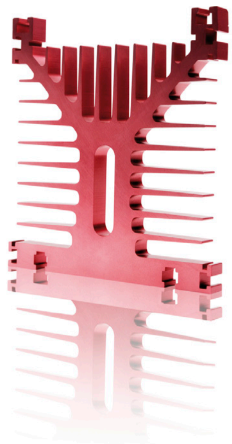
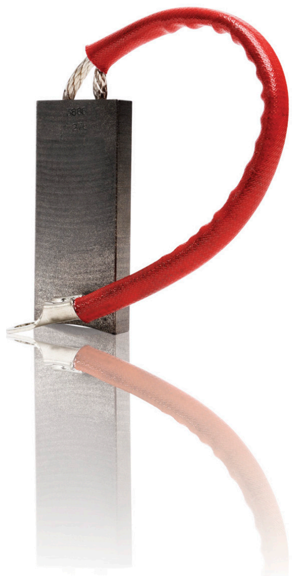
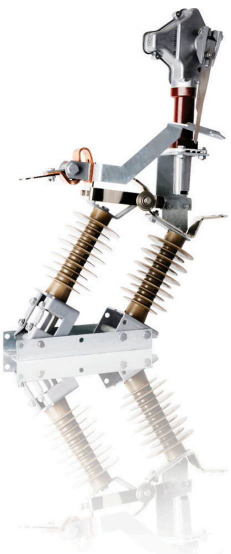
Annual Report 2011/2012







ADDTECH

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The Year in Brief

The 2011/2012 financial year

- **Net sales rose** by 18 percent and reached SEK 5,200 million.
- **Operating profit increased** by 24 percent to SEK 470 million.
- **Profit after tax rose** by 23 percent to SEK 327 million, corresponding to earnings per share of SEK 14.65.
- **Cash flow from the operations** amounted to SEK 415 million corresponding to cash flow per share of SEK 18.90.
- **Return on equity** totalled 34 percent and the equity ratio was 37 percent.
- **Six acquisitions were made**, which added sales of more than SEK 430 million on an annual basis.
- **The Board of Directors proposes a dividend** of SEK 8.00 per share.
- **Demand grew**, but the market was more fragmented than in the past, with variations between different geographic markets, customer segments and product niches.
- **Growth in sales and profit** is based on good organic growth, and on the sound development of the acquired companies.
- **A reorganisation** to provide greater potential for growth and efficiency was implemented at the transition to the new financial year. Two new business units were formed in conjunction with the reorganisation: Industrial Products and Energy Products. The Energy & Equipment business area was at the same time renamed Energy.

	2011/2012	2010/2011	Change, percent
Revenue, SEKm	5,200	4,418	18
Operating profit, SEKm	470	380	24
Return on working capital (P/WC), %	53	50	6
Earnings per share, SEK	14.65	11.80	24
Return on equity, %	34	31	10
Average number of employees	1,612	1,445	12

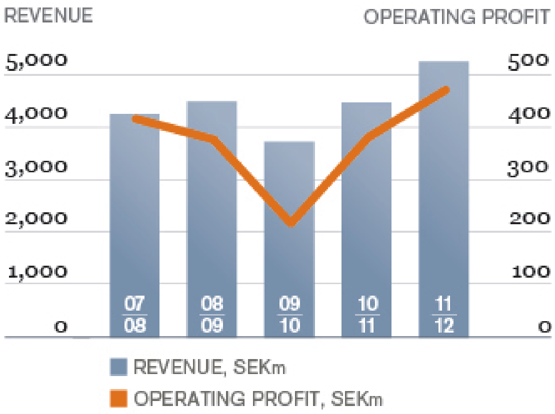
This is Addtech

Technology trading under many brands

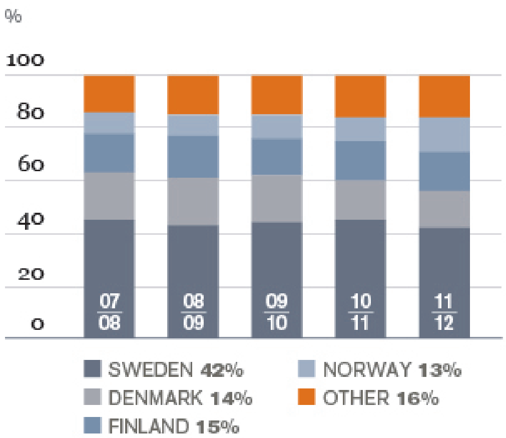
Addtech is a technology trading group that provides technological and economic value added in the link between manufacturers and customers. Addtech operates in selected niches in the market for advanced technology products and solutions. Its customers primarily operate in the manufacturing industry and public sector. The Group has about 1,700 employees and achieves annual sales of about SEK 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 networks, resources and financial strength of the Group.

Revenue and operating profit

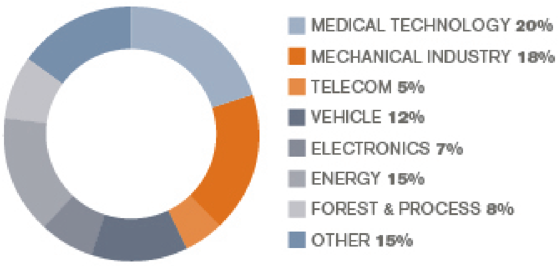


Revenue by geographic market



Sales and trading in standard products form the foundation of the business, 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.

Revenue by customer segment



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.

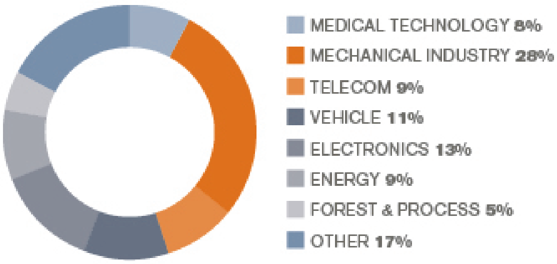
Addtech Components

Addtech Components markets and sells components and sub-systems in mechanics, electromechanics, hydraulics and electronics as well as automation solutions to customers in the manufacturing industry. Examples of products: linear units, ball screws, electric motors, switches, sensors and transducers. The hydraulics section, which also includes pneumatics, vacuums and compressed air products, sells components and solutions such as valves, pumps, installations and filters. The automation section provides industrial communication solutions as well as sensor and vision products.

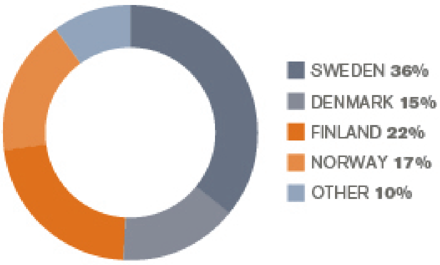
The description of the operation and financial information are pro forma based on the new organisation as at 1 April 2012.

Addtech Components	2011/2012	2010/2011
Revenue	1,568	1,406
Operating profit	125	105
Average number of employees	376	339

Revenue by customer segment



Revenue by geographic market



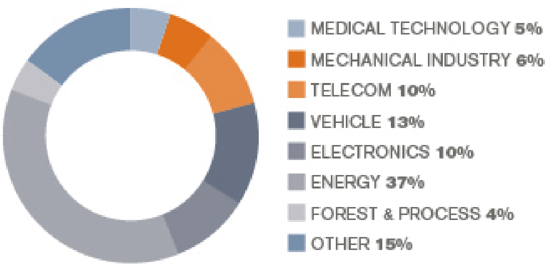
Addtech Energy

Addtech Energy markets and sells battery solutions, power distribution products, and products in electrical safety, electrical installation and connection technology. Its customers mainly operate in the energy and telecom sectors and the commercial vehicle industry. Examples of products: stationary batteries for UPS systems, batteries for electric vehicles and defibrillators, disconnectors for the medium voltage distribution network, transformers, cable cabinets, carbon brushes, fuses and measuring transducers. In addition to trading, this area's companies also manufacture niche products under their own brands.

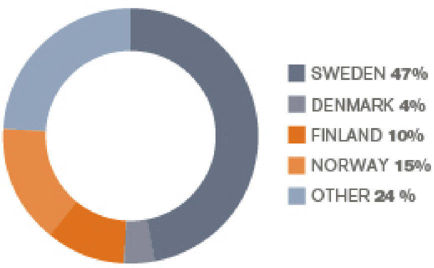
The description of the operation and financial information are pro forma based on the new organisation as at 1 April 2012.

Addtech Energy	2011/2012	2010/2011
Revenue	1,392	1,069
Operating profit	151	118
Average number of employees	379	312

Revenue by customer segment



Revenue by geographic market



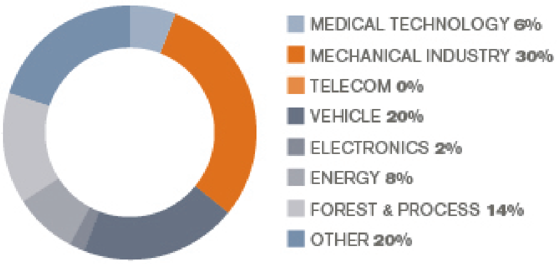
Addtech Industrial Solutions

Addtech Industrial Solutions markets and sells products made of polymeric materials, electric motors and transmissions, customer-specific products in electromechanics as well as machine components, equipment and consumables for the manufacturing industry. Products under own brands are marketed and sold to local and global industrial customers. Examples of products: gaskets, seals, moulded components, vibration dampers, chains, roller bearings and components for electrical motor solutions such as electric motors and electronic speed control as well as equipment and materials in blasting, tumbling and industrial washing. Other products include joysticks and pedals for equipment such as forest machinery and forklift trucks.

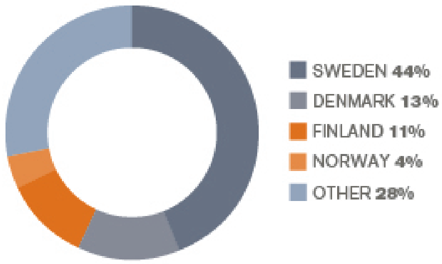
The description of the operation and financial information are pro forma based on the new organisation as at 1 April 2012.

Addtech Industrial Solutions	2011/2012	2010/2011
Revenue	1,245	1,066
Operating profit	112	79
Average number of employees	518	477

Revenue by customer segment



Revenue by geographic market



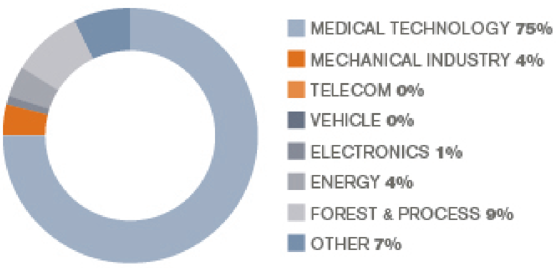
Addtech Life Science

Addtech Life Science markets and sells instruments, consumable supplies and services to laboratories in healthcare and research, diagnostic equipment for the healthcare sector, and process and analysis equipment to industry. Examples of products: blood-gas equipment for the healthcare sector, chromatography instruments for research and chemical analysis equipment for the process industry, consultation, training, support and servicing.

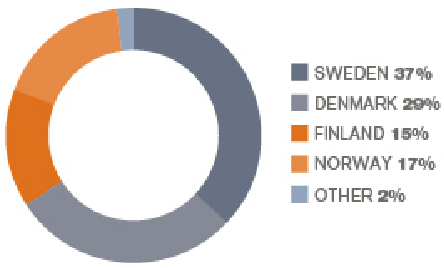
The reorganisation effective as of 1 April 2012 did not affect this business area.

Addtech Life Science	2011/2012	2010/2011
Revenue	1,002	884
Operating profit	98	90
Average number of employees	299	280

Revenue by customer segment



Revenue by geographic market



"We are assuming that the market will not do us any favours during the coming year. It is simply up to us to do a good job in order to grow and keep profitability high."

JOHAN SJÖ, Group President and CEO, **Addtech AB**

Comments by the President and CEO

The Group's profitable growth continued during the financial year of 2011/2012. Sales passed the SEK 5 billion mark for the first time and we achieved our best profit to date. On the whole, growth in the market was good during the year.

In the first six months, the market grew at a sound rate, but weakened during the autumn when the signals of crises from southern Europe became stronger. We noted that although many customers became more cautious in their order forecasts, our growth was good during the third and fourth quarters. The unease primarily affected our operations in Sweden and Denmark, while our operations in Norway and Finland and outside the Nordics continued to develop well. We made six acquisitions with combined sales of SEK 430 million on an annual basis.

Focus gives financial strength

Historically, Addtech has had sound cash flow, and we were pleased to note that this was also the case in the past financial year. The main reason for our success was that we had learnt our lesson from the crisis of 2008-2009; it takes time to improve capital efficiency. When we saw the unease in the Swedish market we did not slam on the brakes. The parts of our operations that displayed profitable growth and needed to recruit employees or make acquisitions were able to do so. We focused on working capital, on keeping our inventories low and not tying up capital unnecessarily. This resulted in cash flow of just over SEK 400 million - the best cash flow for the Group to date. We should be proud of this achievement. Our cash flow gives us a strong balance sheet, which creates stability and opportunities for further expansion.

Continuity and development

We combine continuity and development. Our continuity lies in working methods and corporate culture. We have a long, successful tradition to maintain, but times change and we must develop and evolve over time. Addtech's success builds on our ability to cater for customers' needs and, through this, develop new robust business concepts. It is therefore important for us to work close to our customers so that we can rapidly detect changes and needs.

This is the Group's strength; our subsidiaries are skilled at changing, because they are relatively small, flexible and efficient. Ultimately, our employees team technical expertise with business skills and are the refining link between suppliers and customers. Our joint business model is based on our employees wanting and being able to take responsibility for delivering technological and economic value added to our customers.

I venture to claim that our customers understand and appreciate our business model more and more, and that our continuity and successful development have reinforced the confidence of both customers and the stock market in Addtech.

By always striving to be the leader in selected and clearly defined niches with a high knowledge and technology content our subsidiaries stand out from their competitors, who more often work with a wider range of products and are more like distributors. As proof that we are doing a good job, Addtech fought off tough competition from other medium-sized listed Swedish companies last autumn to be awarded the title of Sweden's best sales organisation. Veckans Affärer, one of the two leading Swedish weekly business magazines, and Prosales, a consultancy, sponsored the award.

Acquisitions and enthusiasm

One of our strategies for long-term, profitable growth consists of expansion through acquisitions. I am often asked about acquisitions and our rate of acquiring companies. We will continue to make acquisitions! The number per year is not important; what matters is that they fit in with our strategy, fundamentally use the same business model as we do and share our culture and approach to entrepreneurship. Acquisitions are a natural part of our business and a complement to the growth that our companies create themselves. In our subsidiaries and business units we have effective strategies for both organic growth and growth through acquisitions. Plenty of companies have expressed interest in us and can complement our operations.

Growth and success are ultimately based on the will, business skills and expertise of our employees. I am proud of the enthusiasm and innovative ability that I regularly see evidence of. This places demands on Addtech. We must become better at setting personal goals and creating opportunities for our employees to enhance their competence. Competition is intensifying, and we must be sure that we have and can retain the best employees in each area as well as being a sufficiently good employer to attract new employees.

Exciting times

Due to the prevailing turbulence in Europe, we are assuming that the market will not do us any favours in the new financial year. It is simply up to us to do a good job in order to grow and keep profitability high. Such a market trend is not detrimental to Addtech; in the present situation we have good opportunities to expand and gain new market share. We are fundamentally a stable company with a good distribution of risks in terms of customers, suppliers and geographic markets.

The Addtech Group combines the flexibility, personal touch and efficiency of a small enterprise with the resources, networks and long-term thinking of a large corporation. We have many tasks to tackle during the year to further improve our small-scale approach on a large scale. One such task is to develop the two new business units that we established on 1 April of this year.

Our subsidiaries operate using a substantial measure of freedom with responsibility, but they know that they must meet Addtech's growth, profitability and development requirements. By combining continuity with development, we will achieve our vision of Addtech being the leading value adding tech provider. We will use all our power and ability to succeed in doing this.

Stockholm, June 2012

Johan Sjö

Group President and CEO

Vision, Business Concept, Goals and Strategies

Vision

Addtech shall be the leading value adding tech provider.

Business concept

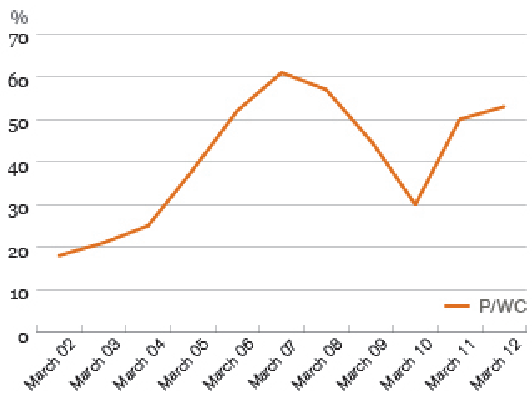
Addtech offers high-tech products and solutions to industrial companies and the public sector. Addtech creates both technological and economic value added by being a skilled and professional partner in its cooperation with customers and manufacturers.

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.

P/WC



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 a 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.

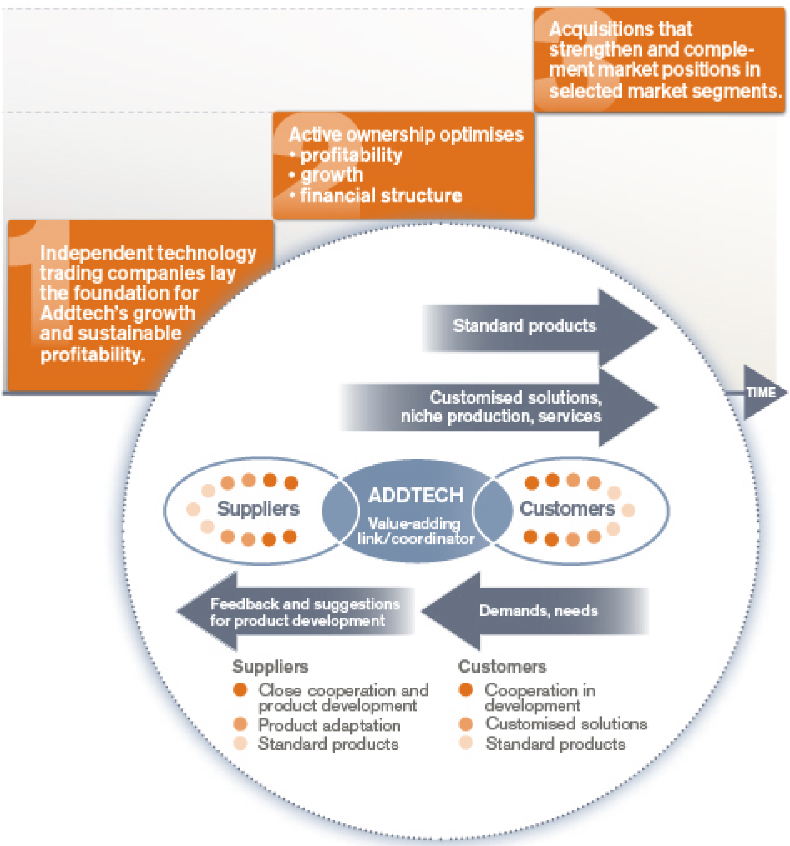
Operating mobility

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 is to work at all times to strengthen its operations through small bolt-on acquisitions as well as build and expand 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 competence 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 as well as for 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, Lithuania, Japan, China and Taiwan. In addition to this, the Group exports to more than 20 other countries.

Driving forces

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 an 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.

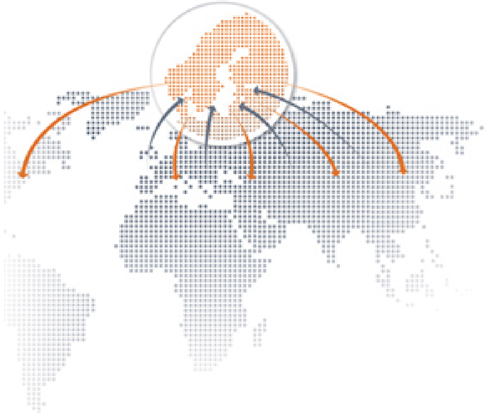
Customers need a partner who helps them select the right supplier and technology from an increasingly complex supplier market. When we can provide a range of market-leading products, combined with our own technological and market knowledge alongside flexible customisation options, we also become an attractive partner for 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

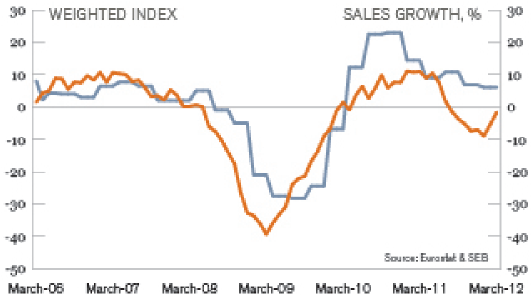
In the short term, growth and profitability are closely tied to the state of the economy in industry and the economic conditions prevailing in the Group's markets.

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



Industrial production determines demand



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 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 subsidiaries 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 entrepreneurs. Freedom with responsibility means that the companies are free to run and develop their operating activities 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 purchase of services and consumables.

Business units create synergies

Addtech has grouped its subsidiaries with similar customers, products and solutions into 16 business units under the 4 business areas to harness the benefits of the Group's networks of suppliers, customers and competence. 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 each business unit is to create exchanges between the subsidiaries to identify and capitalise on business opportunities in their respective market segments. Each unit has formulated its own vision for its market area or area of technology, and cooperation in the business units reinforces 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. The business units help to further strengthen Addtech's positions in its selected market segments.

Reorganisation

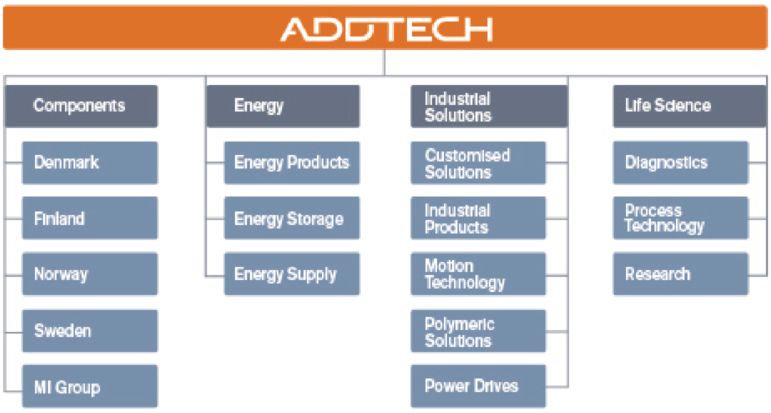
The development in recent years of our operations, new contacts between Group companies and new opportunities created by acquired companies resulted in a small-scale reorganisation in the Group effective as of 1 April 2012. Some companies were moved to different business areas and two new business units were formed. Industrial Products is a new business unit and was created in the Industrial Solutions business area. Industrial Products consists of the companies in the Mechanics business unit and several companies from the Motion Technology business unit. One result of the transfer of the Mechanics companies to Industrial Solutions is that the Energy & Equipment business area changed its name to Addtech Energy. Within Addtech Energy a new business unit was established named Energy Products, containing companies from Energy Supply and Customised Solutions. Furthermore, the MI Group business unit was moved from the Industrial Solutions business area to the Components business area.

The reorganisation aims to create greater potential for growth and efficiency in the companies. This is now possible, because the companies can share their networks, knowledge and experiences more easily and they have similar strategies, challenges, customers, products and solutions.

The reorganisation did not affect the Life Science business area.

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

New organisation



Organisation for individual development

Addtech depends on skilled, highly proactive employees, and its operations are designed to give these people scope to grow. The decentralised organisation safeguards employees' interest in developing their capacity to assume increased responsibility in their own subsidiary or other parts of the Group. Further career opportunities in a listed company may also be important to motivated entrepreneurs who are considering selling their business 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.

The CSR work of the Addtech Group

Addtech runs long-term Corporate Social Responsibility (CSR) work that covers all subsidiaries in the Group. Addtech's overriding goal is to fulfil the requirements and expectations of customers, shareholders and employees regarding sustainable enterprise. CSR therefore means that Addtech takes long-term responsibility for the sustainable development of employees, the environment and profitability. Our CSR works strengthens us in this area, making us a better choice than our competitors.

In recent years, the Addtech Group has increased its ambitions in matters regarding working terms and conditions, the environment and ethics. We have had a Code of Conduct for several years that covers all subsidiaries, and each year a sustainability report is produced to present the results of our CSR work. Our reporting complies with the guidelines for Application Level C of the Global Reporting Initiative (GRI).

Addtech's corporate structure and operations, with more than 100 companies, is a challenge when it comes to achieving rapid results in CSR work, and many units will introduce completely or partly new processes. At the same time, this work paves the way for creating greater value, for example through more attractive customer offerings, larger cost reductions and improved quality and HR work.

Addtech has three overall CSR goals

- **Employees.** Addtech's subsidiaries strive to be attractive employers and to provide their employees with sound opportunities for personal growth. In order to identify areas for improvement, the Group conducts employee surveys that encompass all companies and then form the basis of developing expertise and operations in the Group.
- **Suppliers.** A major share of the sales generated by Addtech companies comes from selling on the products and solutions of global and market-leading suppliers. The Addtech Group continuously works on deepening these relationships and ensuring that suppliers meet a good level of requirements in relation to their employees and the environment.
- **Environment.** More than half of the electricity used in the Group comes from renewable sources. Our goal is to constantly increase this proportion. The Group's companies are primarily involved in technology trading, so our operations have a limited direct environmental impact. The Group continuously works on improvement measures in the areas where we can make a difference.

Code of Conduct

Addtech's CSR strategy is based on the Group's Code of Conduct. The central concepts of CSR are the environment, ethics and morality and they have long been part of the Group's operations. The Code applies not only to all employees in our own operations but also to our relationship with our suppliers of products and services. Our ambition is that our subsidiaries will work with suppliers towards achieving positive change.

The Addtech Group's Code of Conduct is based on the UN's Global Compact, ILO's Core Conventions, and the OECD Guidelines for Multinational Enterprises. Read more at www.addtech.com/csr.

Sustainability report

The Addtech Group publishes a sustainability report that provides customers, employees, owners and other stakeholders with the opportunity to read about the development of our CSR work. The Group published its first sustainability report in 2011. Each year, the reports will form the basis of the Group's further development in CSR. Reported topics include the Group's use of energy, climate impact, employee turnover and occupational health and safety.

Key events in 2011/2012

- Addtech conducted an employee survey covering all employees. The aim of the survey was to identify areas in which the Group and subsidiaries currently perform well as an employer and areas in which we can improve. The results will form the foundation of long-term, strategic staff development work in the Group.
- Addtech conducted its first supplier survey, which covered 18 of the Group's largest suppliers who together account for more than 15% of the Group's purchasing volume. The objective was to ensure that the suppliers are meeting a good level of requirements in relation to their employees and the environment and evaluate the working method and tool that Addtech had produced for the survey. In coming years, the aim is that additional Group companies will conduct regular supplier surveys.
- Veckans Affärer, one of Sweden's leading weekly business magazines, and Prosales, a consultancy, awarded Addtech the title of Sweden's best sales organisation. This award goes to the company with the most successful sales organisation on the Nasdaq OMX Stockholm stock exchange and is awarded in three categories (Large Cap, Mid Cap and Small Cap). Addtech won in the Mid Cap category.

Read more in the sustainability report for 2011/2012.

GRI Index

Each year, the Addtech Group publishes a sustainability report that informs customers, employees, shareholders and other stakeholders about how our CSR work is unfolding. The report complies with the guidelines of the Global Reporting Initiative (GRI), application level C. This index shows which questions that have been answered and where you can find the answers.

	Standard Disclosures	Source	Page
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A R = Annual Report, S R = Sustainability Report

*The outcome of these perfomance indiciators is reported on www.addtech.com/csr.

Administration Report

1 April 2011-31 March 2012

The Board of Directors and the CEO of Addtech AB (publ.), company ID number 556302-9726, hereby submit the annual accounts and consolidated financial statements for the 2011/2012 financial year.

Market trend during the year

The year's good development of both sales and earnings is a combination of sound organic growth and implemented acquisitions, which developed well in the Group.

On the whole, demand was good for our operations during the first half of the year. Organic growth was also healthy during the second half, despite several customers being more cautious in their order forecasts. Demand in our product and market areas continued to develop positively.

The market is more fragmented than in the past and we are seeing substantial variations between different geographic markets, customer segments and product niches. Demand from Nordic healthcare was stable at a high level throughout the financial year. In the market for production components for Nordic manufacturing companies, a certain degree of restraint towards the end of the year mostly affected the Group's operations in Sweden and Denmark. The Group's companies in Norway, Finland and markets outside the Nordics continued to perform well.

Reorganisation

The business has developed extensively in recent years, partly thanks to the increase in contacts and cooperation between the Group's subsidiaries. In parallel, a large number of newly acquired companies have been added, which also contributed to the need for change in our operations and offering. As a result of these developments we implemented a small-scale reorganisation in the Group, effective as of 1 April 2012. The reorganisation comprised moving a number of companies between our four business areas and creating two new business units. The reorganisation did not affect the Life Science business area. See also Note 5 Segment reporting. As of the first quarter of the 2012/2013 financial year, reporting for the Group will be according to this new structure.

Development per quarter

- **First quarter.** The financial year started with ever stronger demand from Nordic manufacturing companies, while the business situation in Nordic healthcare was stable. Sales in the quarter rose by 22 percent. In terms of geographic markets, sales in our Swedish operations levelled off to a good position. Our Finnish and Norwegian operations enjoyed ever greater demand, while our sales in Denmark did not improve at the same rate as in other markets. The Group's companies that operate in markets outside the Nordics continued to perform well. Demand for production components from Nordic manufacturing companies was good, which above all benefited Components and Industrial Solutions, our more industry-oriented business areas. In the energy-related market segment, 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 20 percent increase in sales in this quarter. Half the increase was through acquisition. Demand for power transmission products to the energy sector was high, and the business situation for industrial battery solutions was positive. The Energy & Equipment business area achieved its highest sales and profit ever. The Industrial Solutions business area also enjoyed strong demand for production components and automation solutions. Towards the end of the second quarter, however, heightened unease about the market was noticeable among several customers in Nordic industry. For the Components business area, this resulted in slightly subdued demand and certain customers postponed some delivery plans. For the Life Science business area, demand remained robust for diagnostic equipment, laboratory equipment and measuring and analysis instruments.

- **Third quarter.** During the third quarter the positive growth continued and sales rose by 15 percent. Unease regarding the market in the Nordic manufacturing industry prevailed and demand continued to be somewhat subdued. The weaker market situation above all affected our operations in Components - primarily in Sweden and Denmark - while our operations in Norway and Finland continued to develop well. The business situation in above all the Swedish market was also slightly hesitant for Industrial Solutions. The development in markets outside the Nordic countries, however, remained favourable. Energy & Equipment achieved a strong quarter and a 35 percent rise in sales through both organic and acquired growth. Demand for niche products in electrical power distribution and for electrical safety products and electrical installation materials remained robust. The market for Life Science remained stable for diagnostic and laboratory equipment, while demand for measuring and analysis instruments for the process industry further improved.

- **Fourth quarter.** The year ended with a fourth quarter in which sales rose by 15 percent. For Components, demand was stable on the whole during the fourth quarter, even though the caution from previous quarters persisted - especially in the Swedish and Danish markets. Energy & Equipment reported yet another strong quarter, with sales growth of 32 percent; this was largely driven by acquisitions in the business area. Energy & Equipment also experienced a slightly more cautious market, and growth in demand was more subdued than earlier in the year. Looking at individual segments, niche products in electrical power distribution, electrical safety products and electrical installation materials continued their positive development at a high level. The Industrial Solutions business area retained its stable development during the final quarter of the year in all geographic markets. Good development was noted in above all these customer segments: the vehicle industry, medical technology, automation solutions and machine components. For Life Science the market situation remained as positive as in previous quarters for diagnostic and laboratory equipment. The business situation for measuring and analysis instruments to the Nordic process industry which had grown stronger earlier in the year, now displayed a degree of caution in certain customer segments.

Key events during the year

To sum up, the 2011/2012 financial year was a positive year for growth in both sales and earnings. The year was characterised by good organic growth and several successful acquisitions that have developed well in the Group. All business areas strengthened their positions in various markets and reported a positive earnings trend, but the market is more fragmented than in the past.

Financially speaking, the Group's position was robust during the year, maintaining a high equity ratio and a low net debt/equity ratio. We have surpassed, and have also increased, our profitability goal for P/WC. As a result, the Group generated strong cash flow from operations during the year, which has been used for investments in existing operations and acquisitions of new companies. The Group is thereby very well-equipped for further expansion of its business.

The focus in several areas during the year was to implement acquisitions and invest in existing operations to enhance the Group's market position in selected segments and niches. The Group is very well-equipped for further expansion of its business.

Acquisitions and disposals

Addtech is continually on the lookout for companies to acquire and is engaged in discussions with several possible companies. During this financial year Addtech made six acquisitions that came into effect during the year. A total of 12 acquisitions were made during the preceding year, which was partly due to the fact that only one acquisition was made in the year before that. The past year's acquisitions were implemented in all business areas and are diverse as regards both markets and products.

Our three main reasons for acquisitions are so that our:

- Subsidiaries can make small-scale bolt-on acquisitions in order to reinforce existing operations in their niche.
- Business units can expand and build market and/or product positions in selected market segments.
- Business areas can add new market segments in the areas where we see the right conditions for being able to become market leaders.

Since becoming a listed company in 2001, Addtech has acquired more than 60 companies. The following acquisitions were made during the financial year:

- **Elteco.** 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.

- **Trinergi.** 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 for electrical power measurement and thermography. Trinergi has sales of about SEK 20 million and seven employees.

- **Maxeta.** Addtech acquired Maxeta AS on 1 July to become part of 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.

- **Ramström Transmission.** On 1 October, Addtech acquired Ramström Transmission AB, which became part of the Addtech Industrial Solutions business area. Ramström Transmission is a technology trading company working in the field of transmission components. The company joins the Motion Technology business unit, where its products constitute a good complement to existing sales of mechanical transmission components in the Nordic markets. Ramström Transmission has 19 employees and sales of about SEK 50 million.

- **Rollco Holding.** Rollco Holding AB was acquired on 2 January to become part of the Addtech Components business area. Rollco Holding AB is the parent company of the Rollco group, which operates in the Nordics and Taiwan. Rollco is a leading supplier of components and solutions for linear motion and automation solutions to the manufacturing industry in the Swedish and Danish markets. The Rollco group has 38 employees and sales of roughly SEK 100 million.

- **BioNordika Holding.** On 26 January Addtech acquired BioNordika Holding AB which became part of the Addtech Life Science business area. BioNordika Holding AB is the parent of the BioNordika group, with subsidiaries in the Nordics and Estonia. The group sells reagents and instruments for biomedical research - mainly to the pharmaceuticals industry and public institutes. The BioNordika group has 24 employees and sales of roughly SEK 80 million.

The total purchase consideration for the period's six acquisitions was SEK 301 million. Addtech also acquired the remaining 20 percent of the shares in Egil Eng AS for SEK 2 million.

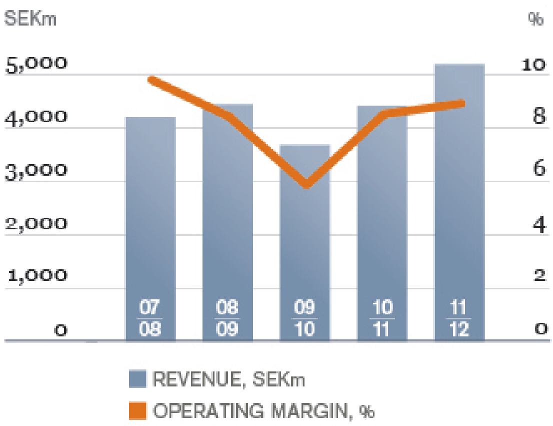
The acquisitions had a combined effect of SEK 264 million on the Addtech Group's net sales, SEK 22 million on operating profit and SEK 15 million on profit after tax for the period. If the acquisitions had been made at 1 April 2011, they would have had an effect of about SEK 453 million on consolidated net sales, about SEK 41 million on operating profit and about SEK 28 million on profit after tax for the period. The acquisitions were made using an average EV/EBIT multiple of about 5. The number of Addtech employees increased by 157 people via the year's acquisitions.

Disposal of Electra-Box Pharma AB took place on 30 January; it was a subsidiary of Electra-Box Diagnostica AB, which is part of the Addtech Life Science business area. The company has annual sales of roughly SEK 4 million and 2 employees.

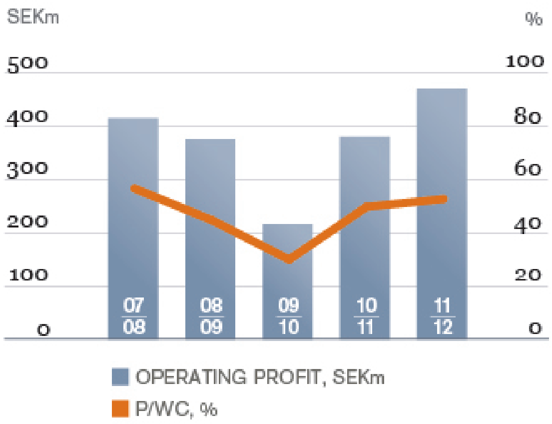
Net sales, profit and financial position

Net sales in the Addtech Group rose by 18 percent during the financial year to SEK 5,200 million (4,418). For comparable units, the growth was 7 percent and acquired growth totalled 12 percent. Exchange rate changes had an adverse effect of 1 percent on net sales, corresponding to SEK 47 million, and an adverse effect of 1 percent on operating profit, corresponding to SEK 4 million during the year.

Revenue and operating margin



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



During the financial year, operating profit climbed by 24 percent to SEK 470 million (380) and the operating margin reached 9.0 percent (8.6).

The operating margin before amortisation of intangible non-current assets equalled 10.1 percent (9.6).

Net financial items were SEK -23 million (-16) and profit after financial items increased by 23 percent to SEK 447 million (364).

Profit after tax for the financial year rose by 23 percent to SEK 327 million (265) and EPS rose to SEK 14.65 (11.80). The effective tax rate was 27 percent (27).

At the end of the financial year, the return on equity was 34 percent (31) and the return on capital employed was 32 percent (33).

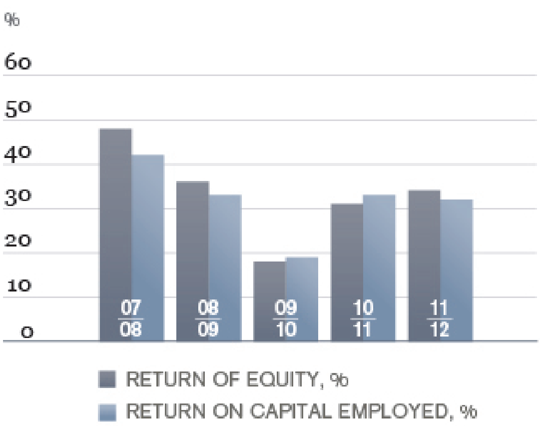
Return on working capital, P/WC (operating profit in relation to working capital), amounted to 53 percent (50). The long-term target in the Group and all units is for P/WC to exceed 45 percent. The P/WC profitability ratio encourages high operating profit and low levels of tied-up capital. When combined with the growth target of 15 percent, this provides conditions for profitable growth in the companies and Group. Average working capital, which for the calculation of P/WC comprises inventories plus net accounts receivable and accounts payable, reached SEK 890 million (753).

At the end of the financial year the equity ratio stood at 37 percent (40). Equity per share, excluding non-controlling interest, totalled SEK 46.20 (40.80). Consolidated financial net debt at the end of the year stood at SEK 534 million (358) and included pension liabilities of SEK 195 million (186). Net debt in relation to operating profit with reversed depreciation/amortisation (EBITDA) amounted to 0.9 (0.8). The net debt/equity ratio was 0.5 (0.4).

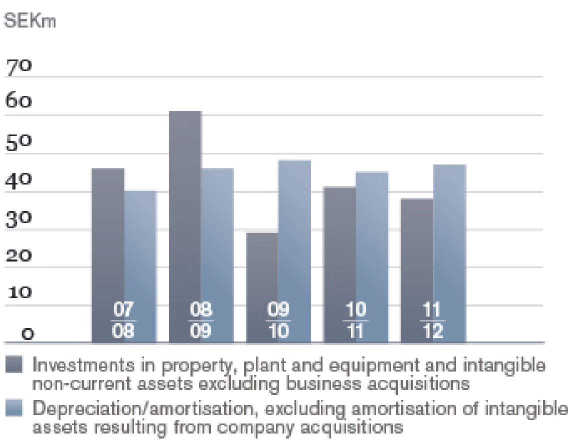
Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, totalled SEK 717 million (655) at 31 March 2012. During the fourth quarter, the Group extended its available credit facilities by SEK 220 million.

Cash flow from operating activities reached SEK 415 million (300) in the financial year. Investments in non-current assets were SEK 38 million (41) and company acquisitions, including settlement of additional purchase consideration for acquisitions implemented in previous years, totalled SEK 260 million (273). Disposal of operations totalled SEK 0 million (11), and disposals of non-current assets totalled SEK 2 million (1). The year's dividend amounted to SEK 156 million (111) and the repurchase of treasury shares totalled SEK 71 million (3).

Return on equity and capital employed



Investments, depreciation and amortisation



Trends and earnings in the business areas

The account below follows the organisational structure that applied during the 2011/2012 financial year.

Addtech Components

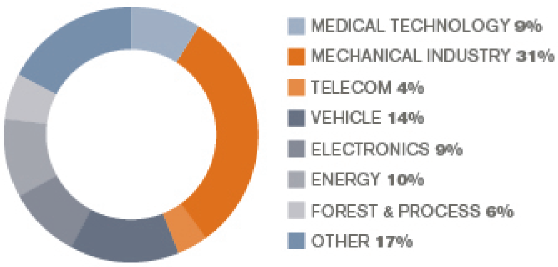
Net sales in Addtech Components increased by 10 percent to SEK 1,243 million (1,128). Operating profit rose to SEK 97 million (82).

On the whole, demand for production components from Nordic manufacturing companies was good during the financial year. During the second half of the year, heightened unease about the market was perceivable among our customers in all Nordic countries. The customer segments that achieved the best development during the year consisted of machinery manufacturers and mobile hydraulics. The business situation was stable in telecom, but weaker demand was noted in the electronics industry and medical technology segments. The Swedish market enjoyed a favourable business climate in the first two quarters, after which it was affected by greater unease and caution. Demand in the Finnish market was on a good level throughout the financial year, while the Danish market was generally weak. The market in Norway continues to be fragmented; the Norwegian engineering industry is performing relatively poorly, while demand from the oil and gas industry is better.

Rollco Holding AB was acquired during the year to become part of the business area.

	Addtech Components	
	2011/2012	2010/2011
Revenue, SEKm	1,243	1,128
Operating profit, SEKm	97	82
Operating margin, %	7.8	7.3
Working capital, SEKm	229	202
Return on working capital (P/WC), %	43	41
Investments in property, plant and equipment, SEKm	4	8
Average number of employees	308	280

Addtech Components sales by customer segment



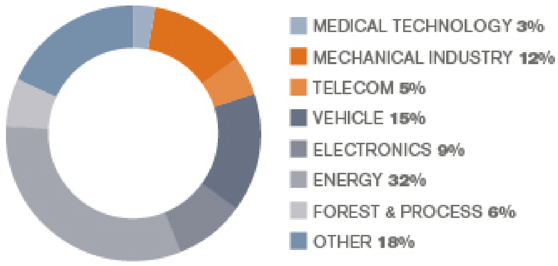
Addtech Energy & Equipment

Net sales in Addtech Energy & Equipment totalled SEK 1,133 million (851), which is an increase of 33 percent. Operating profit amounted to SEK 128 million (91). Demand was good in the business area during the financial year, which, combined with implemented acquisitions, produced a significant increase in both sales and profit. During the fourth quarter, the market was generally somewhat more hesitant, and growth in demand slowed down slightly compared to earlier in the year. The business situation for industrial battery solutions was stable during the year. Demand for niche products in electrical power distribution and for electrical safety products and electrical installation materials remained robust at a high level throughout the year. Demand for equipment and consumables for the manufacturing industry was sound during most of the year, but some stagnation was noted during the final quarter.

The business area acquired three companies during the year: Elteco AS, Trinergi AB and Maxeta AS.

	Addtech Energy & Equipment	
	2011/2012	2010/2011
Revenue, SEKm	1,133	851
Operating profit, SEKm	128	91
Operating margin, %	11.3	10.7
Working capital, SEKm	178	134
Return on working capital (P/WC), %	72	68
Investments in property, plant and equipment, SEKm	5	2
Average number of employees	334	273

Addtech Energy & Equipment sales by customer segment



Addtech Industrial Solutions

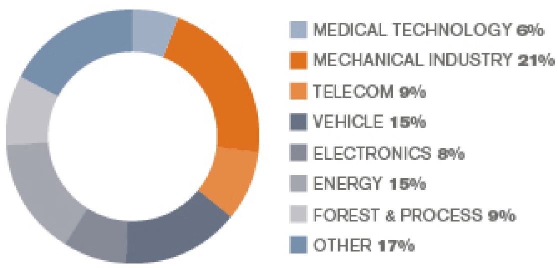
Net sales in Addtech Industrial Solutions increased by 17 percent to SEK 1,830 million (1,567). Operating profit climbed to SEK 163 million (128). For the full financial year, demand from manufacturing companies displayed positive development, particularly during the first six months. During the second half of the year, demand was stable on the whole, despite the greater caution shown by several customers in Sweden. In general, the markets outside the Nordic countries continued to grow. Favourable development was noted in the vehicle industry and medical technology customer segments as well as for automation solutions and machinery components. Demand for electric motor solutions was strong at the start of the year, but stagnated slightly during the final two quarters. The business situation in the telecom segment and the wood products and paper industry was more subdued.

Sales of products made of polymeric materials in the Danish market prevailed at the same level as during the preceding year, while demand for aftermarket products to the energy segment grew well throughout the financial year.

One acquisition was made in the business area during the year: Ramström Transmission AB.

	Addtech Industrial Solutions	
	2011/2012	2010/2011
Revenue, SEKm	1,830	1,567
Operating profit, SEKm	163	128
Operating margin, %	8.9	8.2
Working capital, SEKm	366	305
Return on working capital (P/WC), %	44	42
Investments in property, plant and equipment, SEKm	8	11
Average number of employees	630	575

Addtech Industrial Solutions sales by customer segment



Addtech Life Science

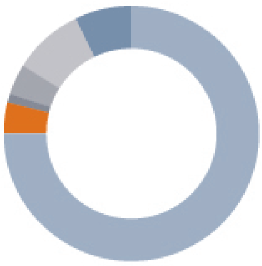
Net sales for Addtech Life Science were SEK 1,002 million (884), which is a 13 percent increase. Operating profit amounted to SEK 98 million (90). The business area displayed stable development during the financial year, which, combined with an implemented acquisition, produced an increase in both sales and profit. Demand from the Nordic healthcare sector for diagnostic equipment and reagents was sound right through the year. The market for equipment to Nordic healthcare laboratories and research laboratories continued to grow throughout the year. With higher systems sales, the business situation for measuring and analysis instruments to Nordic process industries was reinforced during the year.

During the fourth quarter, however, demand was more hesitant in certain customer segments compared to earlier in the financial year.

The business area made one acquisiton during the the year: BioNordika Holdning AB.

	Addtech Life Science	
	2011/2012	2010/2011
Revenue, SEKm	1,002	884
Operating profit, SEKm	98	90
Operating margin, %	9.8	10.2
Working capital, SEKm	121	116
Return on working capital (P/WC), %	81	78
Investments in property, plant and equipment, SEKm	14	14
Average number of employees	299	280

Addtech Life Science sales by customer segment



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 risks, financial risks and other potential significant 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 are 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 more detailed description of how Addtech manages financial risks.

State of the economy

The markets in which Addtech is active largely follow general industry trends. Through the Addtech Life Science business area, trends in the national economy in general are important to the Group, because these trends partly govern the scope for investments and consumption in healthcare and research. In the Energy & Equipment business area, investments in infrastructure - primarily in electricity distribution - have certain significance to the development of the Group. Addtech's sensitivity to the state of the economy is reduced through geographic spread and industry diversity (in that the customers of Addtech's more than 100 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 high-volume production, and Addtech normally focuses on the low-volume and medium-volume segment. The Group's exposure to a large number 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 than 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.

Employee risks

The companies in the Addtech Group strive to be attractive employers and 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. Our skilled employees are business people with high levels of technical expertise. Understanding of customers' businesses is crucial and often leads to more in-depth cooperation and development. It is therefore important for Addtech to constantly attract new employees and be able to retain our skilled employees. 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 a key platform from which to convey corporate culture, enhance business acumen and raise the degree 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 important success factors for us.

The Group conducted its first employee survey during the financial year. It is part of our greater focus on sustainability work and aims to find out how employees view the subsidiaries as employers, and what might potentially require further improvement and development in the individual companies and at Group level.

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 boost 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 shown should be seen as indications of more short-term effects only and do not include any effects of offsetting actions that the Group would take in such eventualities. The calculation below of effects depending on factors such as changed sales volume has therefore only taken into account higher or lower contribution margin, not whether adaptation of overheads needs to be adjusted accordingly.

Sensitivity analysis

Profit/loss items	Change	Effect on operating profit
Sales volume	+/-5%	+/-85 SEKm
Cost of sales	+/-1%	-/+31 SEKm
Payroll expenses	+/-1%	-/+8 SEKm
Overheads, not including payroll expenses	+/-1%	-/+5 SEKm

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 and structure 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. Goodwill testing takes place for each business unit. 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.

Employees, environment and development

Employees

At the end of the period, the number of employees was 1,700, compared to 1,512 at the beginning of the financial year. The year's acquisitions and disposals increased the number of employees by 155 (163). The average number of employees during the latest 12-month period was 1,612 (1,445). The increase in the number of employees during the year is a result of several subsidiaries seeing a need to reinforce their organisations to boost growth in the various niches in which the companies operate.

Read more about our employees on the company´s website at www.addtech.com/medarbetare

	2011/2012	2010/2011	2009/2010
Average number of employees	1,612	1,445	1,335
proportion of men	72 %	72 %	70 %
proportion of women	28 %	28 %	30 %
Age distribution			
-up to 29 years old	7 %	8 %	9 %
30-49 years	60 %	60 %	61 %
50 and older	33 %	32 %	30 %
Average age	45 years	44 years	44 years
Personnel turnover (adjusted as a result of programmes of measures and disposals)	10 %	13 %	12 %
Average length of employment	about 11 years	about 11 years	about 11 years

Environment and sustainable development

Active environmental efforts are made in the Group with the aim of reducing the Group's impact on the environment. The main business of Group companies consists of 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 operations into account in the improvement work performed on a continual basis in the Group. Each company performs this work locally based on its specific circumstances.

In the Group, 41 companies (36) 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 three subsidiaries. Together these businesses account for about nine (9) percent of consolidated net sales.

No Group companies have been fined for environmental offences or are involved in any environment-related disputes.

During the financial year the Group continued to conduct more active sustainability work than in the past. This work started in 2010/2011 and we are now publishing our second sustainability report. This reporting complies with Application Level C of the Global Reporting Initiative (GRI). In the preceding financial 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.

Read more about Addtech's sustainability work in the section 'The Business/Addtech's CSR work.'

Research and development

The Addtech Group conducts limited 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 2012 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 proposals 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 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 (publ.), include Group management, Group reporting and financial management.

Parent Company net sales totalled SEK 35 million (32) and profit after financial items was SEK 233 million (177). Income from interests in Group companies is included and totals SEK 227 million (163). Net investments in non-current assets were SEK 0 million (0). At the end of the year the Parent Company's financial net debt stood at SEK 69 million (30).

Share capital, repurchase of treasury shares, incentive programmes and dividend

At 31 March 2012, 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	1,090,848	10,908,480	4.8	33.5
B 1 vote	21,641,984	21,641,984	95.2	66.5
Total	**22,732,832**	**32,550,464**	**100.0**	**100.0**

If requested by the holders of Class A shares, such Class A shares should be possible to convert into Class B shares.

The total number of shareholders on 31 March 2012 was 3,715 (3,833). 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 (AGM) in August 2011 authorised the Board of Directors to repurchase a maximum of 10 percent of all shares in the Company during the time until the 2012 AGM.

A total of 500,000 shares at SEK 142.50 each were repurchased on 24 August. Addtech's holding of treasury shares totals 986,800, with an average purchase price of SEK 124. These shares correspond to 4.3 percent of the number of shares issued and 3.0 percent of the votes. Of the shares repurchased, 657,700 secure the undertaking towards holders of call options issued by the Company on repurchased Class B shares. The average number of treasury shares held during the year was 788,713 (479,951).

The Board of Directors will recommend that the Annual General Meeting in August 2012 approves renewal of the mandate to repurchase treasury shares. The mandate would empower the Board to acquire Company shares during the period until the next Annual General Meeting, provided that the Company's holding does not exceed 10 percent of all shares in the Company at any time. Repurchases shall be made in the stock market. The proposed mandate also includes the possibility of using repurchased shares as payment in acquisitions or disposing of repurchased shares outside the stock market to finance acquisitions.

In accordance with a resolution of the August 2011 AGM, 25 members of management were offered the opportunity to acquire 200,000 call options on Class B shares repurchased by the Company. The programme was fully subscribed, and if all options are exercised the number of

Class B shares outstanding will increase by 200,000, equivalent to 0.9 percent of the total number of shares outstanding and 0.6 percent of the votes.

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. 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 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 Class B shares repurchased by the Company. 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 redemption price of issued call options attributable to the share-based incentive programme for 2011 is SEK 179.40; the redemption period is 15 September 2014 until 29 May 2015.

The Board has decided to propose that the Annual General Meeting in August 2012 approves an incentive programme according to the same, or an essentially similar, model as decided on at the AGMs in 2009, 2010 and 2011.

Dividend

The Board of Directors proposes a dividend of SEK 8.00 (7.00) per share. The total dividend amounts to SEK 174 million (156). 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 55 percent (59).

Future prospects and events after the reporting period

Future prospects

The financial year was one of good demand in our product and market areas. During the second half of the year, a general increase in unease was noted in the market and several customers were more cautious in their order forecasts. The market is more fragmented than in the past, with variations between different geographic markets, customer segments and product niches. We expect a more modest rate of growth in the Nordic market during the coming year. The situation is partly different in our other markets, where we see several opportunities for good growth ahead.

Addtech's financial position remains strong, which creates favourable opportunities for future growth, both organically and via acquisitions. The Group's goal is earnings growth of at least 15 percent per year over a business cycle, combined with profitability.

Events after the reporting period

Two company acquisitions took place after the reporting period:

An agreement was signed on 23 May 2012 for the acquisition of all shares in Staubo Elektro Maskin AS which will become part of the Energy business area. Staubo Elektro Maskin is a technology trading company that supplies comprehensive solutions in battery and power supply, electric motors and signalling systems. The company will be included in the Energy Storage business unit, which develops and sells battery solutions and power supply products. Staubo Elektro Maskin has 15 employees and sales of about NOK 65 million. Ownership is estimated to commence at the start of July 2012 after the relevant authorities have granted their permission.

On 31 May 2012, an agreement was signed for acquisition of all shares in ASI Automatikk AS, which will become part of the Components business area. ASI Automatikk is a technology trading company that supplies electrical and mechanical components for automation/robotics. It will be included in the Components Norway business unit. ASI Automatikk has seven employees and sales of about NOK 40 million. Ownership is estimated to commence at the start of July 2012 after the relevant authorities have granted their permission.

Proposed Allocation of Earnings

See further under "Financial Statements".

Corporate governance

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 trade and 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.

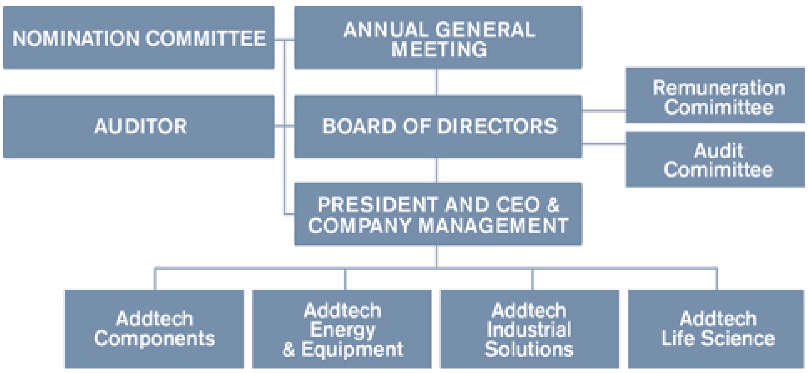
Deviations from aspects of the Code and justification for such deviations are stated where applicable throughout the text. The Company deviates on three points, two of which are included in the section on the Nomination committee and one in the section on Quarterly review by auditors.

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

The Company's website is at: 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. This responsibility includes annually evaluating the financial reports it receives and 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 goals and strategies for each operation. Internal directives and Board-approved policies convey defined 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.

Control activities

Control activities include transaction-related controls such as authorisation and investment rules and clear payment procedures, but also 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 safeguard effective sharing of knowledge and experience within the finance and accounting functions. 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 is 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 is performed in all Group companies 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/closing accounts, 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 about 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 performs 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 their 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 Group companies are informed of the outcome of the internal control in each company and the improvement measures that should be implemented. The business area controllers and company boards subsequently 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 financial managers.

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 managements 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 0.9 million during the 2011/2012 financial year and SEK 1.0 million during the preceding year.

The 2009 Annual General Meeting elected KPMG to serve as the Company's auditor until the close of the 2013 Annual General Meeting. Joakim Thilstedt is the Auditor in charge. 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 2011/2012 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

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 in the section on the Addtech share in the annual report. Anders Börjesson (with family interests) and Tom Hedelius (with family interests) are the only shareholders who have a direct or indirect shareholding in the Company that represents at least a tenth 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. Addtech is a public company. Share capital amounts to SEK 51,148,872 and the number of shares is 22,732,832, of which 1,090,848 are Class A shares, entitling holders to 10 votes per share, and 21,641,984 are Class B shares, with one vote per share.

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 2011 Annual General Meeting

Shareholders representing 52.5 percent of the share capital and 64.2 percent of the votes took part in the AGM on 23 August 2011. Anders Börjesson was elected Chairman of the meeting. The meeting's decisions included approving a dividend of SEK 7.00 per share and a share-based incentive programme. Johan Sjö, the Company's President and CEO, commented on the Group's operations, the 2010/2011 financial year, development 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 objective 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 (treasury) shares. Holdings of treasury shares also enable the Company to fulfil its commitments in the share-related incentive programmes decided on at the AGMs in 2009, 2010 and 2011. 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.

At the first meeting of the new Board following its election, the Board of Directors of Addtech AB decided to utilise the authorisation that the AGM on 23 August 2011 granted to the Board to repurchase shares in the Company.

The 2011 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.

Information about the 2012 AGM is available in the Shareholder information section of the annual report and on the Company's website.

Board of Directors

Board structure

According to the Company's 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 members of the Board of Directors are presented in the Board and management section of the 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. In addition to being independent of the Company, 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 on 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 member 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 establish proposals for 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 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 business. 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 if he has any such assignments.

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 of the new Board per year as well as on other occasions if required. The Board had nine meetings during the financial year, of which four preceded the 2011 AGM and five followed the AGM. The next table shows attendance at Board meetings.

Attendance at Board and committee meetings 1 April 2011 - 31 March 2012

Board member	Elected	Board	Remuneration committee	Audit committee	Independent in relation to the Company	Independent in relation to major shareholders
Number of meetings		9	1	1		
Anders Börjesson (Chairman of the Board)	2001	9	1	1	Yes	No
Eva Elmstedt	2005	9		1	Yes	Yes
Tom Hedelius (Vice Chairman of the Board)	2001	9	1	1	Yes	No
Johan Sjö	2008	9			No	Yes
Lars Spongberg	2001	9		1	Yes	Yes

The Company's CFO 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, the earnings trend, the profitability trend, 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 proposals from the CEO. 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 one meeting 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 into 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; monitor 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 the adoption of the 2010/2011 annual accounts at the May 2011 Board meeting, the Board held discussions with the Company's external auditors and received their reporting. 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 2012 for the 2011/2012 financial year.

CEO

Johan Sjö is the CEO of Addtech. He is presented in the Board and management section 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, gives 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, Artur Aira, Anders Claeson, Åke Darfeldt, Håkan Franzén and Kristina Willgård. Group management regularly reviews operations in meetings chaired by the CEO. The members of Group management are presented in more detail in the Board and management section of the 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, Lithuania, Japan, China and Taiwan. 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 60 companies. From a governance perspective it is important, in certain issues of significance 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 new ownership commences, 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 drawing up administrative routines to comply with the Group's established working methods, integration in the Group's insurance programmes, or training titled Vision and Corporate Philosophy, in which all employees receive the opportunity to learn about the Group's core values.

Nomination committee

The Annual General Meeting in August 2010 authorised the Board Chairman to establish a nomination committee for the 2011 AGM. The members were to be selected from representatives of the five shareholders known to the Company who controlled the largest number of votes at 31 December 2010, 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 2011, the nomination committee presented proposals for AGM Chairman, number of Board members, fees to Board members and auditors, candidates for Board members and the Board Chair, and proposals for how to appoint the nomination committee in preparation for the AGM in 2012 and its tasks.

The committee had three meetings at which minutes were taken prior to the 2011 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 Board is responsible for costs linked to performance of the nomination committee's assignments. The members of the nomination committee receive no remuneration from the Company for their work on the committee. During the year the Company paid no costs linked to the nomination committee's assignments.

In preparation for the Annual General Meeting in August 2012, the selection criteria for and process of appointing the nomination committee were the same as during the preceding year. The nomination committee comprises: Marianne Nilsson (representing Swedbank Robur), Martin Wallin (representing Lannebo Fonder), Johan Strandberg (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 nomination 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. However, 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 conjunction with presentation of the interim report on 9 February 2012.

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 2012 AGM 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	2011/2012	2010/2011
Revenue	4, 5	5,200	4,418
Cost of sales		-3,495	-2,990
Gross profit		**1,705**	**1,428**
Selling expenses		-921	-780
Administrative expenses		-316	-281
Other operating income	9	13	22
Other operating expenses	9	-11	-9
Operating profit	**3-10,16**	**470**	**380**
Finance income	11	7	5
Finance costs	11	-30	-21
Net financial items		**-23**	**-16**
Profit before tax		**447**	**364**
Income tax expense	13	-120	-99
PROFIT FOR THE YEAR		**327**	**265**
Attributable to:			
Equity holders of the Parent Company		322	262
Non-controlling interests		5	3
Earnings per share (EPS), (SEK)	30	14.65	11.80
Diluted EPS (SEK)	30	14.60	11.75
Average number of shares after repurchases ('000s)		21,944	22,253
Number of shares at end of period after repurchases ('000s)		21,746	22,246

Consolidated Statement of Comprehensive Income

SEKm	2011/2012	2010/2011
Profit for the year	327	265
Cash flow hedges	1	0
Foreign currency translation differences for the period	-1	-48
Tax attributable to other comprehensive income	0	0
Other comprehensive income	**0**	**-48**
Comprehensive income for the year	**327**	**217**
Attributable to:		
Equity holders of the Parent Company	322	216
Non-controlling interests	5	1

Consolidated Balance Sheet

SEKm	Notes	31 Mar 12	31 Mar 11
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	1,012	793
Property, plant and equipment	15	156	162
Financial assets	17	11	11
Non-current receivables	17	3	2
Deferred tax assets	13	0	0
Total non-current assets		**1,182**	**968**
CURRENT ASSETS			
Inventories	18	650	556
Tax assets		0	1
Accounts receivable	3	760	657
Prepaid expenses and accrued income	19	49	41
Other receivables		41	36
Cash and cash equivalents		50	50
Total current assets		**1,550**	**1,341**
TOTAL ASSETS		**2,732**	**2,309**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	**20**		
Share capital		51	51
Other contributed capital		344	344
Reserves		-20	-20
Retained earnings, including profit for the year		629	532
Equity attributable to equity holders of the Parent Company		**1,004**	**907**
Non-controlling interests		13	15
Total shareholders' equity		**1,017**	**922**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current interest-bearing liabilities	24	27	49
Provisions for pensions	22	195	186
Deferred tax liabilities	13	193	163
Total non-current liabilities		**415**	**398**
CURRENT LIABILITIES			
Current interest-bearing liabilities	25	362	173
Accounts payable		489	405
Tax liabilities		42	26
Other liabilities		141	148
Accrued expenses and deferred income	26	253	222
Provisions	23	13	15
Total current liabilities		**1,300**	**989**
Total liabilities		**1,715**	**1,387**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,732**	**2,309**

Consolidated Cash Flow Statement

SEKm	Notes	2011/2012	2010/2011
OPERATING ACTIVITIES			
Profit after financial items		447	364
Adjustment for items not included in cash flow	28	102	83
Income tax paid		-112	-113
Cash flow from operating activities before changes in working capital		437	334
Cash flow from changes in working capital			
Changes in inventories		-26	-31
Changes in operating receivables		-51	-88
Changes in operating liabilities		55	85
Cash flow from operating activities		**415**	**300**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-32	-37
Disposal of property, plant and equipment		2	1
Acquisition of intangible non-current assets		-6	-4
Acquisition of operations, net liquidity effect	28	-260	-273
Disposal of operations, net liquidity effect	28	0	11
Cash flow from investing activities		**-296**	**-302**
FINANCING ACTIVITIES			
Repurchase of own shares		-71	-3
Call options issued		1	2
Borrowings		396	145
Repayments on loans		-284	-28
Other financing		-2	2
Dividend paid to equity holders of the Parent Company		-156	-111
Dividend paid to non-controlling interests		-3	-2
Cash flow from financing activities		**-119**	**5**
Cash flow for the year		**0**	**3**
Cash and cash equivalents at beginning of year		50	50
Exchange differences on cash and cash equivalents		0	-3
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 11	**51**	**344**	**-20**	**532**	**907**	**15**	**922**
Comprehensive income for the year	**–**	**–**	**–**	**322**	**322**	**5**	**327**
Cash flow hedges	–	–	1	–	1	–	1
Foreign currency translation differences for the period	–	–	-1	–	-1	0	-1
Tax attributable to other comprehensive income	–	–	0	–	0	–	0
Other comprehensive income	**–**	**–**	**0**	**–**	**0**	**0**	**0**
Total comprehensive income	**–**	**–**	**0**	**322**	**322**	**5**	**327**
Call options issued	–	–	–	1	1	–	1
Repurchase of own shares	–	–	–	-71	-71	–	-71
Dividend	–	–	–	-156	-156	-3	-159
Change in non-controlling interests	–	–	–	1	1	-4	-3
EQUITY, CLOSING BALANCE							
31 Mar 12	**51**	**344**	**-20**	**629**	**1,004**	**13**	**1,017**

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	**–**	**–**	**–**	**264**	**264**	**1**	**265**
Cash flow hedges	–	–	0	–	0	–	0
Foreign currency translation differences for the period	–	–	-48	–	-48	0	-48
Tax attributable to other comprehensive income	–	–	0	–	0	–	0
Other comprehensive income	**–**	**–**	**-48**	**–**	**-48**	**–**	**-48**
Total comprehensive income	**–**	**–**	**-48**	**264**	**216**	**1**	**217**
Call options issued	–	–	–	2	2	–	2
Repurchase of own shares	–	–	–	-3	-3	–	-3
Dividend	–	–	–	-111	-111	-2	-113
Change in non-controlling interests	–	–	–	–	–	5	5
EQUITY, CLOSING BALANCE							
31 Mar 11	**51**	**344**	**-20**	**532**	**907**	**15**	**922**

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

SEK	2011/2012	2010/2011
Dividend per share	8.00 [1)]	7.00

[1)] As proposed by the Board of Directors.

Parent Company Income Statement

SEKm	Notes	2011/2012	2010/2011
Revenue		35	32
Administrative expenses		-41	-39
Operating profit/loss	**6–9, 16**	**-6**	**-7**
Profit from interests in Group companies	11	227	163
Profit from non-current financial assets	11	34	27
Interest income and similar items	11	3	8
Interest expense and similar items	11	-25	-14
Profit after financial items		**233**	**177**
Year-end appropriations	12	-37	-30
Profit before tax		**196**	**147**
Income tax expense	13	-48	-39
Profit for the year		**148**	**108**
Other comprehensive income		–	–
Total comprehensive income for the year		**148**	**108**

Parent Company Balance Sheet

SEKm	Notes	31 Mar 12	31 Mar 11
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	1	1
Property, plant and equipment	15	0	1
Non-current financial assets			
Interests in Group companies	17	1,151	1,181
Receivables from Group companies	17	1,000	674
Other non-current receivables		–	–
Total non-current financial assets		**2,151**	**1,855**
Total non-current assets		**2,152**	**1,857**
CURRENT ASSETS			
Tax asset		–	1
Receivables from Group companies		279	256
Other receivables		1	1
Prepaid expenses and accrued income	19	4	3
Total current receivables		**284**	**261**
Cash and bank balances		0	1
Total current assets		**284**	**262**
TOTAL ASSETS		**2,436**	**2,119**
EQUITY AND LIABILITIES			
SHAREHOLDERS’ EQUITY	**20**		
Restricted equity			
Share capital		51	51
Legal reserve		18	18
Unrestricted equity			
Retained earnings		743	861
Profit for the year		148	108
TOTAL SHAREHOLDERS’ EQUITY		**960**	**1,038**
UNTAXED RESERVES	**21**	**302**	**265**
PROVISIONS			
Provisions for pensions and similar obligations	22	18	17
LIABILITIES			
Liabilities to Group companies	24	428	310
Total non-current liabilities		**428**	**310**
Liabilities to credit institutions	25	284	135
Accounts payable		2	2
Liabilities to Group companies		409	340
Tax liabilities		20	–
Other liabilities		2	2
Accrued expenses and deferred income	26	11	10
Total current liabilities		**728**	**489**
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		**2,436**	**2,119**
Pledged assets	27	–	–
Contingent liabilities	27	147	139

Parent Company Cash Flow Statement

SEKm	Notes	2011/2012	2010/2011
OPERATING ACTIVITIES			
Profit after financial items		233	177
Adjustment for items not included in cash flow	28	-208	-160
Income tax paid		-27	-54
Cash flow from operating activities before changes in working capital		-2	-37
Cash flow from changes in working capital			
Changes in operating receivables		-1	0
Changes in operating liabilities		1	1
Cash flow from operating activities		**-2**	**-36**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible non-current assets		0	0
Cash flow from investing activities		**0**	**0**
FINANCING ACTIVITIES			
Repurchase of own shares		-71	-3
Call options issued		1	3
Change in loans		149	114
Change in receivables from and liabilities to Group companies		-82	-113
Dividend paid		-156	-111
Group contributions received		160	114
Cash flow from financing activities		**1**	**4**
Cash flow for the year		**-1**	**-32**
Cash and cash equivalents at beginning of year		1	33
Cash and cash equivalents at year-end		**0**	**1**

Parent Company Statement of Changes in Equity

SEKm	Restricted equity		Unrestricted equity	
	Share capital	Legal reserve	Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE 1 APR 11	**51**	**18**	**969**	**1,038**
Profit for the year	–	–	148	148
Other comprehensive income	–	–	–	–
Comprehensive income for the year	**–**	**–**	**148**	**148**
Dividend	–	–	-156	-156
Call options issued	–	–	1	1
Repurchase of own shares	–	–	-71	-71
EQUITY, CLOSING BALANCE 31 MAR 12	**51**	**18**	**891**	**960**

SEKm	Restricted equity		Unrestricted equity	
	Share capital	Legal reserve	Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE 1 APR 10	**51**	**18**	**972**	**1,041**
Profit for the year	–	–	108	108
Other comprehensive income	–	–	–	–
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**

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

Note 1 Accounting and valuation policies

General accounting policies

The consolidated annual accounts were 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 annual accounts of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board.

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 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 20 June 2012. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 29 August 2012.

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, 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 makes judgements and estimates as well as 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 accounts were 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, financial position, changes in shareholders' equity and cash flow, are prepared and notes are provided that detail the accounting policies and disclosures 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 2011/2012 financial year

No newly issued IFRSs or interpretations were applied early.

New or revised IFRSs applied during the 2011/2012 financial year

IAS 1 Presentation of Financial Statements has been amended with regard to the presentation of the statement of changes in equity. The statement of changes in equity shall contain a reconciliation of the change of each component in equity with a specification for each item in other comprehensive income. The previous line for total comprehensive income has been divided up with separate specifications of total comprehensive income and other comprehensive income.

Other revised IFRSs and interpretations issued by the IFRS Interpretations Committee have not had any effect on the financial statements of the Group or Parent Company.

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, 2012/2013, are judged to have any material effect on Addtech's financial statements.

The EU is expected to approve the amended IAS 19 in 2012, applicable to financial years commencing on 1 January 2013 or later, which means financial year 2013/2014 for Addtech.

The changed reporting mainly affects defined benefit pensions. The amendment includes the disappearance of the corridor method, which enables deferring reporting actuarial gains and losses. Instead, all changes in obligations and plan assets shall be reported immediately.

Actuarial items and the difference between actual return and return according to the discount rate on plan assets shall be recognised in other comprehensive income. Pension entitlements and interest earned in the year shall be recognised in profit for the year.

For Addtech, which currently uses the corridor method, the change would have increased the pension liability by around SEK 40 million, reduced the deferred tax liability by around SEK 10 million, and reduced equity by around SEK 30 million if the new rules had been applied in 2011/2012. The change is not deemed to have any material effect on the Group's financial position or key indicators. Besides these changes in connection with the new version of IAS 19, the liability can also be affected by the fact that actuarial assumptions shall take into account taxes associated with pension benefits. How this will occur is still under investigation.

Other published standards applicable as of 2013/2014 or later are not deemed to have any material effect on Addtech apart from the increased disclosure requirements regarding, for instance, financial instruments and interests in other companies.

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 interest. Such controlling interest 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 considerations are measured at fair value at the time of the transaction and are subsequently revalued on each reporting occasion. Effects of the revaluation are recognised as income or expense in consolidated profit or loss. In the Parent Company, a change in liability for an additional consideration affects the value of interests in subsidiaries. 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 on 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 includes 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 consists of two subgroups: 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 considerations in conjunction with acquisitions 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, for example a currency clause, 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 the initial recognition, the derivative instrument is measured at fair value according to the following: changes in value of derivative instruments are recognised in profit or loss based on purpose of the holding. 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 a negligible 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 such 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 qualifying assets. 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
Leasehold improvements	3–5 years
Equipment	3–5 years
Land improvements	20 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.

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
Supplier relationships	5–33 years
Software for IT operations	3–5 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, hence 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.

Capital

Addtech's overriding goal is to achieve growth combined with profitability. Addtech's objective is earnings growth of at least 15 percent annually over the course of a business cycle. The profitability of each individual unit, the relationship between operating profit and working capital (P/WC), shall amount to at least 45 percent. P/WC 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. Working capital is defined as the average of inventories and accounts receivable, less accounts payable.

Shareholders' equity

No expressed measure related to shareholders' equity is used internally. Externally, Addtech's objective is to have a robust equity ratio.

Addtech's dividend policy involves a payout ratio exceeding 50 percent of consolidated average profit after tax over a business cycle.

Repurchasing treasury shares occurs, and the Board normally proposes obtaining a mandate to repurchase treasury shares, which involves acquiring an amount of shares such that Addtech's own holding at no time exceeds 10 percent of all shares in the Company. The purpose of the repurchase is to provide the Board with increased scope for action in its work with the Company's capital structure, to enable the use of repurchased shares as payment in acquisitions, and to secure the Company's commitments in existing incentive programmes.

When treasury shares are repurchased, the entire consideration reduces retained earnings. Proceeds from the disposal of equity instruments are recognised as an increase in retained earnings, as are any transaction costs.

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

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 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 the 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 currency. For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis and for Norwegian pension liabilities, the interest rate for Norwegian government bonds is used.

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 the 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 there is 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 paid in the form of cash payment, i.e. salary. 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. Addtech has no obligation to repurchase the options when an employee terminates employment. The holder can redeem the options irrespective of future employment at the Group. See also Note 6.

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. 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.

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 operating segment's earnings are monitored by the highest executive decision-maker, i.e. the CEO of Addtech.

The division into operating segments is based on the business area organisation, by which the Group's operations are managed and monitored. 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.

As of 1 April 2012, a minor reorganisation has been implemented in the Group. A number of subsidiaries have been moved between the business areas Addtech Components, Addtech Energy & Equipment and Addtech Industrial Solutions. The Addtech Life Science business area has not been affected by the reorganisation. The Addtech Energy & Equipment business area is changing names to Addtech Energy. As of the first quarter of 2012/2013, the Group will be reported according to the new structure. Pro forma financial information is provided for relevant parts.

Earnings per share

Addtech discloses earnings per share (EPS) in direct connection with the income statement.

Calculation of EPS is based on consolidated profit or loss for the year attributable to Parent Company shareholders 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, the current period, previous period and accumulated amount per the opening of the comparative period 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 the Board of 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 MDs at Group companies.

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 specifies 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 considerations 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.

PRI Pensionsgaranti has decided to update its life expectancy assumptions. Swedish companies with pension liabilities according to ITP 2 (supplementary pension scheme for salaried employees) under their own management therefore have an increase in their pension liability of around 7 percent in a legal entity. Consequently, the Parent Company's pension liability increased by around SEK 1 million. The change was charged to profit for the year. The Addtech Group's assumptions are based on the Swedish Financial Supervisory Authority's regulations regarding life expectancy in calculating pension liabilities according to IAS 19. This means that the pension liability at Group level does not change due to PRI's altered assumptions.

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.

The Swedish Financial Reporting Board has withdrawn UFR 2, Group contributions and shareholder contributions. A Group contribution received from a subsidiary shall be recognised in the Parent Company according to the same principles as a received dividend, i.e. as financial income. A Group contribution paid from a Parent Company to a subsidiary is recognised as an increase in interests in subsidiaries, or the Group contribution paid can be recognised in the Parent Company income statement. 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. Because the Parent Company Addtech AB already recognised received Group contributions in the same way as dividends, this does not involve any change from the existing application. For the financial years 2011/2012 and 2010/2011, the Parent Company did not pay any Group contributions to subsidiaries.

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. In establishing these assumptions, Addtech consults with actuaries, and for the Norwegian pension liabilities Addtech complies with the guidelines issued by The Norwegian Accounting Standards Board. The assumptions used to determine the present value of the obligation include the discount rate and salary increases. 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. The financial operations are not conducted as a separate line of the business; they are merely intended to constitute support for the business and reduce risks in the financial operations. The policy stipulates goals and risks in the financial operations, and how they are to be managed. The financial policy expresses the goal of minimising and controlling 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, refinancing risk, interest rate risk, margin risk, liquidity risk and issuer/borrower risk. Operational risks, that is, financial risks related to operating activities, are managed by each subsidiary's management according to principles in the financial policy and subordinate process descriptions approved by the Group's Board of Directors and management. Risks such as translation exposure, refinancing risk and interest rate risk are managed by the Parent Company, Addtech AB. Financial derivatives with external counterparties may only be entered by Addtech AB. The subsidiaries hedge their risk with Addtech AB which, in turn, hedges the net risk on the external market.

Currency risks

The Addtech Group conducts extensive trade abroad and a material currency exposure therefore arises in the Group, which must be managed in such a way as to minimise the impact on earnings ensuing from exchange rate fluctuations.

The Group applies decentralised responsibility for currency risk management. This involves risk identification and risk hedging occurring at subsidiary level. It is important to capitalise on the size of the Group and natural circumstances to match flows, and the subsidiaries shall therefore hedge their risk with the Parent Company which, in turn, hedges the net risk of the Group on the external market. 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

Transaction exposure comprises all future contracted and forecast ingoing and outgoing payments in foreign currency. The Group's currency flows usually pertain to flows in foreign currency from purchases, sales and dividends. Transaction exposure also comprises financial transactions and balances. During the year, the Group's payment flows in foreign currencies were distributed as follows:

	Currency flows, gross 2011/2012		Currency flows, net	
	Inflows	Outflows	2011/2012	2010/2011
EUR	1,045	1,560	-515	-390
USD	210	360	-150	-130
JPY	80	130	-50	-40
GBP	25	65	-40	-50
CHF	10	85	-75	-70

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 certain 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 net sales, currency clauses cover about 16 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. The subsidiaries have reduced their currency exposure by using forward foreign exchange contracts. At the end of the financial year, there were outstanding forward foreign exchange contracts in a net amount of SEK 82 million, of which EUR equalled SEK 67 million, JPY SEK 9 million and USD SEK 4 million. Out of the total contracts, SEK 75 million matures within six months and SEK 7 million within 12 months. 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 consisting of currency clauses, and they are classified as derivatives used in hedge accounting. The cash flow effect from embedded derivatives normally occurs within six months.

The Group has a net exposure in several currencies. If each separate currency pair changes by 5 percent, the aggregate effect on profit would total about SEK 18 million (16), all else 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). To the extent that internal and external loans and investments in the Parent Company are in foreign currency, 100 percent of the capital amount is hedged.

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 12		31 Mar 11
Net investments	SEKm	Sensitivity analysis, impact of +/−5% in exchange rate on Group equity	SEKm
EUR	340.4	17.0	347.5
NOK	284.1	14.2	110.6
DKK	200.8	10.0	198.7
PLZ	24.1	1.2	21.6
HKD	8.7	0.4	5.8
GBP	6.8	0.3	4.8
CNY	1.8	0.1	6.7
JPY	1.1	0.1	1.9

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 +/- 25 million (20) on net sales and SEK +/-2 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	2011/2012	2010/2011	31 Mar 12	31 Mar 11
CHF 1	7.45	6.93	7.35	6.88
CNY 100	102.68	104.76	105.19	96.00
DKK 100	121.23	124.54	118.89	119.85
EUR 1	9.03	9.28	8.85	8.94
GBP 1	10.46	10.92	10.61	10.18
HKD 1	0.84	0.90	0.85	0.81
JPY 1000	83.20	82.03	80.70	76.20
LTL 1	2.61	2.69	2.56	2.59
NOK 100	116.72	116.86	116.33	113.40
PLZ 1	2.16	2.33	2.13	2.23
TWD 1	0.23	–	0.23	–
USD 1	6.56	7.03	6.62	6.30

Financing and liquidity

The overall objective of Addtech's financing and debt management is to secure financing for the operations in both the long and short term, and to minimise borrowing costs. The capital requirement shall be secured through an active and professional borrowing procedure comprising overdraft and credit facilities. Raising external financing is centralised at Addtech AB. Satisfactory payment capacity shall be achieved through contractual credit facilities. Surplus liquidity is primarily used to pay down outstanding loans. Temporary surpluses in liquid funds are invested at optimum return. Credit, interest rate and liquidity risks shall be minimised when investing liquid funds. The fixed interest term and the period during which capital is tied up may not exceed six months. Only counterparties with high credit ratings are permitted. At 31 March 2012 there were no current investments. The Parent Company is responsible for the Group's long-term financing as well as its supply of liquidity. The Parent Company provides an internal bank which lends to and borrows from the subsidiaries. The Group's and Parent Company'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.

With the current net financial debt, the impact on the Group's net financial items is SEK +/-5 million if interest rates change by one percentage point.

Refinancing risk

The refinancing risk is the risk of Addtech not having access to sufficient financing on each occasion. The refinancing risk increases if Addtech's credit rating deteriorates or if Addtech becomes too dependent on one source of financing. If all or a large part of the debt portfolio matures on a single or a few occasions, this could involve the turnover or refinancing of a large proportion of the loan volume having to occur on disadvantageous interest and borrowing terms.

In order to limit the refinancing risk, the procurement of long-term credit facilities commences nine months at the latest before the credit facility matures. At 31 March 2012, the Group's bank overdraft facilities amounted to SEK 655 million (435) and contractual credit facilities to SEK 300 million (300). Bank overdraft facilities increased by SEK 220 million in the financial year. At 31 March 2012, the Group had utilised SEK 287 million of the bank overdraft facilities. Unutilised bank overdraft facilities and credit facilities amounted to SEK 668 million. Contractually binding credit facilities are contingent upon loan covenants. For covenants, Addtech uses two ratios: net debt/EBITDA and equity/assets. Addtech meets its present covenants by a margin.

Interest rate risk

The interest rate risk is defined as the risk of changes in interest rates having a negative effect on net financial items due to increased borrowing costs. The interest rate risk is regulated by ensuring that the average fixed interest term of the debt portfolio varies between zero and three years. The debt portfolio consists of bank overdraft facilities, outstanding external loans and interest rate derivatives. At 31 March 2012, the fixed interest term was variable, i.e. 0-3 months. Addtech's main exposure to interest rate risk is in its debt portfolio. Aside from the pension liability, interest-bearing external debt totals SEK 389 million (222).

Issuer/borrower risk and credit risk

Issuer/borrower risk and credit risk are defined as the risk of Addtech's counterparties failing 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 financial function at the Parent Company is responsible for assessing and managing issuer/borrower 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 2011/2012 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 its 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 (3) of total credit exposure during a one-year period. The equivalent figure for the ten largest customers is about 12 percent (12). Exposure per customer segment and geographic market is presented in Note 5. Bad debt losses totalled SEK 1.9 million (2.9) during the year, equal to 0.0 percent (0.1) of net sales.

Accounts receivable	31 Mar 12	31 Mar 11
Carrying amount	759.5	657.3
Impairment losses	4.4	4.5
Cost	**763.9**	**661.8**

Change in impaired accounts receivable	2011/2012	2010/2011
Amount at start of year	-4.5	-4.1
Corporate acquisitions	-0.3	-0.6
Year’s impairment losses/reversals	0.1	-0.9
Settled impairment losses	0.3	0.8
Translation effects	0.0	0.3
Total	**-4.4**	**-4.5**

Time analysis of accounts receivable that are overdue but not impaired	31 Mar 12	31 Mar 11
< = 30 days	67.0	62.9
31–60 days	8.3	4.6
> 60 days	3.8	4.9
Total	**79.1**	**72.4**

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 performed that is not based on observable market data (level 3). Fair value and carrying amount are recognised in the balance sheet according to the following tables.

SEKm	31 Mar 12 Financial assets and liabilities measured at fair value through profit or loss	Derivatives used in hedge accounting	Accounts receivable and loan receivables	Available-forsale financial assets	Other liabilities	Total carrying amount	Fair value
Financial assets	–	–	–	11 [3]	–	11	11
Non-current receivables	–	–	3	–	–	3	3
Accounts receivable	–	–	760	–	–	760	760
Other receivables [1]	1 [4]	0	–	–	–	1	1
Cash and cash equivalents	–	–	50	–	–	50	50
Total	**1**	**0**	**813**	**11**	**–**	**825**	**825**
Non-current interest-bearing liabilities	26 [5]	–	–	–	1	27	27
Current interest-bearing liabilities	60 [5]	–	–	–	302	362	362
Accounts payable	–	–	–	–	489	489	489
Other liabilities [2]	1 [4]	1	–	–	–	2	2
Total	**87**	**1**	**–**	**–**	**792**	**880**	**880**

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-forsale 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**

[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	2011/2012	2010/2011
Assets and liabilities measured at fair value through profit or loss	-3	-1
Derivatives used in hedge accounting	1	0
Accounts receivable and loan receivables	-2	-3
Available-for-sale financial assets	0	0
Other liabilities	-13	-5
Total	**-17**	**-9**

Note 4 Revenue by revenue type

Group	2011/2012	2010/2011
OEM		
Components	2,808	2,423
Products for end users		
Components	1,302	1,056
Machinery/Instruments	314	277
Materials	649	553
Services	127	109
Total	**5,200**	**4,418**

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.

Pro forma according to new organisation per 1 April 2012

Addtech Components	2011/2012	2010/2011
OEM		
Components	1,201	1,066
Products for end users		
Components	244	231
Machinery/Instruments	65	57
Materials	53	45
Services	5	7
Total	**1,568**	**1,406**

Addtech Energy	2011/2012	2010/2011
OEM		
Components	767	625
Products for end users		
Components	547	398
Machinery/Instruments	38	19
Materials	24	21
Services	16	6
Total	**1,392**	**1,069**

Addtech Industrial Solutions	2011/2012	2010/2011
OEM		
Components	803	686
Products for end users		
Components	344	304
Machinery/Instruments	36	18
Materials	51	50
Services	11	8
Total	**1,245**	**1,066**

Addtech Life Science	2011/2012	2010/2011
OEM		
Components	42	56
Products for end users		
Components	167	125
Machinery/Instruments	175	181
Materials	523	434
Services	95	88
Total	**1,002**	**884**

Organisation until 31 March 2012

Addtech Components	2011/2012	2010/2011
OEM		
Components	1,093	973
Products for end users		
Components	123	128
Machinery/Instruments	9	14
Materials	14	7
Services	4	6
Total	**1,243**	**1,128**

Addtech Energy & Equipment	2011/2012	2010/2011
OEM		
Components	433	364
Products for end users		
Components	569	405
Machinery/Instruments	64	34
Materials	49	40
Services	18	8
Total	**1,133**	**851**

Addtech Industrial Solutions	2011/2012	2010/2011
OEM		
Components	1,247	1,047
Products for end users		
Components	443	399
Machinery/Instruments	66	47
Materials	64	68
Services	10	6
Total	**1,830**	**1,567**

Addtech Life Science	2011/2012	2010/2011
OEM		
Components	42	56
Products for end users		
Components	167	125
Machinery/Instruments	175	181
Materials	523	434
Services	95	88
Total	**1,002**	**884**

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 were Addtech Components, Addtech Energy & Equipment, Addtech Industrial Solutions and Addtech Life Science until 31 March 2012. A minor reorganisation took place per 1 April 2012. Pro forma reporting for the new organisation is shown below in addition to the organisation until 31 March 2012 inclusive. This market grouping reflects a natural division of markets in the Group. Addtech uses operating profit as a measurement of earnings for monitoring the business areas. Intra-Group sales are based on the same prices that an independent party would pay for the product.

The Group's reorganisation as of 1 April 2012 involved moving a number of companies between our business areas and forming two new business units. We created a new business unit called Industrial Products in the Industrial Solutions business area. Industrial Products was formed from the companies in the Mechanics business unit and from several companies from the Motion Technology business unit. As a result of the Mechanics companies moving to Industrial Solutions, the Energy & Equipment business area is changing names to just Addtech Energy. In Addtech Energy, a new business unit by the name of Energy Products has been formed from companies from Energy Supply and Customised Solutions. Additionally, the business unit MI Group was moved from the Industrial Solutions business area to the Components business area. The purpose of the organisational change is for the companies to achieve greater potential for growth and efficiency. This can occur now that the companies can capitalise more easily on each other's networks, expertise and experiences, and by them having similar strategies, challenges, customers, products and solutions. Addtech's business areas according to the new organisation are described below.

Addtech Components

Addtech Components markets and sells components and subsystems in mechanics, electromechanics, hydraulics and electronics as well as automation solutions to customers in manufacturing.

Addtech Energy

Addtech Energy markets and sells battery solutions, electric power distribution products and products for electrical safety, electrical installations and connection technology. Its customers are in the energy and telecom sectors and the commercial vehicle industry.

Addtech Industrial Solutions

Addtech Industrial Solutions markets and sells machinery components, polymer products, electric motors and transmissions, customised products in electromechanics and equipment and consumables for customers in manufacturing. Products under own brands are marketed and sold to industrial customers locally and globally.

Addtech Life Science

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

Pro forma according to new organisation per 1 April 2012

Data by operating segment	2011/2012			2010/2011		
Revenue	External	Internal	Total	External	Internal	Total
Components	1,567	1	1,568	1,405	1	1,406
Energy	1,392	0	1,392	1,069	0	1,069
Industrial Solutions	1,239	6	1,245	1,060	6	1,066
Life Science	1,002	0	1,002	884	0	884
Parent Company and Group items	0	-7	-7	0	-7	-7
Total	**5,200**	**0**	**5,200**	**4,418**	**0**	**4,418**

	2011/2012			2010/2011		
Operating profit/loss, assets and liabilities	Operating profit /loss	Assets [1]	Liabilities [1]	Operating profit /loss	Assets [1]	Liabilities [1]
Components	125	815	266	105	659	210
Energy	151	720	247	118	569	185
Industrial Solutions	112	534	193	79	519	195
Life Science	98	589	168	90	489	151
Parent Company and Group items	-16	74	841	-12	73	646
Operating profit/loss, assets and liabilities	**470**	**2,732**	**1,715**	**380**	**2,309**	**1,387**
Finance income and expenses	-23			-16		
Profit after financial items	**447**			**364**		

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

Organisation until 31 March 2012

Data by operating segment	2011/2012			2010/2011		
Revenue	External	Internal	Total	External	Internal	Total
Components	1,243	0	1,243	1,128	0	1,128
Energy & Equipment	1,133	0	1,133	850	1	851
Industrial Solutions	1,822	8	1,830	1,556	11	1,567
Life Science	1,002	0	1,002	884	0	884
Parent Company and Group items	–	-8	-8	–	-12	-12
Total	**5,200**	**0**	**5,200**	**4,418**	**0**	**4,418**

	2011/2012			2010/2011		
Operating profit/loss, assets and liabilities	Operating profit /loss	Assets [1]	Liabilities [1]	Operating profit /loss	Assets [1]	Liabilities [1]
Components	97	644	227	82	491	172
Energy & Equipment	128	589	209	91	423	165
Industrial Solutions	163	837	270	128	833	253
Life Science	98	588	168	90	489	151
Parent Company and Group items	-16	74	841	-11	73	646
Operating profit/loss, assets and liabilities	**470**	**2,732**	**1,715**	**380**	**2,309**	**1,387**
Finance income and expenses	-23			-16		
Profit after financial items	**447**			**364**		

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

Investments in non-current assets	2011/2012 Intangible	Property, plant and equipment	Total	2010/2011 Intangible	Property, plant and equipment	Total
Components	–	4	4	–	8	8
Energy & Equipment	0	5	5	0	2	2
Industrial Solutions	1	8	9	1	11	12
Life Science	1	14	15	–	14	14
Parent Company and Group Items	4	1	5	3	2	5
Total	**6**	**32**	**38**	**4**	**37**	**41**

Depreciation/amortisation of non-current assets	2011/2012 Intangible	Property, plant and equipment	Total	2010/2011 Intangible	Property, plant and equipment	Total
Components	12	4	16	10	4	14
Energy & Equipment	13	4	17	8	3	11
Industrial Solutions	13	15	28	12	15	27
Life Science	10	16	26	7	14	21
Parent Company and Group Items	5	1	6	5	1	6
Total	**53**	**40**	**93**	**42**	**37**	**79**

Significant profit or loss items, other than depreciation or amortisation, not matched by payments in 2011/2012	Capital gains	Change in pension liability	Other items	Total
Components	0	0	-1	-1
Energy & Equipment	1	0	-4	-3
Industrial Solutions	0	-1	-3	-4
Life Science	0	-1	-1	-2
Parent Company and Group Items	0	0	1	1
Total	**1**	**-2**	**-8**	**-9**

Data by country	2011/2012 Revenue, external	Assets 1)	Of which non-current assets	2010/2011 Revenue, external	Assets 1)	Of which non-current assets
Sweden	2,148	1,508	705	1,993	1,311	569
Denmark	742	350	115	647	338	123
Finland	779	369	163	652	365	177
Norway	681	338	156	403	145	54
Other countries	850	122	18	723	78	20
Parent Company, Group items and unallocated assets	–	45	11	–	72	12
Total	**5,200**	**2,732**	**1,168**	**4,418**	**2,309**	**955**

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

Investments in non-current assets	2011/2012 Intangible	Property, plant and equipent	Total	2010/2011 Intangible	Property, plant and equipent	Total
Sweden	5	20	25	3	23	26
Denmark	1	4	5	1	10	11
Finland	0	3	3	0	1	1
Norway	–	3	3	0	1	1
Other countries	0	2	2	0	2	2
Total	**6**	**32**	**38**	**4**	**37**	**41**

Note 6 Employees and employee benefits expense

Average number of employees	2011/2012 Men	Women	Total	2010/2011 Men	Women	Total
Sweden						
Parent Company	3	5	8	4	5	9
Other companies	547	177	724	495	162	657
Denmark	194	103	297	199	102	301
Finland	164	77	241	157	75	232
Norway	127	39	166	59	25	84
Other countries	129	47	176	124	38	162
Total	**1,164**	**448**	**1,612**	**1,038**	**407**	**1,445**

Salaries and remuneration	2011/2012 Senior management	of which profit-related remuneration	Other employees	2010/2011 Senior management	of which profit-related remuneration	Other employees
Sweden						
Parent Company	13.0	2.5	2.9	10.0	1.8	4.2
Other companies	46.2	6.7	292.7	39.2	5.9	259.7
Denmark	18.9	1.7	155.3	15.9	0.9	149.0
Finland	18.7	2.0	91.7	16.4	1.4	84.3
Norway	13.2	1.5	89.2	7.5	0.2	48.9
Other countries	8.8	1.5	26.3	7.0	1.0	22.6
Total	**118.8**	**15.9**	**658.1**	**96.0**	**11.2**	**568.7**

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

Salaries, remuneration and social security costs	Group 2011/2012	Group 2010/2011	Parent Company 2011/2012	Parent Company 2010/2011
Salaries and other remuneration	776.9	664.7	15.9	14.2
Contractually agreed pensions for senior management	19.1	15.7	2.5	2.2
Contractual pensions to others	58.4	57.4	1.7	0.6
Other social security costs	153.6	134.3	6.3	5.4
Total	**1,008.0**	**872.1**	**26.4**	**22.4**

At year-end, outstanding pension commitments to senior management totalled SEK 9.5 million (8.2) for the Group and SEK 2.3 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).

Proportion of women	Group 31 Mar 2012	Group 31 Mar 2011	Parent Company 31 Mar 2012	Parent Company 31 Mar 2011
Board of Directors (not including alternates)	3%	2%	20%	20%
Other members of senior management	17%	16%	17%	17%

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

The guidelines applied in the 2011/2012 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 for members of senior management

The Group's share-based incentive programmes enable senior management to purchase shares in the Company. The employees have paid a market premium for call options on Class B shares. The option premium in the different programmes was calculated by Nordea Bank using the Black & Scholes valuation method. The calculations presupposed that the redemption price was set at 120 percent of the volume-weighted average of the price paid during the measurement period, volatility was based on statistical source material based on historical data, the risk-free rate was based on the government bond rate, maturity and redemption period according to the terms of the programmes, and dividend according to the estimates available based on the Group's dividend policy.

The programmes include a subsidy so that the employee receives the same sum as the option premium paid in the form of cash payment, i.e. salary. This subsidy shall be paid two years after the acquisition of the call options, provided that the option holder is still employed in the Group and still owns call options at that time. The subsidy, and related social security costs, is distributed as employee benefits expense over the vesting period. Addtech has no obligation to repurchase the options when an employee terminates employment. The holder can redeem the options irrespective of future employment at the Group. The calculation of the dilution effect below is based on the number of outstanding shares on subscription to the programmes.

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 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 repurchased Class B shares. 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 independent 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.

In accordance with a resolution of the August 2011 AGM, 25 members of management were offered the opportunity to acquire 200,000 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 200,000, equivalent to 0.9 percent of the total number of shares outstanding and 0.6 percent of the votes. The redemption period is from 15 September 2014 to 29 May 2015 inclusive.

The call options were transferred at a price of SEK 8.00 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 179.40, corresponding to 120 percent of the average share price during the measurement period 26 August-8 September 2011.

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 3,866 thousand (3,228) and SEK 972 thousand (756) in variable pay. SEK 600 thousand (600) of the fixed salary refers to the long-term incentive programme detailed below. Taxable benefits totalling SEK 186 thousand (177) 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 2011/2012, a total of SEK 847 thousand (759) 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 in 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 8,221 thousand (6,355) in fixed salaries and SEK 2,411 thousand (1,809) in variable remuneration. This variable remuneration was expensed during the 2011/2012 financial year and was paid during 2012/2013. Taxable benefits totalling SEK 476 thousand (372) 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 (supplementary pension scheme for salaried employees). During 2011/2012, a total of SEK 2,597 thousand (2,480) in pension premiums was 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	Total
Chairman of the Board	0.5	–	–	–	–	0.5
Other members of the Board	0.8	–	–	–	–	0.8
Chief Executive Officer	3.3	1.0	0.6	0.2	0.8	5.9
Other members of Group management (5 persons)	8.2	2.4	–	0.5	2.6	13.7
Total	**12.8**	**3.4**	**0.6**	**0.7**	**3.4**	**20.9**

There has been no remuneration for financial instruments or personnel options.

Board fees for 2011/2012, 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	
	2011/2012	2010/2011	2011/2012	2010/2011
KPMG				
Audit assignment	5.8	5.4	0.7	0.6
Auditing besides audit assignment	–	–	–	–
Tax consultation	0.3	0.3	0.1	0.2
Other assignments	0.6	0.7	0.1	0.1
Total remuneration to KPMG	**6.7**	**6.4**	**0.9**	**0.9**
Other auditors				
Audit assignment	1.0	1.1	–	–
Auditing besides audit assignment	–	–	–	–
Tax consultation	0.1	0.1	–	–
Other assignments	0.1	0.1	–	–
Total remuneration to other auditors	**1.2**	**1.3**	**–**	**–**
Total remuneration to auditors	**7.9**	**7.7**	**0.9**	**0.9**

Note 8 Depreciation and amortisation

	Group		Parent Company	
Depreciation and amortisation, by function	2011/2012	2010/2011	2011/2012	2010/2011
Cost of sales	-25.2	-23.6	–	–
Selling expenses	-56.8	-44.0	–	–
Administrative expenses	-10.8	-10.5	-0.8	-0.8
Total	**-92.8**	**-78.1**	**-0.8**	**-0.8**

	Group		Parent Company	
Depreciation and amortisation, by type of asset	2011/2012	2010/2011	2011/2012	2010/2011
Intangible assets	-52.6	-41.6	-0.5	-0.5
Buildings and land	-2.9	-2.3	–	–
Leasehold improvements	-1.0	-1.0	–	–
Machinery	-9.9	-10.4	–	–
Equipment	-26.4	-22.8	-0.3	-0.3
Total	**-92.8**	**-78.1**	**-0.8**	**-0.8**

Note 9 Other operating income and expenses

Koncernen	2011/2012	2010/2011
Other operating income		
Rental revenue	2.5	1.9
Gain on sale of operations and non-current assets	1.1	10.6
Change in value of share option	0.4	0.3
Exchange gains, net	0.7	–
Other	8.1	9.2
Total	**12.8**	**22.0**
Other operating expenses		
Property costs	-3.2	-0.6
Loss on sale of operations and non-current assets	-0.1	-5.6
Exchange losses, net	–	-1.8
Change in loans for contingent considerations	-2.4	–
Other	-5.5	-1.2
Total	**-11.2**	**-9.2**

In the Parent Company, there is no other operating income or operating expences.

Note 10 Operating expenses

Group	2011/2012	2010/2011
Inventories, raw materials and consumables	3,135.8	2,660.9
Employee benefits expense	1,044.5	911.9
Depreciation and amortisation	92.8	78.1
Impairment of inventories	16.5	18.6
Impairment of doubtful accounts receivable	1.9	2.9
Other operating expenses	450.8	387.5
Total	**4,742.3**	**4,059.9**

Note 11 Finance income and costs

Group	2011/2012	2010/2011
Interest income on bank balances	3.0	2.0
Dividends	0.1	0.1
Exchange rate changes, net	0.0	–
Changes in value from revaluation of financial assets/liabilities, net	0.3	0.5
Other finance income	3.3	2.0
Finance income	**6.7**	**4.6**
Interest expense on financial liabilities measured at amortised cost	-13.2	-5.0
Interest expense on financial liabilities measured at fair value	-3.3	-1.4
Interest expense on pension liability	-9.7	-9.5
Exchange rate changes, net	–	-1.2
Other finance costs	-4.0	-3.7
Finance costs	**-30.2**	**-20.8**
Net financial items	**-23.5**	**-16.2**

Parent Company	2011/2012	2010/2011
Dividend income	16.5	3.5
Group contributions	210.0	160.0
Profit from interests in Group companies	**226.5**	**163.5**
Interest income, etc:		
Group companies	34.4	27.5
Profit from non–current financial assets	**34.4**	**27.5**
Interest income, etc:		
Group companies	2.1	2.2
Other interest income, change in value of derivatives and exchange rate differences	1.4	5.5
Interest income and similar items	**3.5**	**7.7**
Interest expense, etc:		
Group companies	-10.8	-3.1
Other interest expense, change in value of derivatives and banking fees	-14.6	-11.3
Interest expense and similar items	**-25.4**	**-14.4**
Finance income and costs	**239.0**	**184.3**

Note 12 Year-end appropriations - parent company

	2011/2012	2010/2011
Reversal of tax allocation reserve	23.8	18.5
Provision made to tax allocation reserve	-60.7	-48.7
Excess amortisation/depreciation	0.0	–
Total	**-36.9**	**-30.2**

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 9.7 million (7.9).

Note 13 Taxes

	Group		Parent Company	
	2011/2012	2010/2011	2011/2012	2010/2011
Current tax for the period	-124.7	-100.8	-48.1	-38.9
Adjustment from previous years	-0.9	-0.2	-0.3	-0.2
Total current tax expense	**-125.6**	**-101.0**	**-48.4**	**-39.1**
Deferred tax	5.6	2.3	-0.1	-0.2
Total recognised tax expense	**-120.0**	**-98.7**	**-48.5**	**-39.3**

Group	2011/2012	%	2010/2011	%
Profit before tax	446.9		363.8	
Weighted average tax based on national tax rates	-115.7	25.9	-94.4	25.9
Tax effects of				
Non-deductible costs/non-taxable income	-3.2	0.7	0.4	-0.1
Transaction costs, revaluation contingent considerations acquisitions	-1.8	0.4	-1.7	0.5
Standard interest on tax allocation reserves	-0.9	0.2	-1.5	0.4
Changed tax rate	1.2	-0.3	-	-
Adjustments from previous years	0.2	0.0	-1.5	0.4
Other	0.2	0.0	0.0	0.0
Recognised tax expense	**-120.0**	**26.9**	**-98.7**	**27.1**

Parent Company	2011/2012	%	2010/2011	%
Profit before tax	196.2		147.4	
Weighted average tax based on national tax rates	-51.6	26.3	-38.8	26.3
Tax effects of				
Standard interest on tax allocation reserves	-0.8	0.4	-1.3	0.9
Non-deductible costs				
Other	-0.2	0.1	-0.2	0.1
Non-taxable income				
Dividends from subsidiaries	4.3	-2.2	0.9	-0.6
Other	0.1	-0.1	0.3	-0.2
Adjustments from previous years	-0.3	0.2	-0.2	0.1
Recognised tax expense	**-48.5**	**24.7**	**-39.3**	**26.7**

Deferred tax assets/liabilities, net, at year-end	31 Mar 12			31 Mar 11		
Group	Assets	Liabilities	Net	Assets	Liabilities	Net
Non-current assets	1.0	-116.4	-115.4	2.5	-97.8	-95.3
Untaxed reserves	–	-97.4	-97.4	–	-89.0	-89.0
Pension provisions	13.1	-2.1	11.0	12.2	-0.8	11.4
Other	9.9	-0.4	9.5	15.9	-6.0	9.9
Net recognised	-23.8	23.8	–	-30.2	30.2	–
Deferred taxes, net, at year–end	**0.2**	**-192.5**	**-192.3**	**0.4**	**-163.4**	**-163.0**

	2011/2012						2010/2011					
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	Recognised in profit or loss	Acquisitions and disposals	Recognised in other comprehensive income	Translation effects	Amount at year-end
Non-current assets	-95.3	13.7	-33.9	0.1	0.0	-115.4	-67.3	8.1	-37.7	–	1.6	-95.3
Untaxed reserves	-89.0	-6.1	-2.3	–	–	-97.4	-78.7	-4.9	-5.4	–	–	-89.0
Pension provisions	11.4	-2.2	1.8	–	0.0	11.0	10.8	0.8	-0.1	–	-0.1	11.4
Other	9.9	0.2	-0.2	-0.4	0.0	9.5	11.1	-1.7	0.9	-0.3	-0.1	9.9
Deferred taxes, net	**-163.0**	**5.6**	**-34.6**	**-0.3**	**0.0**	**-192.3**	**-124.1**	**2.3**	**-42.3**	**-0.3**	**1.4**	**-163.0**

	2011/2012			2010/2011		
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	-0.1	-0.2	0.1	-0.2	-0.1
Deferred taxes, net	**-0.1**	**-0.1**	**-0.2**	**0.1**	**-0.2**	**-0.1**

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

Note 14 Intangible non-current assets

Group	2011/2012							
	Intangible assets acquired						Intangible assets developed in the 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	463.1	406.6	21.9	8.9	0.2	46.9	3.7	951.3
Acquisition of companies	138.3	127.0	1.0	–	–	–	–	266.3
Investments	–	–	–	0.8	0.7	4.5	–	6.0
Change in additional consideration	-0.4	–	–	–	–	–	–	-0.4
Reclassifications	–	–	–	0.2	–	–	–	0.2
Translation effect for the year	-0.5	-0.4	–	–	0.0	-0.1	–	-1.0
Closing balance	**600.5**	**533.2**	**22.9**	**9.9**	**0.9**	**51.3**	**3.7**	**1,222.4**
Accumulated amortisation								
Opening balance	–	-111.7	-0.1	-6.6	0.0	-37.3	-2.8	-158.5
Amortisation	–	-45.5	0.0	-1.2	-0.1	-5.1	-0.7	-52.6
Translation effect for the year	–	0.4	–	–	0.0	0.1	–	0.5
Closing balance	**–**	**-156.8**	**-0.1**	**-7.8**	**-0.1**	**-42.3**	**-3.5**	**-210.6**
Carrying amount at year-end	**600.5**	**376.4**	**22.8**	**2.1**	**0.8**	**9.0**	**0.2**	**1,011.8**
Carrying amount at start of year	**463.1**	**294.9**	**21.8**	**2.3**	**0.2**	**9.6**	**0.9**	**792.8**

Group	2010/2011							
	Intangible assets acquired						Intangible assets developed in the 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**

Parent Company	2011/2012 Software	Total	2010/2011 Software	Total
Accumulated cost				
Opening balance	2.6	2.6	2.2	2.2
Investments	–	–	0.4	0.4
Retirement of assets	–	–	–	–
Closing balance	**2.6**	**2.6**	**2.6**	**2.6**
Accumulated amortisation				
Opening balance	-1.4	-1.4	-0.9	-0.9
Amortisation	-0.5	-0.5	-0.5	-0.5
Retirement of assets	–	–	–	–
Closing balance	**-1.9**	**-1.9**	**-1.4**	**-1.4**
Carrying amount at year-end	**0.7**	**0.7**	**1.2**	**1.2**
Carrying amount at start of year	**1.2**	**1.2**	**1.3**	**1.3**

Goodwill distributed by business area	Group 31 Mar 12	31 Mar 11
Addtech Components	108	77
Addtech Energy & Equipment	153	91
Addtech Industrial Solutions	136	138
Addtech Life Science	204	157
Total	**601**	**463**

Pro forma according to new organisation per 1 April 2012

Goodwill distributed by business area	Group 31 Mar 12	31 Mar 11
Addtech Components	173	143
Addtech Energy	174	52
Addtech Industrial Solutions	50	111
Addtech Life Science	204	157
Total	**601**	**463**

Impairment testing of goodwill

The Group's recognised goodwill amounts to SEK 601 million (463). 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 2012.

The Group has carried out over 60 acquisitions since 2001. Goodwill in each individual acquisition is not material for the Group. Goodwill is therefore allocated among cash-generating units, which usually correspond to the business units. Impairment testing takes place at business unit level, because the acquired business is also 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 2012/2013. An annual growth rate of 2 percent (2) 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 (12) 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 1 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	2011/2012						2010/2011					
	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	Total	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
Accumulated cost												
Opening 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
Acquisition of companies	–	0.8	0.8	22.7	–	24.3	35.1	0.6	20.3	12.8	–	68.8
Investments	0.0	0.9	4.5	25.5	0.7	31.6	0.1	0.9	9.9	26.2	0.1	37.2
Disposals and retirement of assets	-0.1	-2.1	-4.0	-9.0	–	-15.2	–	-0.9	-0.8	-22.3	–	-24.0
Reclassifications	–	–	1.0	–	-1.1	-0.1	1.5	–	0.3	-0.5	–	1.3
Translation effect for the year	-0.7	-0.1	-0.1	-0.6	0.1	-1.4	-5.3	-0.5	-10.1	-8.7	-0.2	-24.8
Closing balance	**112.3**	**12.6**	**180.6**	**288.1**	**0.9**	**594.5**	**113.1**	**13.1**	**178.4**	**249.5**	**1.2**	**555.3**
Accumulated depreciation and impairment losses												
Opening 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
Acquisition of companies	–	-0.3	-0.6	-16.9	–	-17.8	-13.3	-0.1	-16.2	-7.4	–	-37.0
Depreciation	-2.9	-0.9	-9.9	-26.4	-0.1	-40.2	-2.3	-0.9	-10.4	-22.8	-0.1	-36.5
Disposals and retirement of assets	0.0	2.1	1.8	7.1	–	11.0	–	0.3	0.8	17.6	–	18.7
Reclassifications	–	–	–	–	–	0.0	-1.1	–	0.9	-0.9	–	-1.1
Translation effect for the year	0.3	0.1	0.6	0.6	0.0	1.6	2.3	0.5	8.2	7.7	0.0	18.7
Closing balance	**-50.0**	**-9.5**	**-147.0**	**-231.8**	**-0.3**	**-438.6**	**-47.4**	**-10.5**	**-138.9**	**-196.2**	**-0.2**	**-393.2**
Carrying amount at year-end	**62.3**	**3.1**	**33.6**	**56.3**	**0.6**	**155.9**	**65.7**	**2.6**	**39.5**	**53.3**	**1.0**	**162.1**
Carrying amount at start of year	**65.7**	**2.6**	**39.5**	**53.3**	**1.0**	**162.1**	**48.7**	**2.7**	**36.6**	**51.6**	**1.2**	**140.8**

Equipment	Parent Company	
	2011/2012	2010/2011
Accumulated cost		
Opening balance	2.5	2.5
Investments	0.0	0.1
Disposals and retirement of assets	-0.2	-0.1
Closing balance	**2.3**	**2.5**
Accumulated depreciation according to plan		
Opening balance	-1.7	-1.5
Depreciation	-0.3	-0.3
Disposals and retirement of assets	0.2	0.1
Closing balance	**-1.8**	**-1.7**
Carrying amount at year-end	**0.5**	**0.8**
Carrying amount at start of year	**0.8**	**1.0**

Note 16 Leasing

Operating leases	Group		Parent Company	
Addtech as leasee	2011/2012	2010/2011	2011/2012	2010/2011
Lease payments				
Lease payments made during the financial year	102.8	85.7	2.7	2.7
of which variable payments	0.8	1.0	–	–
Future minimum lease payments under non-cancellable contracts fall due as follows:				
Within one year	90.1	65.2	–	–
Later than one year and within five years	159.7	128.0	4.6	6.3
Five years or later	6.5	14.1	–	–
Total	**256.3**	**207.3**	**4.6**	**6.3**

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

Addtech as lessor

Addtech received a total of SEK 1.9 million (1.3) in lease revenue during the financial year. SEK 2.1 million (1.8) remains to be received within one year, and thereafter a total of SEK 2.4 million (2.3) 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	2011/2012 Financial assets [1]	Non-current receivables	Total	2010/2011 Financial assets	Non-current receivables	Total
Accumulated cost						
Opening balance	10.7	2.0	12.7	5.6	1.6	7.2
Acquisition of companies	–	1.9	1.9	4.8	0.5	5.3
Deductions of assets	–	-0.4	-0.4	–	-0.2	-0.2
Additions of assets	0.1	0.1	0.2	0.7	0.2	0.9
Translation effect for the year	-0.2	0.0	-0.2	-0.4	-0.1	-0.5
Closing balance	**10.6**	**3.6**	**14.2**	**10.7**	**2.0**	**12.7**
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	**10.6**	**3.5**	**14.1**	**10.7**	**1.9**	**12.6**

[1] Financial assets primarily consist of shares in housing corporations.

Receivables from Group companies	Parent Company 2011/2012	Parent Company 2010/2011
Opening balance	673.9	927.8
Increase during the year	350.3	60.1
Decrease during the year	-23.7	-314.0
Carrying amount at year-end	**1,000.5**	**673.9**

Specification of interests in Group companies	Country	Number of shares	Quotient value	Holding %	Carrying amount 31 Mar 2012	Carrying amount 31 Mar 2011
	Parent Company					
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	798.7
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	–	–	–	–	30.3
Metric Industrial AS, 987209976, Trollåsen	Norway	8,500	100	100	10.9	10.9
Total					**1,150.8**	**1,181.1**

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. Metric Industrial A/S is disposed of to another company in the Group.

Interests in Group companies	Parent Company 2011/2012	Parent Company 2010/2011
Accumulated cost		
Opening balance	1,296.1	796.1
Intra-Group restructuring (disposal of subsidiaries)	-30.3	–
Shareholder contributions	–	500.0
Closing balance	**1,265.8**	**1,296.1**
Accumulated impairment losses		
Opening balance	-115.0	-115.0
Closing balance	**-115.0**	**-115.0**
Carrying amount at year-end	**1,150.8**	**1,181.1**
Carrying amount at start of year	**1,181.1**	**681.1**

Note 18 Inventories

Group	31 Mar 12	31 Mar 11
Raw materials and consumables	48.6	50.1
Work in progress	15.6	14.0
Finished goods	586.3	491.8
Total	**650.5**	**555.9**

The cost of sales for the Group includes impairment losses of SEK 16.5 million (18.6) on inventories. No significant reversals of prior impairment losses were made in 2011/2012 or 2010/2011.

Note 19 Prepaid expenses and accrued income

	Group		Parent Company	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
Rent	13.3	11.2	0.6	0.6
Insurance premiums	5.8	5.8	0.1	0.4
Pension costs	2.8	2.0	0.4	0.4
Lease payments	2.8	2.4	0.0	0.0
Other prepaid expenses	22.0	17.8	2.4	1.5
Other accrued income	2.2	1.6	0.1	0.1
Total	**48.9**	**40.8**	**3.6**	**3.0**

Note 20 Shareholders' equity

Group

Other contributed capital

Refers to equity contributed by shareholders.

	Group	
Reserves [1]	2011/2012	2010/2011
Foreign currency translation reserve		
Opening translation reserve	-18.3	30.0
Translation effect for the year	-0.7	-48.3
Closing translation reserve	**-19.0**	**-18.3**
Hedging reserve [2]		
Opening hedging reserve	-1.2	-1.7
Revaluations recognised via other comprehensive income	1.5	-2.5
Recognised in profit or loss upon disposal (other operating income/expenses)	-0.6	3.1
Taxes attributable to the year’s revaluations	-0.4	0.7
Taxes attributable to disposals	0.2	-0.8
Closing hedging reserve	**-0.5**	**-1.2**
Total reserves	**-19.5**	**-19.5**

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

[2] Relates to cash flow hedges, consisting of currency clauses in customer contacts

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 986,800 (486,800).

Dividend

After the reporting period, the Board of Directors proposed a dividend of SEK 8.00 per share. The dividend is subject to approval by the Annual General Meeting on 29 August 2012.

Parent Company

Restricted reserves

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

Statutory reserve

The purpose of the statutory 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 statutory 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 2012 consisted of 1,090,848 Class A shares, entitling the holders to 10 votes per share, and 21,641,984 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 986,800 Class B shares, 500,000 of which during the 2011/2012 financial year, in the framework of the Company's ongoing repurchase programme. After subtracting repurchased shares, the number of Class B shares is 20,655,184 net.

Number of shares outstanding	Class A shares	Class B shares	All share classes
At start of year	1,094,406	21,151,626	22,246,032
Repurchase of treasury shares	–	-500,000	-500,000
Conversion of Class A shares to Class B shares	-3,558	3,558	–
At year-end	**1,090,848**	**20,655,184**	**21,746,032**

Note 21 Untaxed reserves

Moderbolaget	31 Mar 12	31 Mar 11
Tax allocation reserve, allocation for tax assessment 2007	–	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	48.7
Tax allocation reserve, allocation for tax assessment 2013	60.7	–
Accumulated excess depreciation/amortisation	0.5	0.5
Closing balance	**302.5**	**265.6**

SEK 79.6 million of the Parent Company’s total untaxed reserves of SEK 302.5 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 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 13 percent (9) 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 2011/2012 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 13.6 million (12.5).

Defined contributions

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.

	Group		Parent Company	
Pension liability as per balance sheet	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
Pension liability PRI	175.3	171.4	17.6	16.6
Other pension obligations	19.8	14.8	–	–
Total	**195.1**	**186.2**	**17.6**	**16.6**

Reconciliation of net amount for pensions in the balance sheet	Group 2011/2012	Group 2010/2011	Parent Company 2011/2012	Parent Company 2010/2011
Opening balance	186.2	182.9	16.6	17.0
Change in accounting for pensions	14.6	16.6	2.1	0.7
Payment of pension benefits	-6.3	-5.8	-1.1	-1.1
Funds contributed by employer	-5.4	-4.0	–	–
Disposal of companies	–	-3.2	–	–
Acquisitions of companies	6.1	–	–	–
Translation effects	0.3	-0.3	–	–
Other	-0.4	0.0	–	–
Net amount in balance sheet (obligation +, asset -)	**195.1**	**186.2**	**17.6**	**16.6**

Return on plan assets	Group 2011/2012	Group 2010/2011
Actual return on plan assets	1.7	1.7
Expected return on plan assets	2.3	1.7
Actuarial gains/losses on plan assets during the period	**-0.6**	**0.0**

Obligations for employee benefits, defined benefit pension plans

Obligations for defined benefits and the value of plan assets	Group 31 Mar 12	Group 31 Mar 11	Parent Company 31 Mar 12	Parent Company 31 Mar 11
Wholly or partly funded obligations:				
Present value of defined benefit obligations	78.3	48.4	–	–
Fair value of plan assets	-49.5	-34.2	–	–
Wholly or partly funded obligations, net	**28.8**	**14.2**	**–**	**–**
Present value of unfunded defined benefit obligations	202.8	194.5	17.6	16.6
Net obligations before adjustments	**231.6**	**208.7**	**17.6**	**16.6**
Adjustments:				
Accumulated unrecognised actuarial gains (+) and losses (−)	-36.5	-22.5	–	–
Net amount in the balance sheet (obligation +, asset −)	**195.1**	**186.2**	**17.6**	**16.6**
The net amount is recognised in the following items in the balance sheet:				
Provisions for pensions and similar obligations	195.1	186.2	17.6	16.6
Net amount in the balance sheet (obligation +, asset −)	**195.1**	**186.2**	**17.6**	**16.6**
The net amount is divided among plans in the following countries:				
Sweden	182.7	180.0	17.6	16.6
Norway	12.4	6.2	–	–
Net amount in the balance sheet (obligation +, asset −)	**195.1**	**186.2**	**17.6**	**16.6**

Changes in the obligation for defined benefit plans recognised in the balance sheet	Group 2011/2012	Group 2010/2011
Opening balance	242.9	252.3
Pensions earned during the period	7.1	7.4
Interest on obligations	9.7	9.5
Benefits paid	-7.7	-8.9
Actuarial gain or loss	13.7	-13.4
Disposal of companies	–	-4.8
Liabilities paid	–	–
Acquisitions of companies	13.4	–
Translation effects	2.0	-2.0
Other	0.0	2.8
Present value of pension obligations	**281.1**	**242.9**

Changes in plan assets	Group 2011/2012	Group 2010/2011
Opening balance	34.2	33.8
Funds contributed by employer	5.4	4.0
Benefits paid	-1.6	-3.3
Expected return on plan assets	2.3	1.7
Acquisitions of companies	7.0	–
Actuarial gain or loss	-0.6	-0.1
Translation effects	1.3	-1.3
Other	1.5	-0.6
Fair value of plan assets	**49.5**	**34.2**

The year's change in unrecognised actuarial gains (+) and losses (–) with regard to obligations	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
Changes in actuarial assumptions	3.8	-8.1	-6.1	21.9	12.5
Experience-based changes	9.9	-5.2	-4.2	3.2	-1.0
Total	**13.7**	**-13.3**	**-10.3**	**25.1**	**11.5**

Pension costs	Group 2011/2012	Group 2010/2011	Parent Company 2011/2012	Parent Company 2010/2011
Defined-benefit pension plans				
Cost for pensions earned during the year	7.1	7.4	–	-0.1
Interest expense	9.7	9.5	0.8	0.8
Expected return on plan assets	-2.3	-1.7	–	–
Recognised actuarial gains (–) and losses (+)	0.1	1.4	–	–
Total cost of defined benefit plans	**14.6**	**16.6**	**0.8**	**0.7**
Total cost of defined contribution plans	70.3	66.2	2.9	2.9
Social security costs on pension costs	12.2	11.6	0.8	0.9
Total cost of benefits after termination of employment	**97.1**	**94.4**	**3.7**	**4.5**

Allocation of pension costs in the income statement	Group 2011/2012	Group 2010/2011
Cost of sales	14.8	13.4
Selling and administrative expenses	74.9	73.2
Net financial items	7.4	7.8
Total pension costs	**97.1**	**94.4**

Actuarial assumptions	2011/2012 Sweden	2011/2012 Norway	2010/2011 Sweden	2010/2011 Norway
The following material actuarial assumptions were applied in calculating obligations:				
Discount rate, 1 April, %	3.80	4.00	3.80	4.00
Discount rate, 31 March, %	3.70	2.60	3.80	4.00
Expected return on plan assets, %	3.70	4.10	4.50	5.40
Future salary increases, %	2.00 - 3.50	3.50	2.00 - 3.50	4.00
Future increases in pensions (change in income base amount), %	3.00	–	3.00	–
Employee turnover, %	10.00	2.00 - 5.00	10.00	2.00 - 5.00
Expected 'G regulation', %	–	3.25	–	3.75
Mortality table	FFFS 2007:31	K2005	FFFS 2007:31	K2005

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. For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis and for Norwegian pension liabilities, the interest rate for Norwegian government bonds is used. In the preceding year, the interest rate on government bonds was used as a basis for Swedish pension liabilities. Future increases in pensions are based on inflation assumptions. Remaining period of employment (life expectancy) 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 2011/2012	Premises	Personnel	Warranties	Other	Total
Carrying amount at start of period	0.4	3.4	4.9	5.9	14.6
Acquisitions of companies	–	–	0.4	–	0.4
Provisions made during the period	1.7	0.0	3.2	3.6	8.5
Amounts utilised during the period	-0.1	-3.4	-0.4	-1.3	-5.2
Unutilised amounts reversed	–	–	-4.3	-0.5	-4.8
Translation effects	0.0	0.0	0.0	0.0	0.0
Carrying amount at end of period	**2.0**	**0.0**	**3.8**	**7.7**	**13.5**

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 12	31 Mar 11
Liabilities to credit institutions:		
Maturing within 2 years	0.1	1.4
Maturing within 3 years	0.1	3.3
Maturing within 4 years	0.2	1.1
Maturing within 5 years	–	1.0
Maturing in five years or later	–	4.9
Total non-current liabilities to credit institutions	**0.4**	**11.7**
Other interest-bearing liabilities:		
Maturing within 2 years	26.5	25.9
Maturing within 3 years	0.2	10.9
Maturing within 4 years	–	0.2
Maturing within 5 years	–	–
Maturing in five years or later	–	–
Total other non-current interest-bearing liabilities	**26.7**	**37.0**
Total	**27.1**	**48.7**

There were no non-current interest-bearing liabilities in the Parent Company at 31 March 2012 (-). Other interest-bearing liabilities largely consist of additional 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:

	31 Mar 12		31 Mar 11	
Currency	Local currency	SEKm	Local currency	SEKm
SEK	–	–	9.2	9.2
EUR	0.0	0.4	0.1	0.5
NOK	–	–	1.8	2.0
Total		**0.4**		**11.7**

	Parent Company	
	31 Mar 12	31 Mar 11
Liabilities to Group companies	428.3	310.0
Total	**428.3**	**310.0**

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

Note 25 Current interest-bearing liabilities

	Group		Parent Company	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
Bank overdraft facility				
Approved credit limit	655.0	448.6	650.0	430.0
Unutilised portion	-367.6	-305.0	-365.9	-295.1
Credit amount utilised	**287.4**	**143.6**	**284.1**	**134.9**
Other liabilities to credit institutions	14.3	8.1	–	–
Other interest-bearing liabilities	59.9	20.9	–	–
Total	**361.6**	**172.6**	**284.1**	**134.9**

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

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

	31 Mar 12		31 Mar 11	
Currency	Local currency	SEKm	Local currency	SEKm
SEK	–	–	1.3	1.3
EUR	0.0	0.2	0.0	0.1
NOK	1.3	1.5	–	–
CNY	12.0	12.6	7.0	6.7
Total		**14.3**		**8.1**

The Group's financing is primarily managed by the Parent Company Addtech AB.

The Parent Company's bank overdraft facility carried 2.0 percent interest per 31 March 2012.

Loans in CNY carry a variable interest rate, which was 7.9 percent on 31 March 2012.

Note 26 Accrued expenses and deferred income

	Group		Parent Company	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
Rental revenue	0.7	0.5	–	–
Other deferred income	2.5	3.0	–	–
Salaries and holiday pay	144.1	122.3	4.9	4.4
Social security costs and pensions	71.6	63.6	3.9	3.7
Other accrued expenses 1)	34.3	32.4	2.3	1.9
Total	**253.2**	**221.8**	**11.1**	**10.0**

1) Other accrued expenses mainly consist of overhead accruals.

Note 27 Pledged assets and contingent liabilities

	Group		Parent Company	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
Pledged assets for liabilities to credit institutions				
Real estate and site leasehold mortgages	14.6	22.0	–	–
Floating charges	27.3	30.4	–	–
Other pledged assets	29.1	4.8	–	–
Total	**71.0**	**57.2**	**–**	**–**
Contingent liabilities				
Guarantees and other contingent liabilities	13.3	6.7	0.4	0.3
Guarantees for subsidiaries 1)	–	–	146.4	138.3
Total	**13.3**	**6.7**	**146.8**	**138.6**

1) Relates to PRI liabilities.

Note 28 Cash flow statement

Adjustment for items not included in cash flow	Group 2011/2012	Group 2010/2011	Parent Company 2011/2012	Parent Company 2010/2011
Depreciation/amortisation	92.8	78.1	0.8	0.8
Gain/loss on sale of operations and non-current assets	-1.0	-10.7	–	–
Change in pension liability	2.3	6.9	1.0	-0.4
Group contributions/dividends not paid	–	–	-210.0	-160.0
Change in other provisions and accrued items	2.8	7.3	–	–
Other	5.1	1.4	–	–
Total	**102.0**	**83.0**	**-208.2**	**-159.6**

For the Group, interest received during the year totalled SEK 5.4 million (3.6), and interest paid was SEK 13.2 million (6.4). For the Parent Company, interest received during the year was SEK 37.0 million (29.8), and interest paid was SEK 21.5 million (6.2).

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 considerations paid for acquisitions made in previous years:

	2011/2012	2010/2011
Non-current assets	273.5	336.9
Inventories	70.6	81.1
Receivables	65.7	98.3
Cash and cash equivalents	33.8	102.4
Total	**443.6**	**618.7**
Interest-bearing liabilities and provisions	-47.4	-69.3
Non-interest-bearing liabilities and provisions	-107.0	-169.1
Total	**-154.4**	**-238.4**
Consideration paid [1)]	-293.8	-375.2
Cash and cash equivalents in acquired companies	33.9	102.4
Effect on the Group's cash and cash equivalents	**-259.9**	**-272.8**

[1)] The consideration paid includes a contingent consideration charged to the income statement in the amount of SEK -1.6 million and the purchase of non-controlling interests of SEK -3.0 million.

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

	2011/2012	2010/2011
Non-current assets	–	-4.0
Inventories	-0.1	0.1
Receivables	-0.8	-2.0
Cash and cash equivalents	-1.2	-0.9
Total	**-2.1**	**-6.8**
Non-controlling interests	0.7	–
Capital gain on sold companies	–	-10.0
Non-interest-bearing liabilities and provisions	0.7	3.3
Total	**1.4**	**-6.7**
Consideration received	0.7	11.5
Cash and cash equivalents in companies disposed of	-1.2	-0.9
Effect on the Group's cash and cash equivalents	**-0.5**	**10.6**

In the financial year, Electra-Box Pharma AB, a subsidiary of Electra-Box Diagnostica AB, which is included in the Addtech Life Science business area, was disposed of.

Year's acquisitions (disposals) of operations

Company	Country	Acquisition (disposal) date	Ownership, %	Acquisition (selling) price
Elteco AS	Norway	01-04-2011	100	75.5
Trinergi AB	Sweden	01-04-2011	100	4.4
Maxeta AS	Norway	01-07-2011	100	46.7
Ramström Transmission AB	Sweden	01-10-2011	100	12.5
NDC (assets and liabilities)	Sweden	15-10-2011	–	1.5
Rollco Holding AB	Sweden	02-01-2012	100	91.3
BioNordika Holding AB	Sweden	26-01-2012	100	69.3
(Electra-Box Pharma AB)	(Sweden)	(30-01-2012)	(-52)	(-0.7)

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

Cash and cash equivalents in the cash flow statement consist of cash and bank balances. 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

Six companies were acquired during the year (see Note 28). The acquisitions had combined annual sales of about SEK 430 million. Assets and liabilities included in the acquisitions were as follows:

	Carrying amount at acquisition date	Adjustment to fair value	Fair value
Intangible non-current assets	14	128	142
Other non-current assets	8	–	8
Inventories	71	–	71
Other current assets	99	–	99
Deferred tax liability/tax asset	-1	-33	-34
Other liabilities	-104	-4	-108
Acquired net assets	**87**	**91**	**178**
Goodwill			123
Consideration [1)]			**301**
Less: cash and cash equivalents in acquired businesses			-34
Less: consideration not yet paid			-47
Effect on the Group's cash and cash equivalents			**220**

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

The combined consideration for the acquisitions was SEK 301 million, of which SEK 251 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. Also, the outstanding 20 percent of Egil Eng AS was acquired for SEK 2 million. The combined effect of the acquisitions on the Addtech Group's net sales was SEK 264 million, on operating profit SEK 22 million and on profit after tax for the period SEK 15 million.

Had the acquisitions been completed on 1 April 2011, their impact would have been an estimated SEK 453 million on net sales, about SEK 41 million on operating profit and some SEK 28 million on profit after tax for the period. The transaction costs for acquisitions with a takeover date during the financial year amount to SEK 1 million and are recognised in the selling expenses item. Of the consideration not yet paid, estimated contingent consideration amounts to SEK 34 million, which constitutes about 87 percent of the maximum outcome. The outcome depends on the results achieved in the companies and has a set maximum level.

During the period, SEK 1 million was recognised in other operating expenses because calculated contingent considerations regarding earlier acquisitions differed from the actual outcome. Revaluation of liabilities for contingent, not yet paid considerations led to an expense of SEK 1 million in the financial year, recognised in other operating expenses. No material changes in acquisition analyses were made in the financial year with regard to acquisitions carried out in the year or in previous years.

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 5-33 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 regarding intangible non-current assets for the year's acquisitions amounts to about SEK 13 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

	2011/2012	2010/2011
Basic EPS (SEK)	14.65	11.80
Diluted EPS (SEK)	14.60	11.75

See Note 1 for the method of calculation.

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

Earnings per share, basic

The calculation of earnings per share for 2011/2012 is based on profit for the year attributable to Parent Company shareholders, totalling SEK 322 million (262) , and a weighted average number of shares outstanding during 2011/2012 of 21,944 thousand (22,253). The two components were calculated in the following manner:

	2011/2012	2010/2011
Profit for the year attributable to the equity holders of the Parent Company, before dilution (SEKm)	322	262

Weighted average number of shares outstanding, before dilution

In thousands of shares	2011/2012	2010/2011
Total number of shares 1 April	22,246	22,266
Effect of treasury shares held	-302	-13
Weighted average number of shares during the year, before dilution	**21,944**	**22,253**

Earnings per share, diluted

The calculation of diluted EPS for 2011/2012 is based on profit attributable to Parent Company shareholders, totalling SEK 322 million (262), and a weighted average number of shares outstanding during 2011/2012 of 22,000 thousand (22,293). The two components were calculated in the following manner:

	2011/2012	2010/2011
Profit for the year attributable to the equity holders of the Parent Company, after dilution (SEKm)	322	262

Weighted average number of shares outstanding, after dilution

In thousands of shares	2011/2012	2010/2011
Weighted average number of shares during the year, before dilution	21,944	22,253
Effect of share options issued	56	40
Weighted average number of shares during the year, after dilution	**22,000**	**22,293**

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.

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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

On 23 May 2012, business area Addtech Energy signed an agreement to acquire all shares in Staubo Elektro Maskin AS. Staubo Elektro Maskin is a technology trading company that provides holistic solutions in battery and power supply, electric motors and signal systems. Staubo has 15 employees and sales of some NOK 65 million. The estimated takeover date is the beginning of July 2012.

On 31 May 2012, business area Addtech Components signed an agreement to acquire all shares in ASI Automatikk AS. ASI Automatikk AS is a technology trading company that offers electromechanical components for machinery manufacturers and for the marine and offshore sector. ASI Automatikk has seven employees and sales of some NOK 40 million. The estimated takeover date is the beginning of July 2012.

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.

No other events of significance to the Group occurred after the end of the financial year.

Proposed Allocation of Earnings

Dividend

The Board of Directors proposes a dividend of SEK 8.00 (7.00) per share. The total dividend amounts to SEK 174 million (156). 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 55 percent (59).

Proposed allocation of earnings

The following amounts are available for distribution by the Annual General Meeting of Addtech AB:	
Retained earnings	743 SEKm
Profit for the year	148 SEKm
	891 SEKm

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 8.00 per share [1)]	174 SEKm
To be carried forward	717 SEKm
	891 SEKm

[1)] Based on the number of shares outstanding at 31 May 2012. The total dividend payout may change if the number of treasury shares repurchased changes prior to the proposed dividend record date of 3 September 2012.

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 0 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, 20 June 2012

Anders Börjesson
CHAIRMAN OF THE BOARD

Tom Hedelius
VICE CHAIRMAN OF THE BOARD

Eva Elmstedt
BOARD MEMBER

Johan Sjö
BOARD MEMBER, PRESIDENT AND CEO

Lars Spongberg
BOARD MEMBER

We submitted our auditor´s report on
21 June 2012

KPMG AB
Joakim Thilstedt
AUTHORISED PUBLIC ACCOUNTANT

Auditor's report

To the annual meeting of the shareholders of Addtech AB (publ.), corp. id. 556302-9726

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Addtech AB (publ.) for the financial year 1 April 2011-31 March 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 18-99.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as at 31 March 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as at 31 March 2012 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Addtech AB (publ.) for the financial year 1 April 2011-31 March 2012.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director are discharged from liability for the financial year.

Stockholm, 21 June 2012
KPMG AB

Joakim Thilstedt
AUTHORISED PUBLIC ACCOUNTANT

Board of Directors

Anders Börjesson

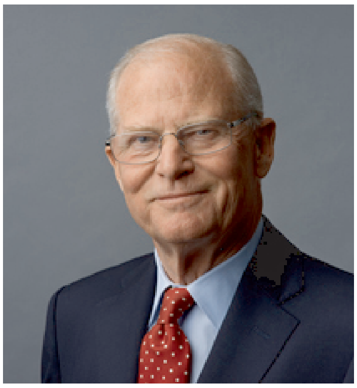
M.Sc. Econ.

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 40,350 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, Jan Wallanders and Tom Hedelius Stiftelse. Vice Chairman of Lagercrantz Group. Professional experience: Chairman, CEO and managerial positions at Svenska Handelsbanken and Chairman at Industrivärden. 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 and Valedo Capital Partners fund. Professional experience: Senior management at Spectra Physics, Autoliv, Svenska Handelsbanken, Electrolux and Swedish Match. Ownership: 1,500 Class B shares.

Johan Sjö

M.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: 70,900.

Group Management

Johan Sjö
M.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: 70,900.

Kristina Willgård
M.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: 31,500.

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. Call options: 16,000.

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: 56,976 Class B shares. Call options: 57,150.

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: 45,000.

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: 57,150.

Auditor

Auditor

KPMG AB

Auditor in charge: 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, Sandvik and Ahlsell.

Addtech share

The Addtech share is listed on NASDAQ OMX Stockholm. Since its listing in September 2001 until mid-June 2012, 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 206.00 and was quoted on 25 May 2011. The lowest was SEK 123.25 on 5 October 2011. The final price paid before the end of the financial year was SEK 182.00 on 30 March 2012. The value of the Addtech share decreased 4 percent (increase of 55) during the financial year. The OMX Stockholm index on the NASDAQ OMX Stockholm Exchange declined 8 percent (increase of 9) in the corresponding period.

During the period 1 April 2011-31 March 2012, 3.7 million (3.8) shares were traded with an aggregate value of approximately SEK 613 million (584). Relative to the average number of Class B shares outstanding, this is equivalent to a turnover rate of 17 percent (17). Broken down by trading day, an average of 15,000 (15,000) Addtech shares were traded at an average value of about SEK 2,400 thousand (2,300).

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 1,090,848 Class A shares and 21,641,984 Class B shares. 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 in August 2011 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 2012.

A total of 500,000 shares at SEK 142.50 each were repurchased on 24 August. Addtech's number of treasury shares totals 986,800, with an average purchase price of SEK 124. These shares correspond to 4.3 percent of the number of shares issued and 3.0 percent of the votes. Of the shares repurchased, 657,700 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 788,713 (479,951).

Incentive programmes

Addtech has three ongoing incentive programmes:

Year	Number of options	Percentage of total number of shares, %	Redemption price, SEK
2011	200,000	0.9	179.40
2010	221,700	1.0	164.70
2009	236,000	1.1	127.70
	657,700	**3.0**	

The calculation of the dilution effect below is based on the number of outstanding shares on subscription to the programmes.

In accordance with a resolution of the August 2011 AGM, 25 members of management were offered the opportunity to acquire 200,000 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 200,000, equivalent to 0.9 percent of the total number of shares outstanding and 0.6 percent of the votes.

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 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 redemption price of issued call options attributable to the share-based incentive programme for 2011 is SEK 179.40; the redemption period is 15 September 2014 until 29 May 2015.

The Board has decided to propose that the Annual General Meeting in August 2012 approves an incentive programme according to the same, or an essentially similar, model as decided at the AGMs in 2009, 2010 and 2011.

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 around 60 percent.

Proposals to the Annual General Meeting

- **Dividend.** The Board of Directors proposes a dividend of SEK 8.00 per share (7.00), equivalent to a payout ratio of 55 percent (59). The total dividend amounts to SEK 174 million (156).

- **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 25 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') repurchased 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 repurchased 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 B shares outstanding will increase by 200,000, equivalent to 0.9 percent of the number of shares outstanding and 0.6 percent of the votes.

- **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 carried out on 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.

Additional information

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

Key Indicators

	2011/2012	2010/2011	2009/2010
Earnings per share (EPS), SEK	14.65	11.80	6.60
Shareholders' equity per share, SEK	46.20	40.80	36.10
Price/earnings ratio	12	16	18
Dividend per share, SEK	8.00 [1)]	7.00	5.00
Payout ratio, %	55	59	76
Dividend yield, %	4.4	3.7	4.1
Last price paid, SEK	182.00	189.00	121.75
Price/equity, multiple	3.9	4.6	3.4
Market capitalisation, SEKm	3,958	4,205	2,711
Average number of shares outstanding	21,944,119	22,252,881	22,204,422 [2)]
Number of shares outstanding at year-end	21,746,032 [2)]	22,246,032	22,266,032
Number of shareholders at year-end	3,715	3,832	3,649

[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: 986,800 Class B shares at 31 March 2012.

Addtech's largest shareholders, 31 March 2012

			Proportion of	
Aktieägare	Class A shares	Class B shares	capital, %	votes, %
Anders Börjesson (family)	496,920	40,000	2.4	15.4
Tom Hedelius (family)	481,920	5,400	2.1	14.8
Lannebo Fonder		2,435,000	10.7	7.5
Swedbank Robur Fonder		2,316,534	10.2	7.1
Livförsäkringsbolaget Skandia		1,332,653	5.9	4.1
SEB Asset Management		1,305,000	5.7	4.0
Odin Fonder		1,261,126	5.5	3.9
SEB Investment Management		1,065,393	4.7	3.3
Handelsbanken fonder		677,719	3.0	2.1
Nordea Investment Funds		624,591	2.7	1.9
Sandrew AB		600,000	2.6	1.8
Säve Family	10,000	429,431	1.9	1.6
Fidelity Low-Priced Stock FD		460,000	2.0	1.4
Christina Mörner	10,000	346,411	1.6	1.4
Margareta von Matérn	10,000	341,661	1.5	1.4
Total 15 largest owners [3)]	**1,008,840**	**13,240,919**	**62.5**	**71.7**

[3)] The proportion of capital and votes excludes the shares held in treasury by Addtech AB.

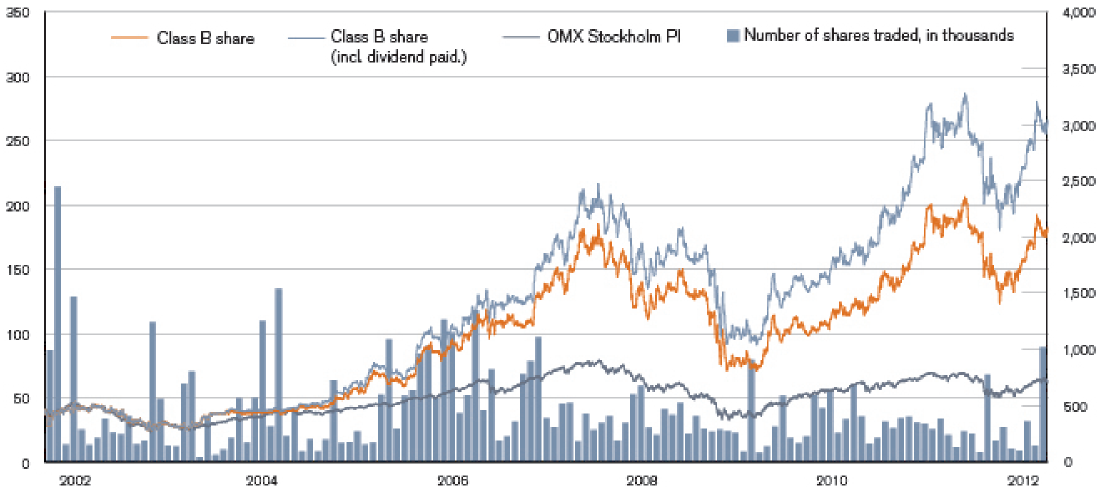
Size classes

Number of shares	Proportion of share capital, %	Number of shareholders	Proportion of number of shareholders, %
1 - 500	2	2,575	69
501 - 1 000	2	518	14
1 001 - 5 000	4	440	12
5 001 - 10 000	2	59	2
10 001 - 20 000	2	35	1
20 001 -	88	88	2
	100	**3,715**	**100**

Holdings by category

	Number of shareholders	Proportion of capital, %
Swedish owners	3,539	77
Foreign owners	176	23
Total	**3,715**	**100**
Legal entities	465	75
Natural persons	3,250	25
Total	**3,715**	**100**

Addtech B share price



Share capital development

Event	Class A					Class B				
	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
2011/2012										
Conversion of Class A shares to Class B shares	-3,558	1,090,848	5	10,908,480	34	3,558	21,641,984	95	21,641,984	66

Total number of shares	22,732,832
Total number of votes	32,550,464

Multi-year Summary

SEKm, unless stated otherwise	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
Revenue	5,200	4,418	3,680	4,445	4,198
Operating profit [1]	470	380	216	376	415
Finance income and costs	-23	-16	-14	-10	-17
Profit after financial items	447	364	202	366	398
Profit for the year	327	265	150	271	287
[1] For the purpose of comparison, data are provided on the following items included in the above operating profit:					
Sale of businesses	0	10	0	1	–
Sale of property	–	–	0	24	0
Redeployment costs	–	-8	–	-35	–
Total	**0**	**2**	**0**	**-10**	**0**
Intangible non-current assets	1,012	793	554	606	521
Property, plant and equipment	156	162	141	170	180
Non-current financial assets	14	13	8	8	12
Inventories	650	556	465	589	527
Current receivables	850	735	584	663	691
Cash and cash equivalents	50	50	50	84	78
Total assets	**2,732**	**2,309**	**1,802**	**2,120**	**2,009**
Shareholders' equity	1,004	907	803	822	664
Non-controlling interests	13	15	11	11	12
Interest-bearing liabilities and provisions	584	408	218	406	434
Non-interest-bearing liabilities and provisions	1,131	979	770	881	899
Total shareholders' equity and liabilities	**2,732**	**2,309**	**1,802**	**2,120**	**2,009**
Capital employed	1,601	1,330	1,032	1,239	1,110
Working capital, year average	890	753	732	838	729
Financial net liabilities	534	358	168	322	356
Operating margin, %	9.0	8.6	5.9	8.5	9.9
Profit margin, %	8.6	8.2	5.5	8.2	9.5
Return on equity, %	34	31	18	36	48
Return on working capital (P/WC), %	32	33	19	33	42
Return on capital employed, %	53	50	30	45	57
Equity ratio, %	37	40	45	39	34
Debt/equity ratio, multiple	0.6	0.4	0.3	0.5	0.6
Interest coverage ratio, multiple	15.8	19.5	12.4	14.7	18.9
Net debt/EBITDA, multiple	0.9	0.8	0.6	0.7	0.8
Earnings per share (EPS), SEK	14.65	11.80	6.60	12.05	12.70
EPS, after dilution, SEK	14.60	11.75	6.60	11.95	12.50
Cash flow per share, SEK	18.90	13.50	13.20	13.90	14.45
Shareholders' equity per share, SEK	46.20	40.80	36.10	37.20	29.90
Dividend per share, SEK	8.00 [2]	7.00	5.00	5.00	7.00
Average number of shares after repurchases, '000s	21,944	22,253	22,204	22,112	22,385
Average number of shares adjusted for dilution, '000s	22,000	22,293	22,249	22,276	22,678
Market price of share at 31 March, SEK	182.00	189.00	121.75	74.75	128.50
Turnover rate of the share, %	17	17	21	18	20
Cash flow from operating activities	415	300	293	307	324
Cash flow from investing activities	-296	-302	-43	-85	-196
Cash flow from financing activities	-119	5	-284	-217	-123
Cash flow for the year	0	3	-34	5	5
Average number of employees	1,612	1,445	1,335	1,532	1,368
Number of employees at year-end	1,700	1,512	1,323	1,426	1,537

[2] As proposed by the Board of Directors.

Pro forma according to new organisation per 1 April 2012

Quarterly data, Pro forma	2011/2012				2010/2011			
Revenue by business area	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Components	425	394	365	384	371	380	327	328
Energy	351	380	347	314	278	288	258	245
Industrial Solutions	313	336	294	302	285	297	262	222
Life Science	277	274	214	237	250	237	174	223
Parent Company and Group Items	-2	-1	-2	-2	-1	-2	-2	-2
Addtech Group	**1,364**	**1,383**	**1,218**	**1,235**	**1,183**	**1,200**	**1,019**	**1,016**

Quarterly data, Pro forma	2011/2012				2010/2011			
Profit/loss by business area	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Components	32	30	32	31	27	25	22	31
Energy	34	45	38	34	33	34	26	25
Industrial Solutions	30	26	29	27	22	21	22	14
Life Science	25	29	19	25	26	26	15	23
Parent Company and Group Items	-4	-3	-4	-5	-2	-4	-2	-4
Operating profit	**117**	**127**	**114**	**112**	**106**	**102**	**83**	**89**

Revenue by business area, Pro forma			
SEKm	2011/2012	2010/2011	2009/2010
Components	1,568	1,406	1,153
Energy	1,392	1,069	880
Industrial Solutions	1,245	1,066	799
Life Science	1,002	884	855
Parent Company and Group items	-7	-7	-7
Addtech Group	**5,200**	**4,418**	**3,680**

Profit/loss by business area, Pro forma	2011/2012		2010/2011		2009/2010	
	SEKm	%	SEKm	%	SEKm	%
Components	125	8.0	105	7.5	49	4.2
Energy	151	10.8	118	11.0	92	10.5
Industrial Solutions	112	9.0	79	7.4	17	2.1
Life Science	98	9.8	90	10.2	71	8.3
Parent Company and Group items	-16		-12		-13	
Addtech Group	**470**	**9.0**	**380**	**8.6**	**216**	**5.9**

Definitions

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), diluted

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 net sales.

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 net sales.

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).

Welcome to the Annual General Meeting

The Annual General Meeting (AGM) of Addtech AB (publ.) will be held at 4.00 p.m. on 29 August 2012 at Näringslivets Hus, Storgatan 19, Stockholm.

Notice of participation

Shareholders who wish to participate in the Annual General Meeting

- must be entered in the shareholders' register held by Euroclear Sweden AB on Thursday, 23 August 2012.

- provide the Company with notification of their attendance by Thursday, 23 August 2012 at the latest: by contacting Addtech AB (publ), Box 5112, 102 43 Stockholm, Sweden; by calling +46 (0)8-470 49 00; by faxing +46 (0)8-470 49 01; through the Company's website www.addtech.com/investerare; or by e-mailing info@addtech.com. 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 (a maximum of two). The data submitted in such notification will be processed and used for the 2012 AGM.

Shareholders whose shares are held in trust 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 Thursday, 23 August 2012.

If a shareholder intends to participate by representation through a proxy, the original of the proxy notice as well as any documents for authorisation must be sent to the Company well before the AGM. Representatives of a legal entity must also submit a certified copy of the registration certificate or equivalent documents for authorisation that demonstrate that they are entitled to represent the legal entity. The Company provides a proxy form for shareholders which is available from the head office or from the Company's website www.addtech.com/arsstamma as of 18 July 2012.

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 Monday, 3 September 2012 for dividend payment. Provided the AGM adopts the proposal, the dividend is expected to be paid through Euroclear Sweden AB on Thursday, 6 September 2012, 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.

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