|---|
| Investments in non-current assets | Intangible | Property, plant and equipment | Total | Intangible | Property, plant and equipment | Total |
| Sweden | 3 | 23 | 26 | 1 | 13 | 14 |
| Denmark | 1 | 10 | 11 | 2 | 7 | 9 |
| Finland | 0 | 1 | 1 | 1 | 2 | 3 |
| Norway | - | 1 | 1 | - | 2 | 2 |
| Other countries | 0 | 2 | 2 | 0 | 1 | 1 |
| **Total** | **4** | **37** | **41** | **4** | **25** | **29** |

## NOTE 6 EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

| | 2010/2011 | | | 2009/2010 | | |
|---|---|---|---|---|---|---|
| Average number of employees | Men | Women | Total | Men | Women | Total |
| Sweden | | | | | | |
| Parent Company | 4 | 5 | 9 | 6 | 4 | 10 |
| Other companies | 495 | 162 | 657 | 431 | 178 | 609 |
| Denmark | 199 | 102 | 301 | 158 | 94 | 252 |
| Finland | 157 | 75 | 232 | 167 | 78 | 245 |
| Norway | 59 | 25 | 84 | 53 | 16 | 69 |
| Other countries | 124 | 38 | 162 | 116 | 34 | 150 |
| **Total** | **1,038** | **407** | **1,445** | **931** | **404** | **1,335** |

| | 2010/2011 | | | 2009/2010 | | |
|---|---|---|---|---|---|---|
| Salaries and remuneration | Senior management | of which profit-related remuneration | Other employees | Senior management | of which profit-related remuneration | Other employees |
| Sweden | | | | | | |
| Parent Company | 10.0 | 1.8 | 4.2 | 9.5 | 0.1 | 5.6 |
| Other companies | 39.2 | 5.9 | 259.7 | 33.7 | 2.9 | 218.2 |
| Denmark | 15.9 | 0.9 | 149.0 | 15.1 | 0.2 | 159.2 |
| Finland | 16.4 | 1.4 | 84.3 | 12.3 | 0.7 | 80.1 |
| Norway | 7.5 | 0.2 | 48.9 | 6.3 | 0.2 | 38.9 |
| Other countries | 7.0 | 1.0 | 22.6 | 7.8 | 1.2 | 19.3 |
| **Total** | **96.0** | **11.2** | **568.7** | **84.7** | **5.3** | **521.3** |

Senior management is defined as Group management, Managing Directors and vice MD's in Group subsidiaries.

| Salaries, remuneration and social security costs | Group | | Parent Company | |
|---|---|---|---|---|
| | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 |
| Salaries and other remuneration | 664.7 | 606.0 | 14.2 | 15.1 |
| Contractually agreed pensions for senior management | 15.7 | 15.7 | 2.2 | 2.9 |
| Contractual pensions to others | 57.4 | 55.5 | 0.6 | 1.5 |
| Other social security costs | 134.3 | 115.7 | 5.4 | 7.6 |
| **Total** | **872.1** | **792.9** | **22.4** | **27.1** |

At year-end, outstanding pension commitments to senior management totalled SEK 8.2 million (8.4) for the Group and SEK 2.2 million (2.2) for the Parent Company.

Different accounting policies are applied to pension costs in the Parent Company and the Group (see Note 1 Accounting Policies).

| | Group | | Parent Company | |
|---|---|---|---|---|
| Proportion of women | 31 Mar 11 | 31 Mar 10 | 31 Mar 11 | 31 Mar 10 |
| Board of Directors (not including alternates) | 2% | 3% | 20% | 20% |
| Other members of senior management | 16% | 17% | 17% | 0% |

## Preparation and decision-making process for remuneration to the Board of Directors, CEO and Group management

The guidelines applied in the 2010/2011 financial year for remuneration to senior management correspond to those in the proposal for the coming year included in the administration report.

The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group management is that remuneration should be competitive.

The nomination committee proposes Board fees to the Annual General Meeting (AGM). Board fees are paid based on a resolution of the AGM. No separate fees are paid for committee work.

For remuneration to the CEO, members of Group management and other members of senior management in the Group, the Board of Directors has appointed a remuneration committee consisting of the Chairman and Vice Chairman of the Board, with the CEO as the reporting member. A fixed salary, variable remuneration and conventional employment benefits are paid to the CEO, Group management and other members of senior management. In addition, pension benefits and incentive programmes apply, as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by Addtech AB's AGM.

## Personnel options to members of senior management

In accordance with a resolution of the August 2009 AGM, 22 members of senior management were offered the opportunity to acquire 236,000 call options on Class B shares repurchased by the Company. In order to encourage participation in the programme, a subsidy was offered after two years, corresponding to the premium paid for each call option. The programme was fully subscribed, and if all options are exercised, the number of Class B shares outstanding will increase by 236,000, equivalent to 1.1 percent of the total number of shares outstanding and 0. 7 percent of the votes. The redemption period is from 3 September 2012 to 14 June 2013 inclusive.

The call options were transferred at a price of SEK 9.20 per option, equivalent to the fair (market) value of the options based on an independent valuation. The redemption price of the call options is SEK 127.70, corresponding to 120 percent of the average share price during the measurement period 31 August–11 September 2009.

In accordance with a resolution of the August 2010 AGM, 24 members of management were offered the opportunity to acquire 236,000 call options on Class B shares repurchased by the Company. In order to encourage participation in the programme, a subsidy was offered after two years, corresponding to the premium paid for each call option. Employees subscribed for 221,700 call options in the programme. If the options are fully exercised, the number of B shares outstanding will increase by 221,700, equivalent to 1.0 percent of the number of shares outstanding and 0.7 percent of the votes. The redemption period is from 16 September 2013 to 30 May 2014 inclusive.

The call options were transferred at a price of SEK 11.00 per option, equivalent to the fair (market) value of the options based on an external valuation. The redemption price of the call options is SEK 164.70, corresponding to 120 percent of the average share price during the measurement period 30 August–10 September 2010.

## Board of Directors

The Board fees of SEK 1,250 thousand (1,250) set by the AGM are distributed, as per the AGM's decision, among those Board Directors who are not employed by the Parent Company.

## Parent Company's CEO

Johan Sjö, Parent Company CEO, received a fixed salary of SEK 3,228 thousand (2,654) and SEK 756 thousand (0) in variable pay. SEK 600 thousand (600) of the fixed salary refers to the long-term incentive programme detailed below. Taxable benefits totalling SEK 177 thousand (164) are additional. From age 65, the CEO is covered by a defined contribution pension, the size of which depends on the outcome of pension insurance agreements. During 2010/2011, a total of SEK 759 thousand (600) in pension premiums, determined annually by the remuneration committee, were paid for the CEO. Variable salary is not pensionable income.

When the Company recruited Johan Sjö as CEO, the Board offered him a long-term incentive programme (LTI), which entitles the CEO to receive annually during a five-year period the equivalent of 20 percent of amounts invested in Addtech shares up to SEK 3,000 thousand. As a result, Johan Sjö received SEK 600 thousand (600) during the financial year. The LTI remuneration is not pensionable income.

Variable remuneration based on Group earnings may be payable in an amount up to 30 percent of fixed salary. In addition, a further premium of 20 percent may be payable of the variable remuneration received used for acquisition of shares in Addtech AB. The period of notice is of 12 months when the Company terminates the employment contract and six months when the CEO does so. In the case of termination on the initiative of the Company, the CEO is entitled to a severance payment equivalent to one year's salary in addition to salary during the period of notice. No severance package is payable if the employee terminates the employment contract.

## Other members of Group management

Other members of Group management were paid a total of SEK 6,355 thousand (5,509) in fixed salaries and SEK 1,809 thousand (107) in variable remuneration. This variable remuneration was expensed during the 2010/2011 financial year and was paid during 2011/2012. Taxable benefits totalling SEK 372 thousand (374) are additional. Persons in Group management are covered from age 65 by pension entitlements based on individual agreements. Existing pension schemes consist of defined contribution schemes, in which the pension amount depends on the outcome of pension insurance agreements, as well as defined benefit schemes. The cost of the defined benefit pensions and the defined contribution schemes is basically equivalent to the ITP plan (pension agreement for private-sector salaried employees). During 2010/2011, a total of SEK 2,480 thousand (2,256) in pension premiums were paid for the group 'Other members of Group management'.

Variable remuneration based on Group earnings may be payable in an amount up to 30 percent of fixed salary. In addition, a further premium of 20 percent may be payable of the variable remuneration received used in acquisition of shares in Addtech AB.

The period of notice is 12 months when the Company terminates the employment contract and six months when the employee does so. Severance pay is payable upon termination of employment equivalent to no more than one year's salary. No severance package is payable if the employee terminates the employment contract.

| Remuneration and other benefits during the year | Basic salary/ Board fees | Variable remuneration | Long-term incentive programme | Other benefits | Pension costs | Financial instruments | Personnel options | Other remuneration | Total |
|---|---|---|---|---|---|---|---|---|---|
| Chairman of the Board | 0.5 | - | - | - | - | - | - | - | 0.5 |
| Other members of the Board | 0.8 | - | - | - | - | - | - | - | 0.8 |
| Chief Executive Officer | 2.6 | 0.7 | 0.6 | 0.2 | 0.8 | - | - | - | 4.9 |
| Other members of Group management (5 persons) | 6.4 | 1.8 | - | 0.4 | 2.5 | - | - | - | 11.1 |
| **Total** | **10.3** | **2.5** | **0.6** | **0.6** | **3.3** | **-** | **-** | **-** | **17.3** |

| Board fees for 2010/2011, SEK '000s | | |
|---|---|---|
| Name | Position | Fee |
| Anders Börjesson | Chairman of the Board | 450 |
| Tom Hedelius | Vice Chairman of the Board | 350 |
| Eva Elmstedt | Director | 225 |
| Johan Sjö | Director | - |
| Lars Spongberg | Director | 225 |
| **Total** | | **1,250** |

## NOTE 7 REMUNERATION TO AUDITORS

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 |
| **KPMG** | | | | |
| Audit assignment | 5.4 | 5.7 | 0.6 | 0.5 |
| Auditing besides audit assignment | - | - | - | - |
| Tax consultation | 0.3 | 0.8 | 0.2 | 0.5 |
| Other assignments | 0.7 | 1.3 | 0.1 | 0.2 |
| **Total remuneration to KPMG** | **6.4** | **7.8** | **0.9** | **1.2** |
| **Other auditors** | | | | |
| Audit assignment | 1.1 | 0.1 | - | - |
| Auditing besides audit assignment | - | - | - | - |
| Tax consultation | 0.1 | - | - | - |
| Other assignments | 0.1 | 0.0 | - | - |
| **Total remuneration to other auditors** | **1.3** | **0.1** | **-** | **-** |
| **Total remuneration to auditors** | **7.7** | **7.9** | **0.9** | **1.2** |

## NOTE 8 DEPRECIATION AND AMORTISATION

| | Group | | Parent Company | |
|---|---|---|---|---|
| Depreciation and amortisation, by function | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 |
| Cost of sales | -23.6 | -26.3 | - | - |
| Selling expenses | -44.0 | -36.1 | - | - |
| Administrative expenses | -10.5 | -14.4 | -0.8 | -0.7 |
| **Total** | **-78.1** | **-76.8** | **-0.8** | **-0.7** |

| | Group | | Parent Company | |
|---|---|---|---|---|
| Depreciation and amortisation, by type of asset | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 |
| Intangible assets | -41.6 | -37.5 | -0.5 | -0.4 |
| Buildings and land | -2.3 | -2.0 | - | - |
| Leasehold improvements | -1.0 | -1.2 | - | - |
| Machinery | -10.4 | -11.4 | - | - |
| Equipment | -22.8 | -24.7 | -0.3 | -0.3 |
| **Total** | **-78.1** | **-76.8** | **-0.8** | **-0.7** |

## NOTE 9 OTHER OPERATING INCOME AND EXPENSES

| Group | 2010/2011 | 2009/2010 |
|---|---|---|
| **Other operating income** | | |
| Rental revenue | 1.9 | 1.6 |
| Gain on sale of operations and non-current assets | 10.6 | 0.4 |
| Change in value of share option | - | 1.4 |
| Change in value of derivatives | 0.3 | 0.3 |
| Other | 9.2 | 5.7 |
| **Total** | **22.0** | **9.4** |
| **Other operating expenses** | | |
| Property costs | -0.6 | -2.0 |
| Loss on sale of operations and non-current assets | -5.6 | - |
| Change in value of derivatives | - | -2.6 |
| Exchange losses, net | -1.8 | -5.6 |
| Other | -1.2 | -0.6 |
| **Total** | **-9.2** | **-10.8** |

Gain on sale of operations amounts to SEK 9.8 million (–)

| Parent Company | 2010/2011 | 2009/2010 |
|---|---|---|
| **Other operating income** | | |
| Change in value of share option | - | 1.4 |
| **Total** | **-** | **1.4** |
| **Other operating expenses** | **-** | **-** |

## NOTE 10 OPERATING EXPENSES

| Group | 2010/2011 | 2009/2010 |
|---|---|---|
| Employee benefits expense[1)] | 911.9 | 824.5 |
| Depreciation and amortisation | 78.1 | 76.8 |
| Impairment of inventories | 18.6 | 15.6 |
| Impairment of doubtful accounts receivable | 2.9 | 3.5 |

[1)] The definition of employee benefits expense has changed and the figure for the preceding year has risen by SEK 5.8 million.

## NOTE 11 FINANCE INCOME AND COSTS

| Group | 2010/2011 | 2009/2010 |
|---|---|---|
| Interest income on bank balances | 2.0 | 2.1 |
| Dividends | 0.1 | 0.0 |
| Exchange rate changes, net | - | 0.2 |
| Changes in value from revaluation of financial assets/liabilities, net | 0.5 | - |
| Other finance income | 2.0 | 1.8 |
| **Finance income** | **4.6** | **4.1** |
| Interest expense on financial liabilities measured at amortised cost | -5.0 | -5.8 |
| Interest expense on financial liabilities measured at fair value | -1.4 | - |
| Interest expense on pension liability | -9.5 | -9.9 |
| Exchange rate changes, net | -1.2 | - |
| Change in value from revaluation of financial assets/liabilities, net | - | -0.1 |
| Other finance costs | -3.7 | -2.0 |
| **Finance costs** | **-20.8** | **-17.8** |
| **Net financial items** | **-16.2** | **-13.7** |

| Parent Company | 2010/2011 | 2009/2010 |
|---|---|---|
| Dividend income | 3.5 | 15.7 |
| Group contributions | 160.0 | 114.5 |
| **Profit from interests in Group companies** | **163.5** | **130.2** |
| Interest income, etc: | | |
| Group companies | 27.5 | 23.2 |
| **Profit from non–current financial assets** | **27.5** | **23.2** |
| Interest income, etc: | | |
| Group companies | 2.2 | 3.0 |
| Other interest income, change in value of derivatives and exchange rate differences | 5.5 | 2.7 |
| **Interest income and similar items** | **7.7** | **5.7** |
| Interest expense, etc: | | |
| Group companies | -3.1 | -1.8 |
| Other interest expense, change in value of derivatives and banking fees | -11.3 | -8.8 |
| **Interest expense and similar items** | **-14.4** | **-10.6** |
| **Finance income and costs** | **184.3** | **148.5** |

## NOTE 12 YEAR-END APPROPRIATIONS – PARENT COMPANY

| | 2010/2011 | 2009/2010 |
|---|---|---|
| Reversal of tax allocation reserve | 18.5 | 22.1 |
| Provision made to tax allocation reserve | -48.7 | -35.7 |
| Excess amortisation/depreciation | - | -0.3 |
| **Total** | **-30.2** | **-13.9** |

Had the Parent Company reported deferred tax on year-end appropriations as per the policies applied in the consolidated financial statements, the deferred tax expense would have totalled SEK 7.9 million (3.7).

## NOTE 13 TAXES

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 |
| Current tax for the period | -100.8 | -63.9 | -38.9 | -28.5 |
| Adjustment from previous years | -0.2 | -0.2 | -0.2 | 0.6 |
| **Total current tax expense** | **-101.0** | **-64.1** | **-39.1** | **-27.9** |
| Deferred tax | 2.3 | 11.7 | -0.2 | 0.0 |
| **Total recognised tax expense** | **-98.7** | **-52.4** | **-39.3** | **-27.9** |

| Group | 2010/2011 | % | 2009/2010 | % |
|---|---|---|---|---|
| Profit before tax | 363.8 | | 202.3 | |
| Weighted average tax based on national tax rates | -94.4 | 25.9 | -52.6 | 26.0 |
| Tax effects of | | | | |
| Non-deductible costs/ non-taxable income | -1.3 | 0.4 | -0.5 | 0.2 |
| Effect of personnel options | - | - | 2.2 | -1.1 |
| Standard interest on tax allocation reserves | -1.5 | 0.4 | -1.7 | 0.8 |
| Adjustments from previous years | -1.5 | 0.4 | 0.0 | 0.0 |
| Other | 0.0 | 0.0 | 0.2 | -0.1 |
| **Recognised tax expense** | **-98.7** | **27.1** | **-52.4** | **25.9** |

The item Non-deductible costs/non-taxable income includes the tax effect of capital gain totalling SEK 2.6 million from sale of operations and non-deductible transaction costs of SEK 1.3 million on acquisitions.

| Parent Company | 2010/2011 | % | 2009/2010 | % |
|---|---|---|---|---|
| Profit before tax | 147.4 | | 125.2 | |
| Weighted average tax based on national tax rates | -38.8 | 26.3 | -32.9 | 26.3 |
| Tax effects of | | | | |
| Personnel options | - | - | 1.4 | -1.1 |
| Standard interest on tax allocation reserves | -1.3 | 0.9 | -1.3 | 1.0 |
| Non-deductible costs | | | | |
| Revaluation of share option | - | - | 0.4 | -0.3 |
| Other | -0.2 | 0.1 | -0.2 | 0.2 |
| Non-taxable income | | | | |
| Dividends from subsidiaries | 0.9 | -0.6 | 4.1 | -3.3 |
| Other | 0.3 | -0.2 | - | - |
| Adjustments from previous years | -0.2 | 0.1 | 0.6 | -0.5 |
| **Recognised tax expense** | **-39.3** | **26.7** | **-27.9** | **22.3** |

### Deferred tax assets/liabilities

| | 31 Mar 11 | | | 31 Mar 10 | | |
|---|---|---|---|---|---|---|
| Group | Assets | Liabilities | Net | Assets | Liabilities | Net |
| Non-current assets | 2.5 | -97.8 | -95.3 | 4.2 | -71.5 | -67.3 |
| Untaxed reserves | - | -89.0 | -89.0 | - | -78.7 | -78.7 |
| Pension provisions | 12.2 | -0.8 | 11.4 | 11.9 | -1.1 | 10.8 |
| Other | 15.9 | -6.0 | 9.9 | 14.6 | -3.5 | 11.1 |
| Net recognised | -30.2 | 30.2 | 0.0 | -29.9 | 29.9 | 0.0 |
| **Deferred taxes, net, at year-end** | **0.4** | **-163.4** | **-163.0** | **0.8** | **-124.9** | **-124.1** |

| | 2010/2011 | | | | | | 2009/2010 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Group | Amount at start of year | Recognised in profit or loss | Acquisitions and disposals | Recognised in other comprehensive income | Translation effects | Amount at year-end | Amount at start of year | Change in accounting for pensions | Adjusted opening balance | Recognised in profit or loss | Acquisitions and disposals | Recognised in other comprehensive income | Reclassifications | Translation effects | Amount at year-end |
| Non-current assets | -67.3 | 8.1 | -37.7 | - | 1.6 | -95.3 | -77.4 | - | -77.4 | 9.0 | -1.9 | - | 0.8 | 2.2 | -67.3 |
| Untaxed reserves | -78.7 | -4.9 | -5.4 | - | - | -89.0 | -80.3 | - | -80.3 | 2.0 | -0.4 | - | - | - | -78.7 |
| Pension provisions | 10.8 | 0.8 | -0.1 | - | -0.1 | 11.4 | 8.8 | 1.9 | 10.7 | 0.1 | - | - | - | 0.0 | 10.8 |
| Other | 11.1 | -1.7 | 0.9 | -0.3 | -0.1 | 9.9 | 10.4 | - | 10.4 | 0.6 | - | 1.0 | -0.8 | -0.1 | 11.1 |
| **Deferred taxes, net** | **-124.1** | **2.3** | **-42.3** | **-0.3** | **1.4** | **-163.0** | **-138.5** | **1.9** | **-136.6** | **11.7** | **-2.3** | **1.0** | **0.0** | **2.1** | **-124.1** |

| | 2010/2011 | | | 2009/2010 | | |
|---|---|---|---|---|---|---|
| Parent Company | Amount at start of year | Recognised in profit or loss | Amount at year-end | Amount at start of year | Recognised in profit or loss | Amount at year-end |
| Financial instruments | 0.1 | -0.2 | -0.1 | 0.1 | 0.0 | 0.1 |
| **Deferred taxes, net** | **0.1** | **-0.2** | **-0.1** | **0.1** | **0.0** | **0.1** |

There are no non-capitalised tax loss carry-forwards in the Group (-).

## NOTE 14 INTANGIBLE NON-CURRENT ASSETS

| | 2010/2011 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Intangible assets acquired | | | | | | Intangible assets developed in the Group | |
| Group | Goodwill | Supplier relationships, customer relationships and technology | Trademarks | Capitalised R&D expenses | Leases (rental) and similar rights | Software | Software | Total |
| **Accumulated cost** | | | | | | | | |
| Opening balance | 318.8 | 288.8 | 9.5 | 8.6 | 0.2 | 44.0 | 3.7 | 673.6 |
| Acquisition of companies | 156.1 | 126.2 | 12.4 | - | - | 0.2 | - | 294.9 |
| Investments | - | - | - | 0.6 | - | 3.3 | - | 3.9 |
| Change in additional consideration | -3.6 | - | - | - | - | - | - | -3.6 |
| Reclassifications | - | - | - | -0.3 | - | 0.2 | - | -0.1 |
| Translation effect for the year | -8.2 | -8.4 | - | - | 0.0 | -0.8 | - | -17.4 |
| **Closing balance** | **463.1** | **406.6** | **21.9** | **8.9** | **0.2** | **46.9** | **3.7** | **951.3** |
| **Accumulated amortisation** | | | | | | | | |
| Opening balance | - | -79.9 | -0.1 | -5.6 | 0.0 | -32.4 | -2.1 | -120.1 |
| Amortisation | - | -34.4 | 0.0 | -1.0 | - | -5.5 | -0.7 | -41.6 |
| Translation effect for the year | - | 2.6 | - | - | - | 0.6 | - | 3.2 |
| **Closing balance** | **-** | **-111.7** | **-0.1** | **-6.6** | **0.0** | **-37.3** | **-2.8** | **-158.5** |
| **Carrying amount at year-end** | **463.1** | **294.9** | **21.8** | **2.3** | **0.2** | **9.6** | **0.9** | **792.8** |
| **Carrying amount at start of year** | **318.8** | **208.9** | **9.4** | **3.0** | **0.2** | **11.6** | **1.6** | **553.5** |

| | 2009/2010 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Intangible assets acquired | | | | | | Intangible assets developed in the Group | |
| Group | Goodwill | Supplier relationships, customer relationships and technology | Trademarks | Capitalised R&D expenses | Leases (rental) and similar rights | Software | Software | Total |
| **Accumulated cost** | | | | | | | | |
| Opening balance | 335.4 | 293.4 | 9.5 | 8.2 | 0.2 | 41.3 | 3.7 | 691.7 |
| Acquisition of companies | 5.8 | 7.3 | - | - | - | - | - | 13.1 |
| Investments | - | - | 0.0 | 0.4 | - | 3.5 | - | 3.9 |
| Change in additional consideration | -7.8 | - | - | - | - | - | - | -7.8 |
| Reclassifications | - | - | - | - | - | 0.0 | - | 0.0 |
| Translation effect for the year | -14.6 | -11.9 | - | - | 0.0 | -0.8 | - | -27.3 |
| **Closing balance** | **318.8** | **288.8** | **9.5** | **8.6** | **0.2** | **44.0** | **3.7** | **673.6** |
| **Accumulated amortisation** | | | | | | | | |
| Opening balance | - | -53.7 | -0.1 | -4.7 | 0.0 | -25.7 | -1.5 | -85.7 |
| Amortisation | - | -28.5 | 0.0 | -0.9 | - | -7.5 | -0.6 | -37.5 |
| Translation effect for the year | - | 2.3 | - | - | - | 0.8 | - | 3.1 |
| **Closing balance** | **-** | **-79.9** | **-0.1** | **-5.6** | **0.0** | **-32.4** | **-2.1** | **-120.1** |
| **Carrying amount at year-end** | **318.8** | **208.9** | **9.4** | **3.0** | **0.2** | **11.6** | **1.6** | **553.5** |
| **Carrying amount at start of year** | **335.4** | **239.7** | **9.4** | **3.5** | **0.2** | **15.6** | **2.2** | **606.0** |

| | 2010/2011 | | 2009/2010 | |
|---|---|---|---|---|
| Parent Company | Software | Total | Software | Total |
| **Accumulated cost** | | | | |
| Opening balance | 2.2 | 2.2 | 2.0 | 2.0 |
| Investments | 0.4 | 0.4 | 0.2 | 0.2 |
| Retirement of assets | - | - | - | - |
| **Closing balance** | **2.6** | **2.6** | **2.2** | **2.2** |
| **Accumulated amortisation** | | | | |
| Opening balance | -0.9 | -0.9 | -0.5 | -0.5 |
| Amortisation | -0.5 | -0.5 | -0.4 | -0.4 |
| Retirement of assets | - | - | - | - |
| **Closing balance** | **-1.4** | **-1.4** | **-0.9** | **-0.9** |
| **Carrying amount at year-end** | **1.2** | **1.2** | **1.3** | **1.3** |
| **Carrying amount at start of year** | **1.3** | **1.3** | **1.5** | **1.5** |

| | Group | |
|---|---|---|
| Goodwill distributed by business area | 31 Mar 11 | 31 Mar 10 |
| Addtech Components | 77 | 48 |
| Addtech Energy & Equipment | 91 | 59 |
| Addtech Industrial Solutions | 138 | 115 |
| Addtech Life Science | 157 | 97 |
| **Total** | **463** | **319** |

### Impairment testing of goodwill

The Group's recognised goodwill amounts to SEK 463 million (319). Having adopted IFRS, the Company no longer amortises goodwill but rather tests goodwill annually in accordance with IAS 36. The latest test took place in March 2011.

Goodwill is allocated among cash-generating units, which usually correspond to the business units. As of the current financial year, the testing for impairment takes place at business unit level, because the acquired business is integrated with another Addtech business to such an extent that it is not possible to separate assets and cash flows attributable to the acquired company. Goodwill is not assessed at a higher level than segment level.

The recoverable amount was calculated based on value in use and applies a current estimate of cash flows for the coming five-year period. Assumptions were made concerning gross margin, overhead costs, working capital required and investments required based on previous experiences. As the norm, these parameters were set to correspond to the profit forecast for the next financial year 2011/2012. An annual growth rate of 2 percent was assumed for the remainder of the five-year period. Where major changes are expected, the parameters were adjusted to better reflect such expectations. For cash flows beyond the five-year period, the growth rate was assumed to correspond to growth during the fifth year. Cash flows were discounted using a weighted cost of capital corresponding to roughly 12 percent before tax. These calculations show that value in use significantly exceeds the carrying amount. Consequently, impairment testing indicated no impairment. The sensitivity of these calculations means that the value of goodwill will continue to be justified even if the discount rate increases by 1 percentage point or if the long-term growth rate decreases by one percentage point.

### Other impairment testing

Each year, trademarks are tested for impairment applying the same policies as with goodwill. No events or changes in circumstances were identified that would motivate impairment testing for other intangible non-current assets that are amortised.

## NOTE 15 PROPERTY, PLANT AND EQUIPMENT

| Group | 2010/2011 Buildings and land | Leasehold improve-ments | Machinery | Equipment | Construc-tion in progress | Total | 2009/2010 Buildings and land | Leasehold improve-ments | Machinery | Equipment | Construc-tion in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Accumulated cost** | | | | | | | | | | | | |
| Opening balance | 81.7 | 13.0 | 158.8 | 242.0 | 1.3 | 496.8 | 94.8 | 12.8 | 169.8 | 248.9 | 1.2 | 527.5 |
| Acquisition of companies | 35.1 | 0.6 | 20.3 | 12.8 | - | 68.8 | - | - | - | 0.6 | - | 0.6 |
| Investments | 0.1 | 0.9 | 9.9 | 26.2 | 0.1 | 37.2 | 0.2 | 0.9 | 3.3 | 20.7 | 0.2 | 25.3 |
| Disposals and retirement of assets | - | -0.9 | -0.8 | -22.3 | - | -24.0 | -7.0 | 0.0 | -0.2 | -16.6 | - | -23.8 |
| Reclassifications | 1.5 | - | 0.3 | -0.5 | - | 1.3 | - | - | -0.7 | -0.4 | 0.0 | -1.1 |
| Translation effect for the year | -5.3 | -0.5 | -10.1 | -8.7 | -0.2 | -24.8 | -6.3 | -0.7 | -13.4 | -11.2 | -0.1 | -31.7 |
| **Closing balance** | **113.1** | **13.1** | **178.4** | **249.5** | **1.2** | **555.3** | **81.7** | **13.0** | **158.8** | **242.0** | **1.3** | **496.8** |
| **Accumulated deprecia-tion and impairment losses** | | | | | | | | | | | | |
| Opening balance | -33.0 | -10.3 | -122.2 | -190.4 | -0.1 | -356.0 | -35.1 | -9.8 | -121.3 | -191.1 | 0.0 | -357.3 |
| Acquisition of companies | -13.3 | -0.1 | -16.2 | -7.4 | - | -37.0 | - | - | - | -0.5 | - | -0.5 |
| Depreciation | -2.3 | -0.9 | -10.4 | -22.8 | -0.1 | -36.5 | -2.0 | -1.1 | -11.4 | -24.7 | -0.1 | -39.3 |
| Disposals and retirement of assets | - | 0.3 | 0.8 | 17.6 | - | 18.7 | 1.1 | 0.0 | 0.1 | 15.2 | - | 16.4 |
| Reclassifications | -1.1 | - | 0.9 | -0.9 | - | -1.1 | - | - | 0.2 | 0.9 | - | 1.1 |
| Translation effect for the year | 2.3 | 0.5 | 8.2 | 7.7 | 0.0 | 18.7 | 3.0 | 0.6 | 10.2 | 9.8 | 0.0 | 23.6 |
| **Closing balance** | **-47.4** | **-10.5** | **-138.9** | **-196.2** | **-0.2** | **-393.2** | **-33.0** | **-10.3** | **-122.2** | **-190.4** | **-0.1** | **-356.0** |
| **Carrying amount at year-end** | **65.7** | **2.6** | **39.5** | **53.3** | **1.0** | **162.1** | **48.7** | **2.7** | **36.6** | **51.6** | **1.2** | **140.8** |
| **Carrying amount at start of year** | **48.7** | **2.7** | **36.6** | **51.6** | **1.2** | **140.8** | **59.7** | **3.0** | **48.5** | **57.8** | **1.2** | **170.2** |

| Equipment | Parent Company 2010/2011 | 2009/2010 |
|---|---|---|
| **Accumulated cost** | | |
| Opening balance | 2.5 | 2.5 |
| Investments | 0.1 | 0.1 |
| Disposals and retirement of assets | -0.1 | -0.1 |
| **Closing balance** | **2.5** | **2.5** |
| **Accumulated depreciation according to plan** | | |
| Opening balance | -1.5 | -1.3 |
| Depreciation | -0.3 | -0.3 |
| Disposals and retirement of assets | 0.1 | 0.1 |
| **Closing balance** | **-1.7** | **-1.5** |
| **Carrying amount at year-end** | **0.8** | **1.0** |
| **Carrying amount at start of year** | **1.0** | **1.2** |

## NOTE 16 LEASING

| Operating leases<br>Addtech as lessee | Group 2010/2011 | Group 2009/2010 | Parent Company 2010/2011 | Parent Company 2009/2010 |
|---|---|---|---|---|
| **Lease payments** | | | | |
| Lease payments made during the financial year | 85.7 | 88.8 | 2.7 | 3.4 |
| of which variable payments | 1.0 | 1.0 | - | - |
| Future minimum lease pay-ments under non-cancel-lable contracts fall due as follows: | | | | |
| Within one year | 65.2 | 67.4 | - | 2.6 |
| Later than one year and within five years | 128.0 | 107.9 | 6.3 | 4.8 |
| Five years or later | 14.1 | 10.4 | - | – |
| **Total** | **207.3** | **185.7** | **6.3** | **7.4** |

Significant operating leases primarily constitute rental contracts for premises in which the Group conducts business.

### Addtech as lessor

Addtech received a total of SEK 1.3 million (1.6) in lease revenue during the financial year. SEK 1.8 million (2.2) remains to be received within one year, and thereafter a total of SEK 2.3 million (2.9) is receivable within five years. Most operating leases for which Group companies are lessors concern the rental of technical equipment to customers.

### Finance leases

At present there are no significant finance leases in the Group.

## NOTE 17 NON-CURRENT FINANCIAL ASSETS

| Group | 2010/2011 Financial assets | Non-current receivables | Total | 2009/2010 Financial assets | Non-current receivables | Total |
|---|---|---|---|---|---|---|
| **Accumulated cost** | | | | | | |
| Opening balance | 5.6 | 1.6 | 7.2 | 6.1 | 1.7 | 7.8 |
| Acquisition of companies | 4.8 | 0.5 | 5.3 | - | - | - |
| Deductions of assets | - | -0.2 | -0.2 | -0.2 | -0.1 | -0.3 |
| Additions of assets | 0.7 | 0.2 | 0.9 | 0.4 | 0.1 | 0.5 |
| Translation effect for the year | -0.4 | -0.1 | -0.5 | -0.7 | -0.1 | -0.8 |
| **Closing balance** | **10.7** | **2.0** | **12.7** | **5.6** | **1.6** | **7.2** |
| **Accumulated impairment losses** | | | | | | |
| Opening balance | 0.0 | -0.1 | -0.1 | 0.0 | -0.1 | -0.1 |
| **Closing balance** | **0.0** | **-0.1** | **-0.1** | **0.0** | **-0.1** | **-0.1** |
| **Carrying amount at year-end** | **10.7** | **1.9** | **12.6** | **5.6** | **1.5** | **7.1** |

Financial assets primarily consist of shares in housing corporations.

| Receivables from Group companies | Parent Company 2010/2011 | 2009/2010 |
|---|---|---|
| Opening balance | 927.8 | 853.3 |
| Increase during the year | 60.1 | 102.4 |
| Decrease during the year | -314.0 | -27.9 |
| **Carrying amount at year-end** | **673.9** | **927.8** |

| Other non-current securities holdings | Parent Company 2010/2011 | 2009/2010 |
|---|---|---|
| Opening balance | - | 0.2 |
| The year's changes in value charged to the profit or loss | - | 1.4 |
| Deductions of assets | - | -1.6 |
| **Carrying amount at year-end** | **-** | **-** |

| Specification of interests in Group companies | Country | Number of shares | Quotient value | Holding % | Carrying amount 31 Mar 2011 | Carrying amount 31 Mar 2010 |
|---|---|---|---|---|---|---|
| Addtech Equipment AB, 556199-7866, Järfälla | Sweden | 5,000 | 100 | 100 | 205.0 | 205.0 |
| Addtech Nordic AB, 556236-3076, Stockholm | Sweden | 1,750 | 100 | 100 | 798.7 | 298.7 |
| Betech Seals A/S, 10611342, Herlev | Denmark | 20,000 | 100 | 100 | 91.6 | 91.6 |
| Metric Industrial Oy, 0200580-9, Espoo | Finland | 31,000 | 16.8 | 100 | 27.5 | 27.5 |
| Metric Industrial AB, 556093-6998, Sollentuna | Sweden | 10,000 | 100 | 100 | 17.1 | 17.1 |
| Metric Industrial A/S, 19989305, Smørum | Denmark | 1 | | 100 | 30.3 | 30.3 |
| Metric Industrial AS, 987209976, Trollåsen | Norway | 8,500 | 100 | 100 | 10.9 | 10.9 |
| **Total** | | | | | **1,181.1** | **681.1** |

A complete statutory specification is included as an annex to the annual accounts submitted to the Swedish Companies Registration Office. The specification can be obtained from Addtech AB.

| Interests in Group companies | Parent Company 2010/2011 | 2009/2010 |
|---|---|---|
| **Accumulated cost** | | |
| Opening balance | 796.1 | 790.0 |
| Intra-Group restructuring (disposal of subsidiaries) | - | -2.8 |
| Shareholder contributions | 500.0 | 8.9 |
| **Closing balance** | **1,296.1** | **796.1** |
| **Accumulated impairment losses** | | |
| Opening balance | -115.0 | -115.0 |
| **Closing balance** | **-115.0** | **-115.0** |
| **Carrying amount at year-end** | **1,181.1** | **681.1** |
| **Carrying amount at start of year** | **681.1** | **675.0** |

## NOTE 18 INVENTORIES

| Group | 31 Mar 11 | 31 Mar 10 |
|---|---|---|
| Raw materials and consumables | 50.1 | 38.7 |
| Work in progress | 14.0 | 14.7 |
| Finished goods | 491.8 | 412.1 |
| **Total** | **555.9** | **465.5** |

The cost of sales for the Group includes impairment losses of SEK 18.6 million (15.6) on inventories. No significant reversals of prior impairment losses were made in 2010/2011 or 2009/2010.

## NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

| | Group 31 Mar 11 | Group 31 Mar 10 | Parent Company 31 Mar 11 | Parent Company 31 Mar 10 |
|---|---|---|---|---|
| Rent | 11.2 | 9.7 | 0.6 | 0.6 |
| Insurance premiums | 5.8 | 5.9 | 0.4 | 1.8 |
| Pension costs | 2.0 | 1.9 | 0.4 | 0.5 |
| Lease payments | 2.4 | 1.9 | 0.0 | 0.0 |
| Other prepaid expenses | 17.8 | 15.0 | 1.5 | 0.8 |
| Other accrued income | 1.6 | 1.7 | 0.1 | 0.0 |
| **Total** | **40.8** | **36.1** | **3.0** | **3.7** |

# NOTE 20 SHAREHOLDERS' EQUITY

## GROUP

### Other contributed capital
Refers to equity contributed by shareholders.

| | Group | |
|---|---|---|
| Reserves[1] | 2010/2011 | 2009/2010 |
| **Foreign currency translation reserve** | | |
| Opening translation reserve | 30.0 | 79.8 |
| Translation effect for the year | -48.3 | -49.8 |
| **Closing translation reserve** | **-18.3** | **30.0** |
| **Hedging reserve** | | |
| Opening hedging reserve | -1.7 | 0.7 |
| Revaluations recognised via other comprehensive income | -2.5 | -0.7 |
| Recognised in profit or loss upon disposal (other operating income/expenses) | 3.1 | -2.7 |
| Taxes attributable to the year's revaluations | 0.7 | 0.2 |
| Taxes attributable to disposals | -0.8 | 0.8 |
| **Closing hedging reserve** | **-1.2** | **-1.7** |
| **Total reserves** | **-19.5** | **28.3** |

[1] Refers to reserves attributable to equity holders of the Parent Company.

### Foreign currency translation reserve
The translation reserve includes all exchange differences that arise in translating financial reports of foreign operations prepared in a currency other than the Group's presentation currency for financial reports. The Parent Company and Group present their financial reports in Swedish kronor (SEK).

### Hedging reserve
The hedging reserve includes the effective portion of the accumulated net change in fair value for a cash-flow hedging instrument attributable to hedge transactions that have not yet occurred.

### Retained earnings including profit for the year
Retained earnings including profit for the year include earnings in the Parent Company and its subsidiaries. Prior provisions to the legal reserve are included in this equity item.

### Repurchased shares
Repurchased shares includes the acquisition cost of own shares held in treasury by the Parent Company (known as treasury shares). At the end of the reporting period, the Group's holding of treasury shares was 486,800 (466,800).

### Dividend
After the reporting period, the Board of Directors proposed a dividend of SEK 7.00 per share. The dividend is subject to approval by the Annual General Meeting on 23 August 2011.

## PARENT COMPANY

### Restricted reserves
Restricted reserves are funds that cannot be paid out as dividends.

### Legal reserve
The purpose of the legal reserve is to save a portion of net profit that will not be used to cover a loss carried forward.

### Retained earnings
Retained earnings comprises the previous year's unrestricted equity, less any provision to the legal reserve and less any dividend paid. Together with profit for the year and any fair value reserve, retained earnings constitute the sum of unrestricted equity, that is, the amount available to be paid as dividends to shareholders.

### Number of shares
The number of shares at 31 March 2011 consisted of 1,094,406 Class A shares, entitling the holders to 10 votes per share, and 21,638,426 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 2,25. The Company has repurchased 486,800 Class B shares, 20,000 of which during the 2010/2011 financial year, within the framework of the Company's ongoing repurchase programme. After subtracting repurchased shares, the number of Class B shares is 21,151,626, net.

| Number of shares outstanding | Class A shares | Class B shares | All share classes |
|---|---|---|---|
| At start of year | 1,099,782 | 21,166,250 | 22,266,032 |
| Repurchase of treasury shares | - | -20,000 | -20,000 |
| Conversion of Class A shares to Class B shares | -5,376 | 5,376 | 0 |
| **At year-end** | **1,094,406** | **21,151,626** | **22,246,032** |

# NOTE 21 UNTAXED RESERVES

| Parent Company | 31 Mar 11 | 31 Mar 10 |
|---|---|---|
| Tax allocation reserve, allocation for tax assessment 2006 | - | 18.5 |
| Tax allocation reserve, allocation for tax assessment 2007 | 23.8 | 23.8 |
| Tax allocation reserve, allocation for tax assessment 2008 | 42.5 | 42.5 |
| Tax allocation reserve, allocation for tax assessment 2009 | 57.9 | 57.9 |
| Tax allocation reserve, allocation for tax assessment 2010 | 56.5 | 56.5 |
| Tax allocation reserve, allocation for tax assessment 2011 | 35.7 | 35.7 |
| Tax allocation reserve, allocation for tax assessment 2012 | 48.7 | - |
| Accumulated excess depreciation/amortisation | 0.5 | 0.5 |
| **Closing balance** | **265.6** | **235.4** |

SEK 69.9 million of the Parent Company's total untaxed reserves of SEK 265.6 million represent deferred tax included in the deferred tax line item in the consolidated balance sheet.

# NOTE 22 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Addtech has defined benefit pension plans in Sweden and Norway. In these plans, a pension is determined mainly by the salary received at the time of retirement. The plans cover many employees, but some defined contribution plans also apply. Subsidiaries in other countries in the Group mainly have defined contribution pension plans.

The Parent Company's data on pensions are reported in accordance with the Swedish Act on Safeguarding Pension Obligations.

### Defined-benefit pension plans
These pension plans primarily comprise retirement pensions. Each employer generally has an obligation to pay a lifelong pension. Vesting is based on the number of years of employment. The employee must subscribe to the plan for a certain number of years to be fully entitled to retirement benefits. Each year increases the employee's entitlement to retirement benefits, which is recognised as pension earned during the period and as an increase in pension obligations.

Some funded pension plans apply in Norway and Sweden. These pension obligations are secured by plan assets.

Addtech applies the 'corridor' method. Corridor rules stipulate that part of the actuarial gains and losses be recognised in profit or loss and the balance sheet in the next period if they exceed the higher of:

– 10 percent of the present value of the pension obligation and
– 10 percent of the fair value of plan assets.

At the end of the year the actuarial losses equalled about 9 percent (14) of the present value of the pension obligations.

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement UFR 6 of the Swedish Financial Reporting Board, this is a defined benefit plan covering multiple employers. For the 2010/2011 financial year, the Company did not have access to information enabling it to report this plan as a defined benefit plan. Thus the pension plan according to ITP and secured by insurance in Alecta is recognised as a defined contribution plan. The year's fees for pension insurance with Alecta totalled SEK 12.5 million (11.6).

### Defined contribution pension plans
These plans are mainly retirement pension plans, disability pensions and family pensions. Premiums are paid on an ongoing basis during the year by each Group company to separate legal entities, such as insurance companies. The size of the premium is based on the salary. The pension cost for the period is included in profit or loss.

## NOTE 22 Cont'd.

| Pension liability as per balance sheet | Group | | Parent Company | |
|---|---|---|---|---|
| | 31 Mar 11 | 31 Mar 10 | 31 Mar 11 | 31 Mar 10 |
| Pension liability PRI | 171.4 | 168.2 | 16.6 | 17.0 |
| Other pension obligations | 14.8 | 14.7 | - | - |
| **Total** | **186.2** | **182.9** | **16.6** | **17.0** |

| Reconciliation of net amount for pensions in the balance sheet | Group | | Parent Company | |
|---|---|---|---|---|
| | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 |
| Opening balance | 182.9 | 185.0 | 17.0 | 17.2 |
| Change in accounting for pensions | - | 5.9 | - | - |
| Adjusted opening balance | 182.9 | 190.9 | 17.0 | 17.2 |
| Cost of defined benefit plans | 16.6 | 16.0 | 0.7 | 0.8 |
| Payment of pension benefits | -5.8 | -5.5 | -1.1 | -1.0 |
| Funds contributed by employer | -4.0 | -3.6 | - | - |
| Disposal of companies | -3.2 | - | - | - |
| Liabilities paid | - | -15.1 | - | - |
| Translation effects | -0.3 | 0.0 | - | - |
| Other | 0.0 | 0.2 | - | - |
| **Net amount in balance sheet** | **186.2** | **182.9** | **16.6** | **17.0** |

| Return on plan assets | Group | |
|---|---|---|
| | 2010/2011 | 2009/2010 |
| Actual return on plan assets | 1.7 | 1.7 |
| Expected return on plan assets | 1.7 | 1.7 |
| **Actuarial gains/losses on plan assets during the period** | **0.0** | **0.0** |

### Obligations for employee benefits, defined benefit pension plans

| Obligations for defined benefits and the value of plan assets | Group | | Parent Company | |
|---|---|---|---|---|
| | 31 Mar 11 | 31 Mar 10 | 31 Mar 11 | 31 Mar 10 |
| Wholly or partly funded obligations: | | | | |
| Present value of defined benefit obligations | 48.4 | 48.8 | - | - |
| Fair value of plan assets | -34.2 | -33.8 | - | - |
| **Wholly or partly funded obligations, net** | **14.2** | **15.0** | **-** | **-** |
| Present value of unfunded defined benefit obligations | 194.5 | 203.5 | 16.6 | 17.0 |
| **Net obligations before adjustments** | **208.7** | **218.5** | **16.6** | **17.0** |
| Adjustments: | | | | |
| Accumulated unrecognised actuarial gains (+) and losses (–) | -22.5 | -35.6 | - | - |
| **Net amount in the balance sheet (obligation +, asset –)** | **186.2** | **182.9** | **16.6** | **17.0** |
| The net amount is recognised in the following items in the balance sheet: | | | | |
| Provisions for pensions and similar obligations | 186.2 | 182.9 | 16.6 | 17.0 |
| **Net amount in the balance sheet (obligation +, asset –)** | **186.2** | **182.9** | **16.6** | **17.0** |
| The net amount is divided among plans in the following countries: | | | | |
| Sweden | 180.0 | 177.5 | 16.6 | 17.0 |
| Norway | 6.2 | 5.4 | - | - |
| **Net amount in the balance sheet (obligation +, asset –)** | **186.2** | **182.9** | **16.6** | **17.0** |

| Changes in the obligation for defined benefit plans recognised in the balance sheet | Group | |
|---|---|---|
| | 2010/2011 | 2009/2010 |
| Opening balance | 252.3 | 255.0 |
| Change in accounting for pensions | - | 16.0 |
| Adjusted opening balance | 252.3 | 271.0 |
| Pensions earned during the period | 7.4 | 8.5 |
| Interest on obligations | 9.5 | 9.9 |
| Benefits paid | -8.9 | -6.8 |
| Actuarial gain or loss | -13.4 | -10.3 |
| Disposal of companies | -4.8 | - |
| Liabilities paid | - | -17.9 |
| Translation effects | -2.0 | -2.2 |
| Other | 2.8 | 0.1 |
| **Present value of pension obligations** | **242.9** | **252.3** |

| Changes in plan assets | Group | |
|---|---|---|
| | 2010/2011 | 2009/2010 |
| Opening balance | 33.8 | 22.2 |
| Change in accounting for pensions | - | 10.1 |
| Adjusted opening balance | 33.8 | 32.3 |
| Funds contributed by employer | 4.0 | 3.6 |
| Benefits paid | -3.3 | -1.3 |
| Expected return on plan assets | 1.7 | 1.7 |
| Actuarial gain or loss | -0.1 | 0.0 |
| Translation effects | -1.3 | -1.4 |
| Other | -0.6 | -1.1 |
| **Fair value of plan assets** | **34.2** | **33.8** |

| The year's change in unrecognised actuarial gains (+) and losses (–) | Group | | | | |
|---|---|---|---|---|---|
| | 2010/2011 | 2009/2010 | 2008/2009 | 2007/2008 | 2006/2007 |
| Changes in actuarial assumptions | -8.1 | -6.1 | 21.9 | 12.5 | -14.8 |
| Experience-based changes | -5.2 | -4.2 | 3.2 | -1.0 | 1.3 |
| **Total** | **-13.3** | **-10.3** | **25.1** | **11.5** | **-13.5** |

| Pension costs | Group | | Parent Company | |
|---|---|---|---|---|
| | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 |
| **Defined-benefit pension plans** | | | | |
| Cost for pensions earned during the year | 7.4 | 8.5 | -0.1 | 0.2 |
| Gain on liabilities paid | - | -2.5 | - | - |
| Interest expense | 9.5 | 9.9 | 0.8 | 0.7 |
| Expected return on plan assets | -1.7 | -1.7 | - | - |
| Recognised actuarial gains (–) and losses (+) | 1.4 | 1.8 | - | - |
| **Total cost of defined benefit plans** | **16.6** | **16.0** | **0.7** | **0.9** |
| Total cost of defined contribution plans | 66.2 | 63.4 | 2.9 | 4.2 |
| Social security costs on pension costs | 11.6 | 9.8 | 0.9 | 1.2 |
| **Total cost of benefits after termination of employment** | **94.4** | **89.2** | **4.5** | **6.3** |

| Allocation of pension costs in the income statement | Group | |
|---|---|---|
| | 2010/2011 | 2009/2010 |
| Cost of sales | 13.4 | 14.7 |
| Selling and administrative expenses | 73.2 | 66.3 |
| Net financial items | 7.8 | 8.2 |
| **Total pension costs** | **94.4** | **89.2** |

| Actuarial assumptions | 2010/2011 Sweden | 2010/2011 Norway | 2009/2010 Sweden | 2009/2010 Norway |
|---|---|---|---|---|
| The following material actuarial assumptions were applied in calculating obligations: | | | | |
| Discount rate, 1 April, % | 3.80 | 4.00 | 3.70 | 3.80 |
| Discount rate, 31 March, % | 3.80 | 4.00 | 3.80 | 4.00 |
| Expected return on plan assets, % | 4.50 | 5.40 | 4.50 | 5.20 |
| Future salary increases, % | 2.00-3.50 | 4.00 | 2.00-3.50 | 4.50 |
| Future increases in pensions (change in income base amount), % | 3.00 | - | 3.00 | - |
| Employee turnover, % | 10.00 | 2.00-5.00 | 5.00 | 2.00-5.00 |
| Expected 'G regulation', % | - | 3.75 | - | 4.25 |
| Mortality table | FFFS 2007:31 | K2005 | FFFS 2007:31 | K2005 |

Future increases in pensions are based on inflation assumptions. Remaining period of employment (mortality) is based on statistical tables prepared by Finansinspektionen (Sweden's Financial Supervisory Authority) and the Insurance Society, in Sweden FFFS 2007:31 and in Norway K2005. Expected G regulation is used in the calculations in Norway and corresponds to Sweden's base amount.

## NOTE 23 PROVISIONS

| Group 2010/2011 | Premises | Personnel | Warranties | Other | Total |
|---|---|---|---|---|---|
| Carrying amount at start of period | 0.5 | 0.2 | 5.1 | 1.5 | 7.3 |
| Acquisitions of companies | - | - | - | 0.5 | 0.5 |
| Provisions made during the period | - | 3.4 | 0.1 | 5.0 | 8.5 |
| Amounts utilised during the period | -0.1 | -0.2 | -0.2 | -0.4 | -0.9 |
| Unutilised amounts reversed | 0.0 | - | - | -0.7 | -0.7 |
| Translation effects | 0.0 | 0.0 | -0.1 | - | -0.1 |
| **Carrying amount at end of period** | **0.4** | **3.4** | **4.9** | **5.9** | **14.6** |

### Premises
The provision for premises refers to premises that the Group has vacated and cannot sublet or use during the remainder of the lease.

### Personnel
The provision refers to costs of personnel, including estimated remuneration upon termination of employment in connection with changes in operations. A provision is made when there is an approved restructuring plan and the restructuring has been announced.

### Warranties
The provision is calculated based on historical data for warranties associated with products and services.

### Other
Other includes provisions not classified under premises, personnel or warranties, such as equipment that cannot be used due to changes in operations. All provisions are classified as short-term and are expected to lead to an outflow of resources within 12 months of the end of the reporting period.

## NOTE 24 NON-CURRENT INTEREST-BEARING LIABILITIES

| | Group 31 Mar 11 | Group 31 Mar 10 |
|---|---|---|
| Liabilities to credit institutions: | | |
| Maturing within 2 years | 1.4 | - |
| Maturing within 3 years | 3.3 | - |
| Maturing within 4 years | 1.1 | - |
| Maturing within 5 years | 1.0 | - |
| Maturing in five years or later | 4.9 | - |
| **Total non-current liabilities to credit institutions** | **11.7** | **-** |
| Other interest-bearing liabilities: | | |
| Maturing within 2 years | 25.9 | 2.4 |
| Maturing within 3 years | 10.9 | 1.0 |
| Maturing within 4 years | 0.2 | 0.4 |
| Maturing within 5 years | - | 0.2 |
| Maturing in five years or later | - | - |
| **Total other non-current interest-bearing liabilities** | **37.0** | **4.0** |
| **Total** | **48.7** | **4.0** |

There were no non-current interest-bearing liabilities in the Parent Company at 31 March 2011 (-).

Other interest-bearing liabilities largely consist of contingent considerations with estimated interest of 5.0 percent.

The Addtech Group's non-current liabilities to credit institutions are divided among currencies as follows:

| Currency | 31 Mar 11 Local currency | 31 Mar 11 SEKm | 31 Mar 10 Local currency | 31 Mar 10 SEKm |
|---|---|---|---|---|
| SEK | 9.2 | 9.2 | - | - |
| EUR | 0.1 | 0.5 | - | - |
| NOK | 1.8 | 2.0 | - | - |
| **Total** | | **11.7** | | **-** |

Loans in SEK carry a variable interest rate, which averaged 4.8 percent on 31 March 2011. Loans in EUR carry a fixed and variable interest rate, which amounted to 5.0 percent and 2.6 percent respectively on 31 March 2011. Loans in NOK carry a variable interest rate, which totalled 5.0 percent on 31 March 2011.

| | Parent Company 31 Mar 11 | Parent Company 31 Mar 10 |
|---|---|---|
| Liabilities to Group companies | 310.0 | 220.8 |
| **Total** | **310.0** | **220.8** |

The Parent Company's liabilities to Group companies have no fixed maturity dates.

## NOTE 25 CURRENT INTEREST-BEARING LIABILITIES

| | Group 31 Mar 11 | Group 31 Mar 10 | Parent Company 31 Mar 11 | Parent Company 31 Mar 10 |
|---|---|---|---|---|
| **Bank overdraft facility** | | | | |
| Approved credit limit | 448.6 | 436.5 | 430.0 | 430.0 |
| Unutilised portion | -305.0 | -434.2 | -295.1 | -430.0 |
| **Credit amount utilised** | **143.6** | **2.3** | **134.9** | **0.0** |
| Other liabilities to credit institutions | 8.1 | 21.3 | - | 20.9 |
| Other interest-bearing liabilities | 20.9 | 7.2 | - | - |
| **Total** | **172.6** | **30.8** | **134.9** | **20.9** |

Other interest-bearing liabilities largely consist of contingent considerations with an estimated interest rate of 5.0 percent.

## NOTE 25 Cont'd.

The Addtech Group's current liabilities to credit institutions are divided among currencies as follows:

| | 31 Mar 11 | | 31 Mar 10 | |
|---|---|---|---|---|
| Currency | Local currency | SEKm | Local currency | SEKm |
| SEK | 1.3 | 1.3 | 11.1 | 11.1 |
| EUR | 0.0 | 0.1 | 0.0 | 0.4 |
| DKK | - | - | 7.5 | 9.8 |
| CNY | 7.0 | 6.7 | - | - |
| **Total** | | **8.1** | | **21.3** |

At 31 March 2011, the overdraft facility had an average interest rate of 3.2 percent, of which the Parent Company accounted for 3.2 percent. Loans in SEK carry a variable interest rate, which averaged 5.3 percent at 31 March 2011. Loans in EUR carry a fixed and variable interest rate, which amounted to 5.0 percent and 2.6 percent respectively on 31 March 2011. Loans in CNY carry a variable interest rate, which averaged 6.1 percent on 31 March 2011.

## NOTE 26 ACCRUED EXPENSES AND DEFERRED INCOME

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 31 Mar 11 | 31 Mar 10 | 31 Mar 11 | 31 Mar 10 |
| Rental revenue | 0.5 | 0.2 | - | - |
| Other deferred income | 3.0 | 3.8 | - | - |
| Salaries and holiday pay | 122.3 | 98.9 | 4.4 | 3.5 |
| Social security costs and pensions | 63.6 | 56.1 | 3.7 | 3.5 |
| Other accrued expenses | 32.4 | 28.6 | 1.9 | 2.0 |
| **Total** | **221.8** | **187.6** | **10.0** | **9.0** |

Other accrued expenses mainly consist of overhead accruals.

## NOTE 27 PLEDGED ASSETS AND CONTINGENT LIABILITIES

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 31 Mar 11 | 31 Mar 10 | 31 Mar 11 | 31 Mar 10 |
| **Pledged assets for liabilities to credit institutions** | | | | |
| Real estate and site leasehold mortgages | 22.0 | 0.4 | - | - |
| Floating charges | 30.4 | 14.2 | - | - |
| Other pledged assets | 4.8 | 2.8 | - | - |
| **Total** | **57.2** | **17.4** | **-** | **-** |
| **Contingent liabilities** | | | | |
| Guarantees and other contingent liabilities | 6.7 | 5.7 | 0.3 | 0.3 |
| Guarantees for subsidiaries | - | - | 138.3 | 140.9 |
| **Total** | **6.7** | **5.7** | **138.6** | **141.2** |

## NOTE 28 CASH FLOW STATEMENT

| | Group | | Parent Company | |
|---|---|---|---|---|
| Adjustment for items not included in cash flow | 2010/2011 | 2009/2010 | 2010/2011 | 2009/2010 |
| Depreciation/amortisation | 78.1 | 76.8 | 0.8 | 0.7 |
| Gain/loss and change in fair value respectively on sale of companies and non-current assets | -10.7 | -1.4 | - | -1.4 |
| Change in pension liability | 6.9 | 9.7 | -0.4 | -0.2 |
| Group contributions/dividends not paid | - | - | -160.0 | -114.5 |
| Change in other provisions | 7.3 | 0.2 | - | - |
| Other | 1.4 | -2.6 | - | - |
| **Total** | **83.0** | **82.7** | **-159.6** | **-115.4** |

For the Group, interest received during the year totalled SEK 3.6 million (4.0), and interest paid was SEK 6.4 million (6.0). For the Parent Company, interest received during the year was SEK 29.8 million (26. 6), and interest paid was SEK 6.2 million (6.3).

The following adjustments were made as a result of the value of assets and liabilities in companies acquired during the year, together with adjustments such as contingent consideration paid for acquisitions made in previous years:

| | 2010/2011 | 2009/2010 |
|---|---|---|
| Non-current assets | 336.9 | 5.5 |
| Inventories | 81.1 | 4.1 |
| Receivables | 98.3 | 9.5 |
| Cash and cash equivalents | 102.4 | 8.0 |
| **Total** | **618.7** | **27.1** |
| Interest-bearing liabilities and provisions | -69.3 | -13.1 |
| Non-interest-bearing liabilities and provisions | -169.1 | 10.6 |
| **Total** | **-238.4** | **-2.5** |
| Consideration paid | -375.2 | -29.6 |
| Cash and cash equivalents in acquired companies | 102.4 | 8.0 |
| **Effect on the Group's cash and cash equivalents** | **-272.8** | **-21.6** |

The following adjustments were made as a result of the value of assets and liabilities in companies disposed of during the year:

| | 2010/2011 | 2009/2010 |
|---|---|---|
| Non-current assets | -4.0 | - |
| Inventories | 0.1 | - |
| Receivables | -2.0 | - |
| Cash and cash equivalents | -0.9 | - |
| **Total** | **-6.8** | **-** |
| Capital gain on sold companies | -10.0 | - |
| Non-interest-bearing liabilities and provisions | 3.3 | - |
| **Total** | **-6.7** | **-** |
| Consideration received | 11.5 | - |
| Cash and cash equivalents in companies disposed of | -0.9 | - |
| **Effect on the Group's cash and cash equivalents** | **10.6** | **-** |

Year's acquisitions (disposals) of operations

| Company | Country | Acquisition (disposal) date | Ownership, % | Acquisition (selling) price |
|---|---|---|---|---|
| Immuno Diagnostic Oy | Finland | 31-05-2010 | 100 | 49.7 |
| Egil Eng & Co. AS | Norway | 01-07-2010 | 80 | 10.2 |
| BEVI International AB | Sweden | 01-07-2010 | 100 | 74.7 |
| ACC Systems Oy | Finland | 01-07-2010 | 100 | 39.8 |
| PSAB Linje- & kabelutrustning AB | Sweden | 01-07-2010 | 100 | 3.5 |
| R&K Electronics Ltd | Japan | 01-07-2010 | 100 | 1.4 |
| Hansabattery Oy | Finland | 01-09-2010 | 100 | 13.4 |
| Fox Electronics AS | Norway | 01-11-2010 | 100 | 31.4 |
| Elgood Oy | Finland | 01-11-2010 | 100 | 59.2 |
| Hydro Service ApS, net assets | Denmark | 01-01-2011 | | 4.6 |
| A. Wendler AB | Sweden | 01-01-2011 | 100 | 58.4 |
| Electra-Box Diagnostica AB | Sweden | 01-01-2011 | 100 | 95.0 |
| (Mikro Kemi AB) | (Sweden) | (01-01-2011) | (100) | (-11.5) |

All businesses acquired during the year were consolidated in the accounts using the acquisition method.

### Cash and cash equivalents

Cash and cash equivalents in the cash flow statement consist of cash at banks and on hand. The same definition applied to determine cash and cash equivalents in the balance sheet was applied in the cash flow statement.

## NOTE 29 ACQUISITIONS OF COMPANIES

### Acquisitions in 2010/2011

Twelve companies were acquired during the year (see Note 28). The acquisitions had combined annual sales of about SEK 630 million. Assets and liabilities included in the acquisitions were as follows:

| | Carrying amount at acquisition date | Adjust-ment to fair value | Fair value |
|---|---|---|---|
| Intangible non-current assets | 0 | 143 | 143 |
| Other non-current assets | 36 | 3 | 39 |
| Inventories | 85 | -4 | 81 |
| Other current assets | 202 | - | 202 |
| Deferred tax liability/tax asset | -6 | -38 | -44 |
| Other liabilities | -134 | - | -134 |
| **Acquired net assets** | **183** | **104** | **287** |
| Goodwill | | | 159 |
| Non-controlling interest | | | -5 |
| **Consideration[1)]** | | | **441** |
| Less: cash and cash equivalents in acquired businesses | | | -102 |
| Less: consideration not yet paid | | | -69 |
| **Effect on the Group's cash and cash equivalents** | | | **270** |

[1)] The consideration is stated excluding acquisition expenses.

The combined consideration for the acquisitions was SEK 441 million, of which SEK 302 million, according to preliminary acquisition analyses, was allocated to goodwill and other intangible assets. Several of the acquisitions took place recently, which is why the acquisitions analyses are preliminary. No change was made to the preliminary analysis from the preceding year. The combined effect of the acquisitions on the Addtech Group's revenue was SEK 357 million, on operating profit SEK 34 million and on profit after tax for the period SEK 23 million.

Had the acquisitions been completed on 1 April 2010, their impact would have been an estimated SEK 637 million on Group revenue, about SEK 73 million on operating profit and some SEK 48 million on profit after tax for the period.

The transaction costs for acquisitions with a takeover date during the financial year amount to SEK 5 million and are recognised in the selling expenses item.

Of the consideration not yet paid, estimated contingent consideration amounts to SEK 54 million, which constitutes about 90 percent of the maximum outcome. The outcome depends on the results achieved in the companies and has a set maximum level. The development of the acquisitions does not necessitate revaluation of contingent consideration during the financial year.

As regards Egil Eng, non-controlling interests were measured at fair value.

The values allocated to intangible non-current assets, such as supplier relationships, customer relationships, technology and trademarks, were assessed at the discounted value of future cash flows. The amortisation period is determined by estimating the annual decrease in sales attributable to each asset. Supplier relationships are generally amortised over a period of 10–33 years; customer relationships and technology are amortised over 5–15 years. Trademarks are not amortised but are tested annually (for impairment) as per IAS 36. Annual calculated amortisation for the year's acquisitions amounts to about SEK 15 million.

The goodwill resulting from the acquisitions is attributable to expectations that the Group's position in the market in question for each acquisition will grow stronger and to the knowledge accumulated in the companies acquired.

## NOTE 30 EARNINGS PER SHARE (EPS) BEFORE AND AFTER DILUTION

| | 2010/2011 | 2009/2010 |
|---|---|---|
| Basic EPS (SEK) | 11.80 | 6.60 |
| Diluted EPS (SEK) | 11.75 | 6.60 |

See Note 1 on page 32 for the method of calculation.

The numerators and denominators used to calculate the above EPS are derived as stated below.

### Basic EPS

The calculation of earnings per share for 2010/2011 is based on profit for the year attributable to the equity holders of the Parent Company, totalling SEK 262 million (147), and a weighted average number of shares outstanding during 2010/2011 of 22,253 thousand (22,204). The two components were calculated in the following manner:

| | 2010/2011 | 2009/2010 |
|---|---|---|
| Profit for the year attributable to the equity holders of the Parent Company, before dilution (SEKm) | 262 | 147 |

### Weighted average number of shares outstanding, before dilution

| In thousands of shares | 2010/2011 | 2009/2010 |
|---|---|---|
| Total number of shares 1 April | 22,266 | 22,095 |
| Effect of treasury shares held | -13 | 109 |
| **Weighted average number of shares during the year, before dilution** | **22,253** | **22,204** |

### Diluted EPS

The calculation of diluted EPS for 2010/2011 is based on profit attributable to the equity holders of the Parent Company, totalling SEK 262 million (147), and a weighted average number of shares outstanding during 2010/2011 of 22,293 thousand (22,249). The two components were calculated in the following manner:

| | 2010/2011 | 2009/2010 |
|---|---|---|
| Profit for the year attributable to the equity holders of the Parent Company, after dilution (SEKm) | 262 | 147 |

### Weighted average number of shares outstanding, after dilution

| In thousands of shares | 2010/2011 | 2009/2010 |
|---|---|---|
| Weighted average number of shares during the year, before dilution | 22,253 | 22,204 |
| Effect of share options issued | 40 | 45 |
| **Weighted average number of shares during the year, after dilution** | **22,293** | **22,249** |

## NOTE 31 ADDITIONAL DISCLOSURES

Addtech AB, corporate ID number 556302–9726, is the Parent Company of the Group. The Company's registered office is in Stockholm, Stockholm County, and according to Swedish law Addtech AB is a limited liability company.

Head office address:
Addtech AB
Box 5112
SE-102 43 Stockholm, Sweden
Phone: +46 8 470 49 00
Fax: +46 8 470 49 01
www.addtech.com

## NOTE 32 RELATED PARTY DISCLOSURES

For the Addtech Group, related parties mainly comprise members of senior management. Information about personnel costs is provided in Note 6 Employees and employee benefits expense.

## NOTE 33 EVENTS AFTER THE REPORTING PERIOD

Addtech acquired Elteco AS on 1 April and the company is now part of the Addtech Energy & Equipment business area. Elteco AS is a technology trading company with products in electricity distribution and automation. Elteco has 19 employees and sales of about NOK 80 million.

On 1 April Addtech acquired Trinergi AB, which became part of Addtech's Energy & Equipment business area. Trinergi is a technology trading company with products in electrical power measurement and thermography. Trinergi has sales of about SEK 20 million and seven employees.

Addtech signed an agreement on 7 June to acquire Maxeta AS for integration into the Addtech Energy & Equipment business area. Maxeta is a technology trading company operating in two main fields: products for electricity distribution and electrical installation materials. It has 50 employees and sales of about NOK 80 million and the estimated takeover date is 1 July.

The combined consideration and allocations to goodwill and other intangible assets for the acquisitions completed after the end of the financial year will be presented in the next interim report.

On 17 May, Artur Aira was appointed as new business area manager of Addtech Life Science and he will be part of Group management. He succeeds Göran Brandt, who will retire after the summer. Artur Aira has worked at Addtech since autumn 2010 and prior to that, his employer was the French diagnostics company bioMérieux.

No other events of significance to the Group occurred after the end of the reporting period.

# Proposed Allocation of Earnings

## Dividend

The Board of Directors proposes a dividend of SEK 7.00 (5.00) per share. The total dividend amounts to SEK 156 million (111). Addtech's dividend policy is to pay as a dividend more than 50 percent of average Group profit after tax over a business cycle. The proposed dividend represents a payout ratio of 59 percent (76).

## Proposed allocation of earnings

The following amounts are available for distribution by the Annual General Meeting of Addtech AB:

| | |
|---|---|
| Retained earnings | SEK 861 million |
| Profit for the year | SEK 108 million |
| | **SEK 969 million** |

The Board of Directors and the CEO propose that the funds available for distribution be allocated as follows:

| | |
|---|---|
| A dividend paid to shareholders of SEK 7.00 per share* | SEK 156 million |
| To be carried forward | SEK 813 million |
| | **SEK 969 million** |

* Based on the number of shares outstanding at 31 May 2011. The total dividend payout may change if the number of treasury shares repurchased changes prior to the proposed dividend record date of 26 August 2011.

The Board of Directors deems the proposed dividend justifiable in the context of the demands on Group equity made by the Group's operations, size and risks, and in the context of the Group's need for a strong balance sheet, liquidity and overall financial position.

At the end of the reporting period, equity in the Parent Company included SEK -1 million (-1) resulting from financial assets and liabilities being measured at fair value in accordance with the Swedish Annual Accounts Act (Chapter 4, Section 14a).

## Assurance of the Board of Directors

The Board of Directors and the Chief Executive Officer deem the consolidated financial statements and annual accounts to be prepared in accordance with IFRS, as adopted by the EU, and with generally accepted accounting principles, and that they provide a true and fair overview of the financial position and results of operations of the Group and the Parent Company. The administration report for the Group and the Parent Company gives a true and fair overview of the Group's and the Parent Company's operating activities, financial position and results of operations and describes significant risks and uncertainties to which the Parent Company and the companies that comprise the Group are exposed. The other aspects of the results of operations and financial position of the Group and the Parent Company are shown in the income statements, balance sheets, cash flow statements and notes to the financial statements.

**Stockholm, 21 June 2011**

Anders Börjesson
CHAIRMAN OF THE BOARD

Tom Hedelius
VICE CHAIRMAN OF THE BOARD

Eva Elmstedt
DIRECTOR

Lars Spongberg
DIRECTOR

Johan Sjö
DIRECTOR AND
CHIEF EXECUTIVE OFFICER

**We submitted our auditor's report on 23 June 2011**

KPMG AB

Joakim Thilstedt
AUTHORISED PUBLIC ACCOUNTANT

# Audit Report

To the annual meeting of the shareholders of **Addtech AB**
Corporate identity number 556302-9726

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of Addtech AB for the financial year 1 April, 2010–31 March, 2011. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 11-52. The Board of Directors and the CEO are responsible for these accounts and the administration of the Company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by Board of Directors and the CEO and significant estimates made by the Board of Directors and the CEO when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any Board member or the CEO. We also examined whether Board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. A corporate governance report has been prepared. The statutory administration report and the corporate governance report are consistent with the other parts of the annual accounts and the consolidated accounts.

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

Stockholm, 23 June 2011

KPMG AB

Joakim Thilstedt
AUTHORISED PUBLIC ACCOUNTANT

# Board of Directors

## Anders Börjesson

M.Sc. Econ.

Born in 1948.

Board Chairman since 2001.

Other board assignments: Chairman of Cibenon and Lagercrantz Group. Vice Chairman of B&B TOOLS. Director of Boomerang, Bostad Direkt, Futuraskolan, Inomec and Ventilationsgrossisten Stockholms Byggplåt.

Professional experience: President and CEO of Bergman & Beving.

Ownership (family): 496,920 Class A shares and 40,000 Class B shares.

## Eva Elmstedt

BA.

Born in 1960.

Director since 2005.

Vice President and Head of Product Related Services Ericsson.

Other board assignments: Director of Proact.

Professional experience: Senior management at Ericsson, Hi3G Access AB '3', IBM and Semcon.

Ownership: 2,300 Class B shares.

## Tom Hedelius

M.Sc. Econ., Hon. Dr. of Economics.

Born in 1939.

Vice Chairman since 2001.

Other board assignments: Honorary Chairman of Svenska Handelsbanken. Chairman of Anders Sandrews Stiftelse, B&B TOOLS, and Jan Wallanders and Tom Hedelius Stiftelse. Vice Chairman of Lagercrantz Group.

Professional experience: Board Chairman, CEO and managerial positions at Svenska Handelsbanken.

Ownership (family): 481,920 Class A shares and 5,400 Class B shares.

## Lars Spongberg

M.Sc. Econ., LL M.

Born in 1945.

Director since 2001.

Other board assignments: Director of, among others, BE Group, Cobolt, Elos, Intervalor, Bikuben AB and Valedo Capital Partners fund AB.

Professional experience: Senior management at Spectra Physics, Autoliv, Svenska Handelsbanken, Electrolux and Swedish Match.

Ownership: 1,500 Class B shares.

## Johan Sjö

B.Sc. Econ.

Born in 1967.

President and CEO.

Director since 2008.

Employed in the Group since 2007.

Professional experience: Senior management at B&B TOOLS, prior to that Alfred Berg ABN Amro.

Ownership: 2,016 Class A shares and 18,800 Class B shares.

Call options: 54,900.

# Group Management

**Johan Sjö**

B.Sc. Econ.

Born in 1967.

President and CEO.

Director since 2008.

Employed in the Group since 2007.

Professional experience: Senior management at B&B TOOLS, prior to that Alfred Berg ABN Amro.

Ownership: 2,016 Class A shares and 18,800 Class B shares.

Call options: 54,900.

**Artur Aira**

Medical Technologist Engineer and MBA.

Born in 1967.

Business Area Manager, Addtech Life Science.

Employed in the Group since 2010.

Professional experience: Self-employed business owner, Nordic CEO Organon Teknika, Nordic CEO bioMérieux, Global Program Director bioMérieux.

Ownership: 100 Class B shares.

**Anders Claeson**

M.Eng.

Born in 1956.

Executive Vice President and Business Area Manager, Addtech Components.

Employed in the Group since 1982.

Professional experience: Various managerial positions at Bergman & Beving.

Ownership: 56,076 Class B shares.

Call options: 41,150.

**Åke Darfeldt**

Economics at the University of Gothenburg.

Born in 1954.

Business Area Manager, Addtech Energy & Equipment.

Employed in the Group since 1984.

Professional experience: Sales manager Singer Products, CEO and owner of CellTech AB and various managerial positions at Bergman & Beving.

Ownership (family): 25,900 Class B shares.

Call options: 30,000.

**Håkan Franzén**

M.Eng.

Born in 1951.

Vice President and Business Area Manager, Addtech Industrial Solutions.

Employed in the Group since 1982.

Professional experience: Various managerial positions at Bergman & Beving.

Ownership: 24,000 Class B shares.

Call options: 41,150.

**Kristina Willgård**

B.Sc. Econ.

Born in 1965.

Chief Financial Officer

Employed in the Group since 2010.

Professional experience: Finance Director Ericsson, CFO Netwise, CFO Frontec, Business controller Spendrups and Auditor at Arthur Andersen.

Call options: 16,500.

**Auditor**

KPMG AB

Responsible auditor:

**Joakim Thilstedt**
Authorised public accountant, Stockholm.

Born in 1967.

Joakim Thilstedt has had main responsibility for auditing the Addtech Group since 2008/2009 and his work also includes the audits of Lagercrantz Group, Skanska and Ahlsell.

# Addtech Share

The Addtech share is listed on NASDAQ OMX Stockholm. Since its listing in September 2001 until mid-June 2011, the total return on the share has averaged 19 percent per year.

## Market performance of the share and turnover

The highest price paid during the year was SEK 200.00 and was noted on 17 January 2011. The lowest was SEK 114.00 on 7 May 2010. The final price paid before the end of the financial year was SEK 189.00 on 31 March 2011. The value of the Addtech share rose 55 percent (63) during the financial year. The OMX Stockholm index on the NASDAQ OMX Stockholm Exchange gained 9 percent (62) during the corresponding period.

During the period 1 April 2010–31 March 2011, 3.8 million (4.6) shares were traded with an aggregate value of approximately SEK 584 million (496). Relative to the average number of Class B shares outstanding, this is equivalent to a turnover rate of 17 percent (21). Broken down by trading day, an average of 15,000 (19,000) Addtech shares were traded at an average value of about SEK 2,300 thousand (1,990).

## Share capital

The share capital in Addtech amounts to SEK 51,148,872 and the number of shares amounts to 22,732,832 divided into 1,092,626 Class A shares and 21,640,206 Class B shares. At 31 March 2011, the number of Class A shares stood at 1,094,406 and the Class B shares at 21,638,426. A total of 1,780 Class A shares have been converted into Class B shares after the end of the reporting period. The quotient value of each share is SEK 2.25. Each Class A share entitles its holder to 10 votes, each Class B share one vote. All shares give the same right to dividends. Only the Class B share is listed on NASDAQ OMX Stockholm.

## Repurchase of treasury shares

The Annual General Meeting (AGM) in August 2010 authorised the Board of Directors to repurchase a maximum of 10 percent of all shares in the Company during the time until the 2011 AGM. A total of 20,000 shares at SEK 145.00 each were repurchased on 2 August. Addtech's number of treasury shares totals 486,800, with an average purchase price of SEK 105. These shares correspond to 2.1 percent of the number of shares issued and 1.5 percent of the votes. Of the shares repurchased, 457,700 secured the Company's undertakings to holders of call options issued by the Company on repurchased Class B shares. The average number of treasury shares held during the year was 479,951 (528,410).

## Incentive programmes

In accordance with a resolution of the August 2010 AGM, 24 members of management were offered the opportunity to acquire 236,000 call options on repurchased Class B shares. Employees have subscribed for 221,700 call options in the programme. If the options are fully exercised, the number of B shares outstanding will increase by 221,700, equivalent to 1.0 percent of the total number of shares outstanding and 0.7 percent of the votes.

In accordance with a resolution of the August 2009 AGM, 22 members of management were offered the opportunity to acquire 236,000 call options on repurchased Class B shares. The programme was fully subscribed, and if all options are exercised the number of Class B shares outstanding will increase by 236,000, equivalent to 1.1 percent of the total number of shares outstanding and 0.7 percent of the votes.

The redemption price of issued call options attributable to the share-based incentive programme for 2009 is SEK 127.70; the redemption period is 3 September 2012 until 14 June 2013 inclusive. The redemption price of issued call options attributable to the share-based incentive programme for 2010 is SEK 164.70; the redemption period is 16 September 2013 until 30 May 2014 inclusive.

The Board has decided to propose that the Annual General Meeting in August 2011 approves an incentive programme according to the same, or an essentially similar, model as decided at the AGMs in 2009 and 2010.

## Dividend policy

The ambition of the Board of Directors is a payout ratio exceeding 50 percent of consolidated average profit after tax over a business cycle. Since the share was listed, the payout ratio, including the dividend proposed for the year, has averaged 60 percent.

## Proposals to the 2011 Annual General Meeting

### 1) Dividend

The Board of Directors proposes a dividend of SEK 7.00 per share (5.00), equivalent to a payout ratio of 59 percent (76). The total dividend amounts to SEK 156 million (111).

### 2) Incentive programme

The Board of Directors has decided to propose that the Annual General Meeting should pass a resolution to adopt a long-term incentive programme. The programme, which it is proposed will include around 24 members of management within the Addtech Group, involves the participants being given the opportunity to acquire, at market price, call options relating to Class B shares in Addtech AB ('the Company') bought back by the Company, with the participants receiving a certain subsidy on premiums paid for the options after two years. The proposal also involves the Annual General Meeting approving that the Company – in deviation from the shareholders' preferential rights – transfers up to 200,000 of the Company's bought-back Class B shares to the option holders at the agreed redemption price in connection with any exercise of the call options. If the options are fully exercised, the number of Class B shares outstanding will thus increase by 200,000, equivalent to 0.9 percent of the number of shares outstanding and 0.6 percent of the votes.

### 3) Extension of repurchase mandate

The Board of Directors has decided to propose to the AGM that the mandate to repurchase treasury shares be renewed. The proposed mandate would entitle the Board of Directors, during the period until the next AGM, to purchase shares such that the Company's holding at no time exceeds 10 percent of the total number of shares in the Company. Repurchases shall be made in the stock market. The mandate also proposes allowing the use of repurchased shares as payment in acquisitions or the disposal of repurchased shares outside the stock market to finance acquisitions.

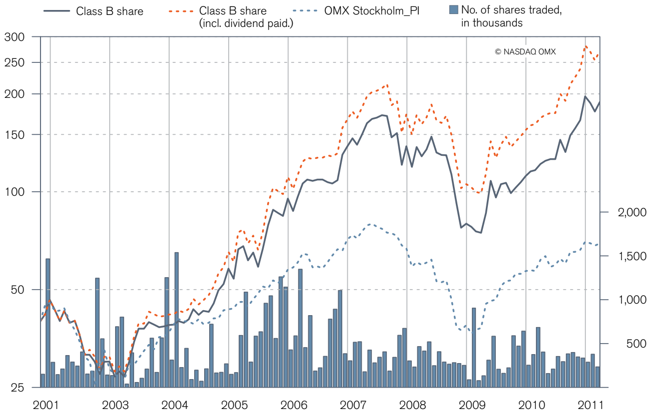
## Additional information

Addtech's website www.addtech.com is updated continuously with information about shareholder changes and the share price trend. The site also has information about which analysts follow Addtech.

## KEY INDICATORS

| | 2010/2011 | 2009/2010 | 2008/2009 |
|---|---|---|---|
| Earnings per share (EPS), SEK | 11.80 | 6.60 | 12.05 |
| Shareholders' equity per share, SEK | 40.80 | 36.10 | 37.20 |
| Price/earnings ratio | 16 | 18 | 6 |
| Dividend per share, SEK | 7.00[1] | 5.00 | 5.00 |
| Payout ratio, % | 59 | 76 | 41 |
| Dividend yield, % | 3.7 | 4.1 | 6.7 |
| Last price paid, SEK | 189.00 | 121.75 | 74.75 |
| Price/equity, multiple | 4.6 | 3.4 | 2.0 |
| Market capitalisation, SEKm | 4,205 | 2,711 | 1,652 |
| Average number of shares outstanding | 22,252,881 | 22,204,422 | 22,111,516 |
| Number of shares outstanding at year-end | 22,246,032[2] | 22,266,032 | 22,095,432 |
| Number of shareholders at year-end | 3,832 | 3,649 | 3,541 |

## ADDTECH B SHARE PRICE




## ADDTECH'S LARGEST SHAREHOLDERS, 31 MARCH 2011

| Shareholders | Class A shares | Class B shares | Proportion of capital, % | Proportion of votes, % |
|---|---|---|---|---|
| Anders Börjesson (family) | 496,920 | 40,000 | 2.4 | 15.4 |
| Tom Hedelius (family) | 481,920 | 5,400 | 2.1 | 14.8 |
| Swedbank Robur Fonder | | 2,560,205 | 11.3 | 7.9 |
| Lannebo Fonder | | 2,433,000 | 10.7 | 7.5 |
| SEB Investment Management | | 1,347,756 | 5.9 | 4.1 |
| Odin Fonder | | 1,164,719 | 5.1 | 3.6 |
| Livförsäkringsbolaget Skandia | | 1,130,684 | 5.0 | 3.5 |
| SEB Asset Management | | 1,125,000 | 4.9 | 3.5 |
| Pär Stenberg, estate of deceased | | 869,122 | 3.8 | 2.7 |
| Sandrew AB | | 600,000 | 2.6 | 1.8 |
| Säve family | 10,000 | 428,431 | 1.9 | 1.6 |
| Nordea Investment Funds - Finland | | 523,045 | 2.3 | 1.6 |
| Handelsbanken fonder | | 483,983 | 2.1 | 1.5 |
| Fidelity Low-Priced Stock FD | | 460,000 | 2.0 | 1.4 |
| Christina Mörner | 10,000 | 346,411 | 1.6 | 1.4 |
| **Total 15 largest owners[3]** | **998,840** | **13,517,756** | **63.7** | **72.3** |

## SIZE CLASSES

| Number of shares | Proportion of share capital, % | Number of shareholders | Proportion of number of shareholders, % |
|---|---|---|---|
| 1 – 500 | 2 | 2,652 | 69 |
| 501 – 1,000 | 2 | 525 | 14 |
| 1,001 – 5,000 | 5 | 472 | 12 |
| 5,001 – 10,000 | 2 | 60 | 2 |
| 10,001 – 20,000 | 2 | 36 | 1 |
| 20,001 – | 87 | 87 | 2 |
| | **100** | **3,832** | **100** |

## HOLDINGS BY CATEGORY

| | Number of shareholders | Proportion of capital, % |
|---|---|---|
| Swedish owners | 3,665 | 85 |
| Foreign owners | 167 | 15 |
| **Total** | **3,832** | **100** |
| Legal entities | 434 | 71 |
| Natural persons | 3,398 | 29 |
| **Total** | **3,832** | **100** |

## SHARE CAPITAL DEVELOPMENT

| | Class A | | | | | Class B | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Event | Change in number | Number of shares | Proportion of capital, % | Number of votes | Proportion of votes, % | Change in number | Number of shares | Proportion of capital, % | Number of votes | Proportion of votes, % |
| At time of listing | | 1,840,286 | 7 | 18,402,860 | 41 | | 26,023,946 | 93 | 26,023,946 | 59 |
| **2001/2002** | | | | | | | | | | |
| Conversion of Class A shares to Class B shares | -726,808 | 1,113,478 | 4 | 11,134,780 | 29 | 726,808 | 26,750,754 | 96 | 26,750,754 | 71 |
| **2002/2003** | | | | | | | | | | |
| Conversion of Class A shares to Class B shares | -6,976 | 1,106,502 | 4 | 11,065,020 | 29 | 6,976 | 26,757,730 | 96 | 26,757,730 | 71 |
| **2003/2004** | | | | | | | | | | |
| Cancellation of Class B shares | | 1,106,502 | 4 | 11,065,020 | 30 | -1,350,000 | 24,407,730 | 96 | 25,407,730 | 70 |
| **2004/2005** | | | | | | | | | | |
| Cancellation of Class B shares | | 1,106,502 | 4 | 11,065,020 | 31 | -1,181,400 | 24,226,330 | 96 | 24,226,330 | 69 |
| Conversion of Class A shares to Class B shares | -2,688 | 1,103,814 | 4 | 11,038,140 | 31 | 2,688 | 24,229,018 | 96 | 24,229,018 | 69 |
| **2006/2007** | | | | | | | | | | |
| Cancellation of Class B shares | | 1,103,814 | 5 | 11,038,140 | 33 | -1,700,000 | 22,529,018 | 95 | 22,529,018 | 67 |
| **2008/2009** | | | | | | | | | | |
| Cancellation of Class B shares | | 1,103,814 | 5 | 11,038,140 | 34 | -900,000 | 21,629,018 | 95 | 21,629,018 | 66 |
| Conversion of Class A shares to Class B shares | -1,344 | 1,102,470 | 5 | 11,024,700 | 34 | 1,344 | 21,630,362 | 95 | 21,630,362 | 66 |
| **2009/2010** | | | | | | | | | | |
| Conversion of Class A shares to Class B shares | -2,688 | 1,099,782 | 5 | 10,997,820 | 34 | 2,688 | 21,633,050 | 95 | 21,633,050 | 66 |
| **2010/2011** | | | | | | | | | | |
| Cancellation of Class B shares | | 1,099,782 | 5 | 10,997,820 | 34 | -20,000 | 21,613,050 | 95 | 21,613,050 | 66 |
| Conversion of Class A shares to Class B shares | -5,376 | 1,094,406 | 5 | 10,944,060 | 34 | 5,376 | 21,638,426 | 95 | 21,638,426 | 66 |
| | | | | | | | | | | |
| Total number of shares | 22,732,832 | | | | | | | | | |
| Total number of votes | 32,582,486 | | | | | | | | | |

[1] Dividend proposed by the Board of Directors.
[2] The difference between the total number of shares and shares outstanding equals the shares repurchased by Addtech: 486,800 Class B shares at 31 March 2011.
[3] The proportion of capital and votes excludes the shares held in treasury by Addtech AB.

# Multi-year Summary

Effective 1 April 2005, Addtech applies International Financial Reporting Standards (IFRS).
Comparative data for the 2004/2005 financial year have been restated to IFRS, but not data for 2003/2004 and earlier.

### Key Indicators

| SEKm, unless stated otherwise | 2010/2011 | 2009/2010 | 2008/2009 | 2007/2008 | 2006/2007 | 2005/2006 | 2004/2005 | 2003/2004 | 2002/2003 | 2001/2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 4,418 | 3,680 | 4,445 | 4,198 | 3,661 | 3,362 | 2,422 | 2,210 | 2,275 | 2,360 |
| Operating profit[1] | 380 | 216 | 376 | 415 | 360 | 271 | 170 | 96 | 98 | 86 |
| Finance income and costs | -16 | -14 | -10 | -17 | -9 | -7 | -5 | -3 | -5 | -5 |
| Profit after financial items | 364 | 202 | 366 | 398 | 351 | 264 | 165 | 93 | 93 | 81 |
| Profit for the year | 265 | 150 | 271 | 287 | 256 | 194 | 119 | 65 | 65 | 55 |
| [1] For the purpose of comparison, data are provided on the following items included in the above operating profit: | | | | | | | | | | |
| Sale of businesses | 10 | 0 | 1 | - | - | - | - | -7 | - | - |
| Sale of property | - | 0 | 24 | 0 | 4 | - | - | - | 13 | 4 |
| Closing of businesses | - | - | - | - | - | - | - | - | -9 | - |
| Listing costs | - | - | - | - | - | - | - | - | - | -3 |
| Redeployment costs | -8 | - | -35 | - | - | - | - | - | - | - |
| **Total** | **2** | **0** | **-10** | **0** | **4** | **-** | **-** | **-7** | **4** | **1** |
| Intangible non-current assets | 793 | 554 | 606 | 521 | 359 | 210 | 174 | 35 | 29 | 13 |
| Property, plant and equipment | 162 | 141 | 170 | 180 | 178 | 180 | 176 | 147 | 159 | 176 |
| Non-current financial assets | 13 | 8 | 8 | 12 | 18 | 15 | 10 | 11 | 7 | 6 |
| Inventories | 556 | 465 | 589 | 527 | 452 | 391 | 356 | 298 | 313 | 347 |
| Current receivables | 735 | 584 | 663 | 691 | 649 | 520 | 455 | 362 | 373 | 407 |
| Cash and cash equivalents | 50 | 50 | 84 | 78 | 73 | 110 | 159 | 121 | 97 | 92 |
| **Total assets** | **2,309** | **1,802** | **2,120** | **2,009** | **1,729** | **1,426** | **1,330** | **974** | **978** | **1,041** |
| Shareholders' equity | 907 | 803 | 822 | 664 | 547 | 459 | 460 | 410 | 432 | 417 |
| Non-controlling interests | 15 | 11 | 11 | 12 | 9 | 6 | 5 | 4 | 3 | 6 |
| Interest-bearing liabilities and provisions | 408 | 218 | 406 | 434 | 332 | 215 | 189 | 99 | 101 | 166 |
| Non-interest-bearing liabilities and provisions | 979 | 770 | 881 | 899 | 841 | 746 | 676 | 461 | 442 | 452 |
| **Total shareholders' equity and liabilities** | **2,309** | **1,802** | **2,120** | **2,009** | **1,729** | **1,426** | **1,330** | **974** | **978** | **1,041** |
| Capital employed | 1,330 | 1,032 | 1,239 | 1,110 | 888 | 680 | 656 | 513 | 536 | 589 |
| Working capital, year average | 753 | 732 | 838 | 729 | 592 | 521 | 447 | 384 | 467 | 478 |
| Financial net liabilities | 358 | 168 | 322 | 356 | 259 | 105 | 32 | -22 | 4 | 74 |
| Operating margin, % | 8.6 | 5.9 | 8.5 | 9.9 | 9.8 | 8.1 | 7.0 | 4.3 | 4.2 | 3.6 |
| Profit margin, % | 8.2 | 5.5 | 8.2 | 9.5 | 9.6 | 7.9 | 6.8 | 4.2 | 4.0 | 3.4 |
| Return on equity, % | 31 | 18 | 36 | 48 | 54 | 41 | 28 | 15 | 15 | 12 |
| Return on working capital (P/WC), % | 50 | 30 | 45 | 57 | 61 | 52 | 38 | 25 | 21 | 18 |
| Return on capital employed, % | 33 | 19 | 33 | 42 | 48 | 41 | 32 | 19 | 18 | 15 |
| Equity ratio, % | 40 | 45 | 39 | 34 | 32 | 33 | 35 | 42 | 44 | 41 |
| Debt/equity ratio, multiple | 0.4 | 0.3 | 0.5 | 0.6 | 0.6 | 0.5 | 0.4 | 0.2 | 0.2 | 0.4 |
| Interest coverage ratio, multiple[3] | 19.5 | 12.4 | 14.7 | 18.9 | 25.5 | 24.2 | 17.7 | 10.5 | 8.6 | 6.9 |
| Net debt/EBITDA, multiple | 0.8 | 0.6 | 0.7 | 0.8 | 0.6 | 0.3 | 0.2 | -0.2 | 0.0 | 0.6 |
| Earnings per share (EPS), SEK | 11.80 | 6.60 | 12.05 | 12.70 | 11.15 | 8.00 | 4.85 | 2.50 | 2.45 | 1.90 |
| EPS, after dilution, SEK | 11.75 | 6.60 | 11.95 | 12.50 | 11.00 | 7.90 | 4.80 | 2.50 | 2.45 | 1.90 |
| Cash flow per share, SEK | 13.50 | 13.20 | 13.90 | 14.45 | 9.25 | 11.00 | 8.10 | 6.20 | 6.40 | 1.50 |
| Shareholders' equity per share, SEK | 40.80 | 36.10 | 37.20 | 29.90 | 24.40 | 19.90 | 18.80 | 16.70 | 16.80 | 15.70 |
| Dividend per share, SEK | 7.00[2] | 5.00 | 5.00 | 7.00 | 6.00 | 4.00 | 2.75 | 2.00 | 1.50 | 1.20 |
| Average number of shares after repurchases, '000s | 22,253 | 22,204 | 22,112 | 22,385 | 22,652 | 24,073 | 24,486 | 25,534 | 26,446 | 27,496 |
| Average number of shares adjusted for dilution, '000s | 22,293 | 22,249 | 22,276 | 22,678 | 22,977 | 24,366 | 24,616 | 25,534 | 26,446 | 27,496 |
| Market price of share at 31 March, SEK | 189.00 | 121.75 | 74.75 | 128.50 | 149.75 | 106.00 | 68.00 | 39.50 | 27.00 | 43.00 |
| Turnover rate of the share, % | 17 | 21 | 18 | 20 | 29 | 41 | 13 | 21 | 20 | 29 |
| Cash flow from operating activities | 300 | 293 | 307 | 324 | 209 | 265 | 197 | 159 | 169 | 41 |
| Cash flow from investing activities | -302 | -43 | -85 | -196 | -183 | -124 | -124 | -32 | -41 | -9 |
| Cash flow from financing activities | 5 | -284 | -217 | -123 | -63 | -192 | -35 | -103 | -123 | -90 |
| Cash flow for the year | 3 | -34 | 5 | 5 | -37 | -51 | 38 | 24 | 5 | -58 |
| Average number of employees | 1,445 | 1,335 | 1,532 | 1,368 | 1,235 | 1,198 | 958 | 996 | 1,072 | 1,155 |
| Number of employees at year-end | 1,512 | 1,323 | 1,426 | 1,537 | 1,306 | 1,211 | 1,198 | 966 | 1,035 | 1,100 |

[2] As proposed by the Board of Directors.
[3] The definition of interest coverage ratio was changed in the 2008/2009 annual accounts (see definitions). Comparative data have been restated as from 2005/2006.

| Quarterly data | 2010/2011 | | | | 2009/2010 | | | |
|---|---|---|---|---|---|---|---|---|
| Revenue by business area | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Components | 303 | 300 | 260 | 265 | 255 | 224 | 204 | 225 |
| Energy & Equipment | 217 | 237 | 200 | 197 | 187 | 190 | 164 | 194 |
| Industrial Solutions | 416 | 430 | 387 | 334 | 312 | 303 | 274 | 302 |
| Life Science | 250 | 237 | 174 | 223 | 219 | 219 | 185 | 232 |
| Parent Company and Group items | -3 | -4 | -2 | -3 | -2 | -3 | -2 | -2 |
| **Addtech Group** | **1,183** | **1,200** | **1,019** | **1,016** | **971** | **933** | **825** | **951** |

| Quarterly data | 2010/2011 | | | | 2009/2010 | | | |
|---|---|---|---|---|---|---|---|---|
| Profit/loss by business area | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Components | 22 | 17 | 17 | 26 | 14 | 9 | 6 | 7 |
| Energy & Equipment | 25 | 28 | 19 | 19 | 16 | 21 | 14 | 19 |
| Industrial Solutions | 35 | 34 | 34 | 25 | 18 | 13 | 10 | 11 |
| Life Science | 26 | 26 | 15 | 23 | 22 | 15 | 12 | 22 |
| Parent Company and Group items | -2 | -3 | -2 | -4 | -4 | -3 | -1 | -5 |
| **Operating profit** | **106** | **102** | **83** | **89** | **66** | **55** | **41** | **54** |

| Revenue by business area | | | |
|---|---|---|---|
| SEKm | 2010/2011 | 2009/2010 | 2008/2009 |
| Components | 1,128 | 908 | 1,106 |
| Energy & Equipment | 851 | 735 | 888 |
| Industrial Solutions | 1,567 | 1,191 | 1,624 |
| Life Science | 884 | 855 | 841 |
| Parent Company and Group items | -12 | -9 | -14 |
| **Addtech Group** | **4,418** | **3,680** | **4,445** |

| Profit/loss by business area | 2010/2011 | | 2009/2010 | | 2008/2009 | |
|---|---|---|---|---|---|---|
| SEKm | SEKm | % | SEKm | % | SEKm | % |
| Components | 82 | *7.3* | 36 | *4.0* | 90 | *8.1* |
| Energy & Equipment | 91 | *10.7* | 70 | *9.5* | 85 | *9.6* |
| Industrial Solutions | 128 | *8.2* | 52 | *4.4* | 129 | *7.9* |
| Life Science | 90 | *10.2* | 71 | *8.3* | 74 | *8.8* |
| Parent Company and Group items | -11 | | -13 | | -2 | |
| **Addtech Group** | **380** | ***8.6*** | **216** | ***5.9*** | **376** | ***8.5*** |

- **Capital employed**
  Total assets, less non-interest-bearing liabilities and provisions.
- **Cash flow per share**
  Cash flow from operating activities, divided by the average number of shares.
- **Debt/equity ratio**
  Interest-bearing liabilities and interest-bearing provisions in relation to equity.
- **Earnings per share (EPS)**
  Shareholders' proportion of profit/loss for the year in relation to the average number of shares outstanding.
- **Earnings per share (EPS), after dilution**
  Shareholders' proportion of profit/loss for the year in relation to the average number of shares outstanding, adjusted for the additional shares resulting from the exercise of outstanding personnel options or similar programmes.
- **EBITDA**
  Operating profit before depreciation and amortisation of intangible assets and property, plant and equipment.
- **Employee turnover**
  Number of employees who left during the year, in relation to the average number of employees.
- **Equity per share**
  Shareholders' proportion of equity divided by the number of shares outstanding at the end of the reporting period.
- **Equity ratio**
  Equity as a percentage of total assets.
- **Financial net liabilities**
  Interest-bearing liabilities and interest-bearing provisions, less cash and cash equivalents.
- **Interest coverage ratio**
  Profit /loss after net financial items, plus interest expense, plus/minus exchange differences in relation to interest expense.
- **Net debt/EBITDA**
  Financial net liabilities divided by EBITDA.
- **Operating margin**
  Operating profit/loss as a percentage of revenue.
- **Outstanding shares**
  Total number of shares less treasury shares repurchased by the Company.
- **Profit margin**
  Profit/loss after net financial items as a percentage of revenue.
- **Return on capital employed**
  Profit/loss after net financial items, plus interest expenses plus/minus exchange differences, as a percentage of average capital employed.
- **Return on equity**
  Profit/loss after tax attributable to shareholders, as a percentage of shareholders' proportion of average equity.
- **Return on working capital (P/WC)**
  Operating profit/loss in relation to average working capital.
- **Share turnover rate**
  Total trading volume divided by the average number of Class B shares outstanding during the financial year.
- **Working capital**
  Sum of inventories and accounts receivable, less accounts payable. Average working capital for the year is used to calculate return on working capital (P/WC).

# Invitation to the Annual General Meeting

## Welcome to the Annual General Meeting

The Annual General Meeting (AGM) of Addtech AB (publ) will be held at 4.00 p.m. on Tuesday, 23 August 2011, at the IVA conference centre, Grev Turegatan 16, Stockholm.

## Notice of participation

Shareholders who wish to participate in the Annual General Meeting must

- be entered in the shareholders' register maintained by Euroclear Sweden AB no later than Tuesday 16 August 2011.
- give notification that they, and at most two advisors, intend to participate, by contacting the Company at this address: Addtech AB (publ), Box 5112, SE-102 43 Stockholm, Sweden, or by telephone +46 8 470 49 00, or by fax +46 8 470 49 01, via the Company's website www.addtech.com or by e-mail to info@addtech.com, no later than 3.00 p.m. on Wednesday 17 August 2011. Such notice must contain the shareholder's name, personal identification number (or corporate ID number), address, telephone number and the number of shares represented as well as advisors/assistance. The data submitted in such notification will be processed and only used for the 2011 AGM.

Shareholders whose shares are registered under a trustee must temporarily register their shares in their own name in order to exercise their voting rights at the AGM. Such changes in registration must be completed no later than Tuesday, 16 August 2011. If a shareholder intends to participate through a proxy, the proxy notice must be sent to the Company well before the AGM. The proxy notice must not have been issued earlier than one year before the AGM date. A representative of the legal entity must also send in a certified copy of the registration certificate or comparable documents for authorisation. The Company provides a proxy form for shareholders which is available from the head office or via the Company's website.

## Payment of dividend

The dividend resolution adopted by the AGM will specify the date on which shareholders must be recorded in the share register maintained by Euroclear Sweden AB to be entitled to receive the dividend. The record date proposed by the Board is Friday, 26 August 2011. Provided the AGM adopts the proposal, the dividend is expected to be paid through Euroclear Sweden AB on Wednesday, 31 August 2011, to shareholders entered in the share register at the record date.

## Change of address or bank account

Shareholders who have changed their name, address or account number should inform their trustee or account operator (bank) of any such change as soon as possible. A special form for this purpose is available from banks.

» Read more about the AGM at www.addtech.com

# Our Companies

## ADDTECH COMPONENTS

- **Allan Rehnström AB** www.rehnstrom.se
- **Aratron AB** www.aratron.se
- **Aratron AS** www.aratron.no
- **Aratron Kurt Wiig AS** www.aratronkurtwiig.no
- **Bondy LMT A/S** www.bondy.dk
- **Chemo Electric A/S** www.chemoelectric.dk
- **Compotech Provider AB** www.compotech.se
- **Cumatix AB** www.cumatix.se
- **Cumatix HK Ltd** www.cumatix.se
- **Egil Eng & Co. AS** www.egileng.no
- **Elgood Oy** www.elgood.fi
- **Eltech Automation A/S** www.eltech.dk
- **Eltech Components A/S** www.eltechcomp.dk
- **Emcomp Scandinavia AB** www.emcomp.se
- **Fox Electronics AS** www.foxelectronics.no
- **Hydro Service A/S** www.hydroservice.dk
- **Movetec Oy** www.movetec.fi
- **R&K Electronics Ltd.** www.rk.se
- **R&K Tech AB** www.rk.se
- **Stig Wahlström Automatik AB** www.wahlstrom.se
- **Stig Wahlström Elektronik AB** www.wahlstrom.se
- **Stig Wahlström Hydraulik AB** www.wahlstrom.se
- **Stig Wahlström Oy** www.swoy.fi
- **Tube Control AB** www.tubecontrol.se
- **Vactek A/S** www.vactek.dk

## ADDTECH ENERGY & EQUIPMENT

- **A.Wendler AB** www.wendler.se
- **Abatel AB** www.abatel.com
- **Akkuvoima Oy** www.akkuvoima.fi
- **Alvetec Kontest AB** www.alveteckontest.se
- **Batteriunion AB** www.batteriunion.se
- **Beving Elektronik AB** www.bevingelektronik.se
- **Blästerprodukter AB** www.blasterprodukter.se
- **Breve-Tufvasson Sp. z o.o.** www.breve.pl
- **BTC Industribatterier AB** www.btc.nu
- **Cellite AB** www.cellite.se
- **C.T CellTech Energy Systems AB** www.celltech.se
- **CellTech-Harring A/S** www.celltech.dk
- **Elteco AS** www.elteco.no
- **Eurolaite Oy** www.eurolaite.fi
- **Gevea AB** www.gevea.se
- **Hansabattery Oy** www.hansbattery.fi
- **KMC Ytbehandling AB** www.kmc.se
- **Nordic Battery AB** www.nordicbattery.se
- **Nordic Battery AS** www.nordicbattery.no
- **SABP Elteknik AB** www.sabp.se
- **Switchgear AB** www.switchgear.se
- **Trinergi AB** www.trinergi.se
- **Tufvassons Transformator AB** www.tufvassons.se

## ADDTECH INDUSTRIAL SOLUTIONS

- **ACC System Oy** www.accsystem.fi
- **Adiator AB** www.adiator.se
- **Adigo Drives AB** www.adigodrives.se
- **Amitronic Oy** www.amitronic.fi
- **Betech Seals A/S** www.betechseals.dk
- **Bevi AB** www.bevi.se
- **Bevi Machinery and Electronic Equipment Trading (Shanghai) Co., Ltd.** www.bevi.cn
- **Bevi Danmark A/S** www.bevi.dk
- **Bevi Est OÛ** www.bevi.ee
- **Bevi Finland Oy** www.bevi.fi
- **Bevi Nord AB** www.bevi.se
- **Bevi Norge AS** www.bevi.no
- **Bevi Teknik & Service AB** www. bevi.se
- **Bevi UAB** www.bevi.it
- **Caldaro AB** www.caldaro.se
- **Carbex AB** www.carbex.se
- **Codan Tech A/S** www.codantech.dk
- **Codan Tech Qingdao Rubber & Plastic Parts Co., Ltd.** www.codantech.com
- **Columbia Elektronik AB** www.columbia.se
- **Emcomp International AB** www.emcomp.se
- **ESD-Center AB** www.esd-center.se
- **FB Chain GB** www.fbchain.com
- **FB Kedjor AB** www.fbkedjor.se
- **FB Kjeder AS** www.fbkjeder.no
- **FB Ketjutekniikka Oy** www.fbketjutekniikka.fi
- **FB Ketten GmbH** www.fb-ketten.de
- **FB Ketten Handels GmbH** www.fb-ketten.at
- **Hjulex AB** www.hjulex.se
- **Kraftmek Oy** www.kraftmek.com
- **Metric Industrial A/S** www.metric.dk
- **Metric Industrial AB** www.metric.se
- **Metric Industrial AS** www.metricindustrial.no
- **Metric Industrial Oy** www.metric.fi
- **Teknikprodukter Nordic AB** www.teknikprodukter.se
- **Tesch System AB** www.tesch.se

## ADDTECH LIFE SCIENCE

- **Bergman AS** www.bergman.no
- **Bergman Diagnostika AS** www.bergmandiag.no
- **BergmanLabora AB** www.bergmanlabora.se
- **Electra-Box Diagnostica AB** www.electrabox.com
- **Electra-Box Diagnostica ApS** www.electrabox.com
- **Electra-Box Diagnostica AS** www.electrabox.com
- **Electra-Box Diagnostica Oy** www.electrabox.com
- **Electra-Box Investment AB** www.electrabox.com
- **Electra-Box Pharma AB** www.electrabox.com
- **Holm & Halby A/S** www.holm-halby.dk
- **Immunkemi F & D AB** www.immunkemi.se
- **Immuno Diagnostic Oy** www.immunodiagnostic.fi
- **Insatech A/S** www.insatech.com
- **Kouvo Automation Oy** www.kouvo.fi
- **LabRobot Products AB** www.labrobot.com
- **Omniprocess AB** www.omniprocess.se
- **PLD Finland Oy** www.pld.fi
- **Triolab A/S** www.triolab.dk
- **Triolab AB** www.triolab.se
- **Triolab Oy** www.triolab.fi

**Addtech AB**
Box 5112
Sturegatan 38
SE–102 43 Stockholm

Phone: +46 8 470 49 00
Fax: +46 8 470 49 01
Company ID no.: 556302-9726

info@addtech.com
www.addtech.com