Nederman

Annual Report 2010

"2010 was the most significant year in Nederman's history to date. Nederman doubled in size and consolidated its position as the world leader in industrial air filtration."

Content

Key events during the year

26 March Nederman publicly announces the acquisition of Dantherm Filtration. As a result the Group doubles its business in size and becomes the global market leader in industrial air filtration.

30 April The acquisition of Dantherm Filtration is concluded and integration of the two businesses begins. Nederman starts a review of its subsidiaries and operational structure aimed at enhancing competitiveness and achieving synergies.

30 September Nederman decides to move production at Arboga to its own plant in Marki, Poland. Production concerns equipment for recycling and eco-friendly handling in metal fabrication.

22 October Nederman initiates a survey of alternatives and measures to strengthen profitability at its subsidiary, Nederman Norclean AS, based in Sandefjord, Norway.

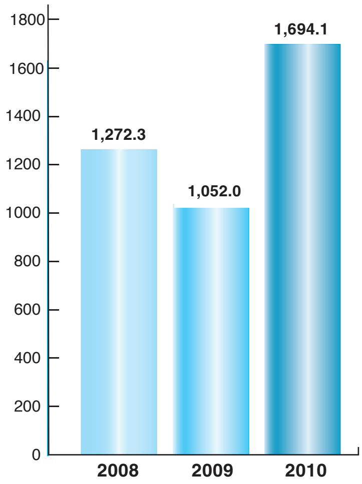
Events after the end of the year

3 January 2011 Nederman Holding AB sells the Finnish subsidiary, Dantherm Filtraton Oy to Indutrade Oy. Nederman does not operate its own sales company in Finland, where Indutrade's subsidiary, Tecalemit, has acted as Nederman's distributor for the past 27 years. The acquisition by Indutrade is considered to be the best solution for both companies.

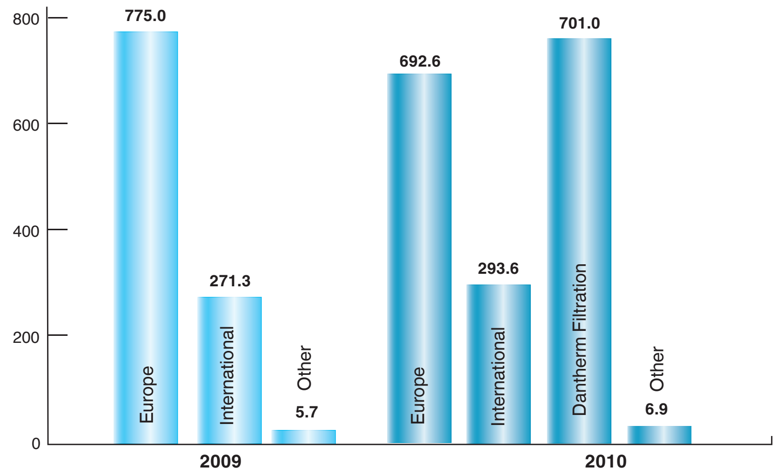
17 January 2011 Nederman decides to relocate all production at its subsidiary, Nederman Norclean AS, from Sandefjord, Norway, to its plants in Töredal and Helsingborg in Sweden.

Key figures, Group

Sales
SEK m

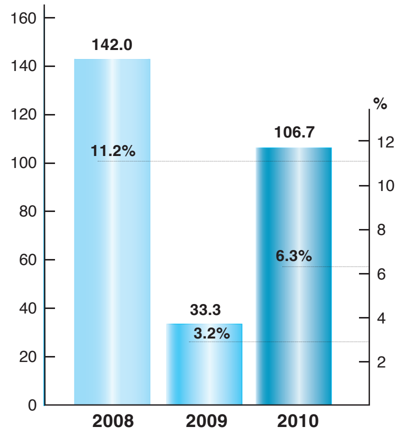


Sales by operating segments
SEK m



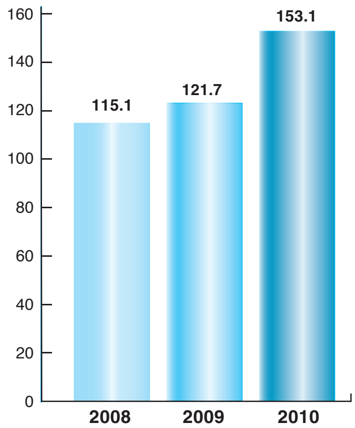
Operating profit (EBIT) and operating margin*)

SEK m

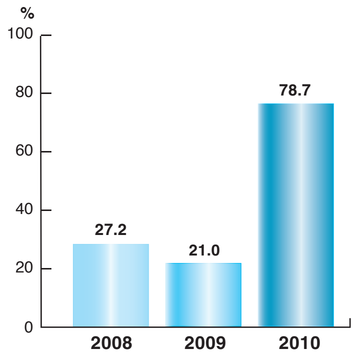


Operating cash flow*)

SEK m



Net debt/equity ratio



Operating key figures*)

SEK m	2008	2009	2010
Net sales	1,272.3	1,052.0	1,694.1
Gross profit	617.8	506.4	697.8
Gross margin, %	48.6	48.1	41.2
EBITDA	159.9	51.4	144.9
EBITDA-margin, %	12.6	4.9	8.6
Operating profit	142.0	33.3	106.7
Operating margin, %	11.2	3.2	6.3
Operating cash flow	115.1	121.7	153.1
Return on operating capital, %	22.4	5.1	14.1
Net debt/equity ratio, %	0.9	2.1	2.7
Net debt/EBITDA, multiple	10.5	8.4	5.9

Financial key figures

SEK m	2008	2009	2010
Net sales	1,272.3	1,052.0	1,694.1
Operating profit	140.8	23.3	51.3
Operating margin, %	11.1	2.2	3.0
Profit before tax	125.6	17.2	26.9
Net profit	92.6	14.6	21.1
Earnings per share, SEK	7.90	1.25	1.80
Return on shareholders' equity, %	18.9	2.8	4.2
Net debt	144.1	108.0	392.2
Net debt/equity ratio, %	27.2	21.0	78.7
Average no. of employees	710	672	1,309

Result operating segments

Europe	2009	2010
Net sales, SEK m	775.0	692.6
Growth, %		-10.6
EBIT, SEK m	70.0	62.5
EBIT margin, %	9.0	9.0

International	2009	2010
Net sales, SEK m	271.3	293.6
Growth, %		8.2
EBIT, SEK m	5.0	18.3
EBIT margin, %	1.8	6.2

Dantherm Filtration (8 months)	2010
Net sales, SEK m	701.0
EBIT, SEK m	46.4
EBIT-margin, %	6.6

***)** *Excluding acquisition and restructuring costs*

The global market leader in industrial air filtration

- The Group has units for production and assembly in Sweden, Denmark, Norway, Germany, Poland, Canada, USA, Thailand and China.
- Sales and marketing are done through subsidiaries in 29 countries and by agents and distributors in some 30 countries.
- The number of employees at year-end was 1,455.

How Nederman creates a good working environment while reducing environmental impact

We feel much better if we can breathe clean air. Work performance also increases when we have good access to clean, fresh air. In advanced manufacturing clean air is also in many cases vital to both quality and efficiency.

These basic assumptions form the foundation of Nederman's activities. The Group's products and systems help create a clean and safe working environment with a focus on clean air. Our solutions are used to reduce the impact on the environment from various industrial processes. Our recycling solutions contribute to improved production economics and reduced environmental impact of industrial processes.

Nederman has the market's broadest range for industrial air filtration. The Group's products are complementary to a large extent and through different solutions can be integrated in advanced processes to enhance quality and protect health. The solutions are based mainly on low and high vacuum technology and on ergonomic assistance for effective management of cables and hoses. This means that Nederman has the flexibility to offer complete solutions, primarily in the following business areas.

The Group's Business Areas

Metal fabrication
Nederman's largest business area produces solutions for the metal fabrication industry. This includes products and systems that create good working environments and contribute to efficiency in connection with welding, flame cutting and other metal fabrication, primarily in the engineering industry.

Automotive
The Automotive business area is a world leader with its solutions that safeguard a good working environment in vehicle repair shops and stations for emergency vehicles.

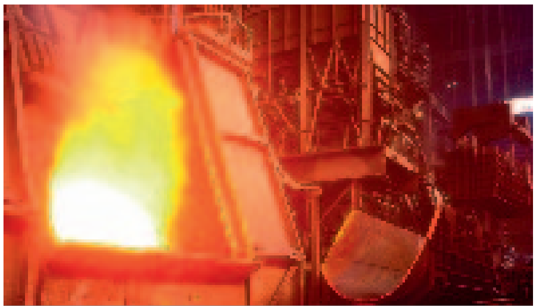
Foundries and Smelters
Foundries and Smelters is a new business area at Nederman. The area covers a wide range of filter equipment and complete filter systems with various complementary products for foundries and smelters on the international market.

Wood
Wood is a new business area at Nederman, but it has a lengthy background at Dantherm Filtration. The business area is a leading provider of products and systems that ensure a good working environment in the international wood and paper processing industry.

General Industry
Nederman's products and solutions are used in a wide range of applications in composite processing, marine and offshore industry, the food and pharmaceutical industries, etc.


METAL FABRICATION


AUTOMOTIVE


FOUNDRIES & SMELTERS


WOOD


GENERAL INDUSTRY

Strong global forces underpinning market growth



Nederman's expansion is driven by strong market forces related to health, environment and efficient production. An important factor is the increasing awareness of environmental problems worldwide, which also leads to more stringent legislation and greater regulatory control.

Increased awareness of environmental and health risks and related costs

As awareness of climate change and other environmental problems grows, there is greater interest in investments that contribute to a cleaner environment and lower energy consumption. Social responsibility and ethical issues are increasingly important for businesses, which means a sharper focus on issues related to workplace environment and health.

Stricter laws

More and more countries are implementing comprehensive laws and regulations covering the workplace environment and external environment.

Growing environmental demands from customers and consumers

Customers in many industries along with consumers are increasingly demanding that products must be manufactured under good working conditions and with minimal environmental impact.

A greater focus on efficiency and quality in production

Tougher requirements for trouble-free production will lead to greater interest in investments with productivity and quality benefits.

Higher incentives to save energy and recycle materials

Rising energy and material costs create incentives for companies to invest in energy saving systems, minimize waste and recycle production by-products.

International harmonization and growth potential in emerging markets

New and prospective EU member countries are adapting to EU requirements concerning safety and environmental impact. In developing countries, there is increased awareness about the consequences of environmental degradation and poor workplace environment.

High potential in emerging markets

In emerging markets there is a rapid increase in industrial production and thus substantial investment in new technologies. Industrial globalization means that companies are increasingly more internationally active, leading to the spread of technology, business culture and customer requirements.

Nederman's success factors

- As a system supplier, the Group can take responsibility for the entire process from design to application solution.
- Covers the entire chain from product development to service and aftermarket.
- Provides both individual products and complete systems for the entire production line.
- International market presence with our own sales companies and a well-developed distributor network.
- Meets customer needs with the market's widest range in industrial air filtration, plus a comprehensive range of hose and cable reels, systems for handling fluids, and systems for separation and recycling of chips and cutting fluids.

"2010 was the most significant year in Nederman's history to date. Nederman doubled in size and consolidated its position as the world leader in industrial air filtration."

Sven Kristensson, CEO

CEO's statement

In last year's annual report I wrote that an economic downturn can also be seen as an opportunity. I was pointing out that a tougher business climate often leads to a restructuring among the competition and opportunities for acquisitions. Just such an opportunity opened up in early 2010 when Nederman acquired Dantherm Filtration, a company of similar size to Nederman. We had started viewing Dantherm Filtration as a dream acquisition back in 2004, so it was very satisfying to conclude this deal in April 2010.

This acquisition is strategically motivated because it enables us to make a broader, more complete business offer to existing and new customer groups. The merger also makes Nederman a true environment technology company, offering solutions that protect both the working environment and the outer environment.

Integration of the two companies began on day one and has progressed according to plan. We have improved the profitability and cash flow of the acquired business, and synergies worth around SEK 80 million will be achieved by 2012. Once integration is concluded we will realize our financial objective of EBIT of over 10 per cent over a business cycle.

I also wrote in last year's annual report that our main scenario for 2010 was that demand would remain weak and that the main recovery would start in early 2011. The first part proved to be true, but recovery is still more sluggish than I predicted a year ago. We are seeing clear signs of recovery in some markets and certain customer segments, but the overall picture is inconsistent.

In the wake of the financial crisis many governments have built up large debts, which is impacting on the investment climate. This uncertainty has meant that many industrial companies have not yet invested in increased production capacity, even though they are selling more. Meanwhile, the long-term market forces that favour our products are strengthening because it costs more and more for companies not to solve problems relating to the environment, working environment and production efficiency. This includes costs for environmental penalties, sick leave, lower production tempo and reduced quality.

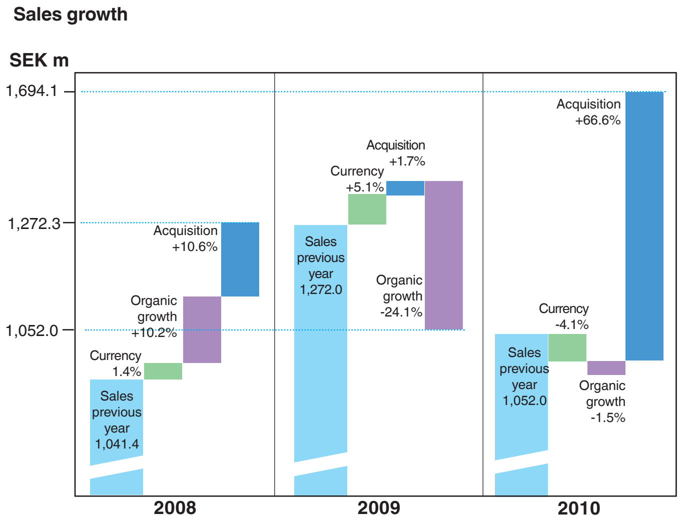
On a weak market it is an advantage to be the global market leader, and Nederman was able to advance its market positions in 2010. This helped produce benefits of scale that will give us a strong platform when the market picks up properly.

Europe remains the market where we have our highest sales turnover – but we view the BRIC nations as offering the greatest opportunities for future growth. In 2010 we noted strong expansion in Asia and we will continue to build strong platforms for growth. It is important to understand that we view growth countries as domestic markets – not export markets – and that we therefore aim to establish a strong local presence both with sales and service, and with manufacturing and purchasing.

Overall Nederman is reporting a strong cash flow and good growth. The changes in net debt/equity ratio and solidity are attributable to the acquisition of Dantherm Filtration.
Our key focus in 2011 is profitable growth and we will concentrate relentlessly on boosting sales and further improving profit margins.

Financial and operational objectives

Nederman's objective is to create growth and profitability for the company's stakeholders. The objective over time is to increase the value of the company and thereby safeguard a stable development and long-term yield for shareholders.
Because our products and systems create a clean, safe environment we contribute to positive social development.

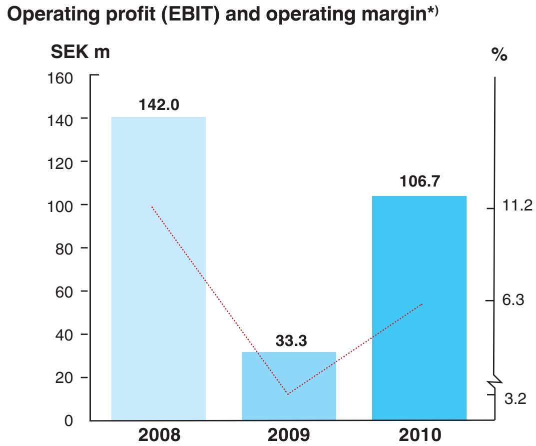


Operational objectives:

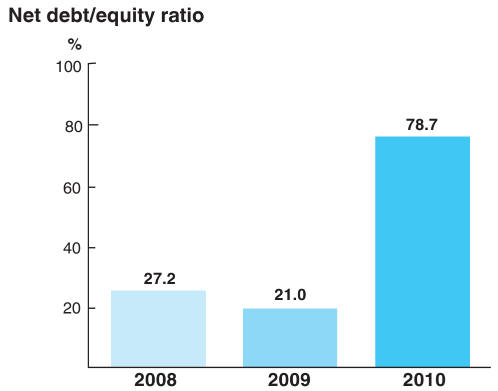
• Identifying new application areas and geographic markets with significant growth potential.

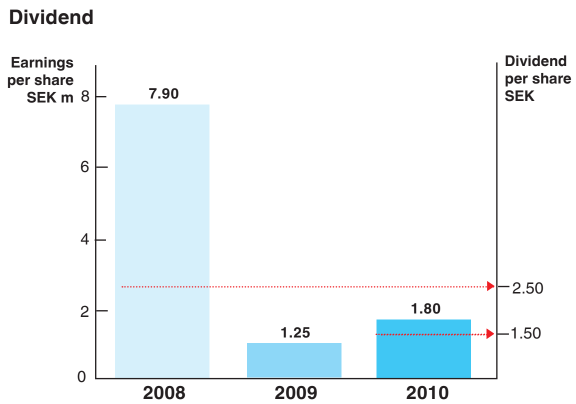
Financial objectives

• Annual sales growth of 8-10 per cent over a business cycle, of which at least half will be organic growth.
• EBIT margin of at least 10 per cent over a business cycle.
• A net debt/equity ratio of between 0.5 and 1.0.
• A dividend policy of 30-50 per cent of net profit being paid to shareholders.



Vision och Mission





The board and CEO propose that a dividend of 1.50 SEK per share is paid for 2010. (SEK 0 per share).

*) *Excluding acquisition and restructuring costs*

The acquisition of Dantherm Filtration makes the Nederman group the world leader within industrial air filtration.

The acquisition of Dantherm Filtration

During the year Nederman doubled its business and established itself as the global market leader in industrial air filtration. This was achieved through the acquisition of Dantherm Filtration, which has also contributed to increased value for the Group.

The acquired business had sales in 2009 of around SEK 980 million and over 900 employees.
The company was a division of Dantherm A/S, the Danish listed Group. The acquisition was completed on April 30, 2010, and from that date the business was consolidated in the Nederman Group. Together, Nederman and Dantherm are a world leader and form the largest Group in industrial air filtration. The total pro forma sales for full year 2010 amount to around SEK 2 billion and there were 1,455 employees at year-end.

Business logic

The companies complement each other very well in terms of range, customers and strategy. The merger creates value by expanding the Group's customer base and customer areas while producing synergies in purchasing, production and sales. Nederman's activities and offerings are strengthened primarily in four ways:

• ***Expansion in the value chain***
The group will now have a complete range of both large and small installations. Dantherm Filtration offers high-capacity filtration systems with a main focus on manufacturing and protection of the environment. Nederman complements Dantherm Filtration's solutions including extraction devices, arms and high vacuum solutions used to secure a good working environment. This means that Nederman can continue to expand in the value chain through increased system sales and by selling even larger systems to existing customer segments. The acquisition also creates opportunities to develop new concepts and solutions, for example, welding and machining.

• ***New application areas***
The acquisition is in line with Nederman's strategy to expand its customer base and customer areas. Nederman's business has focused on customers active in engineering, automotive and other industries. The acquisition adds new customer segments, such as foundries, smelters and the wood processing industry.

• ***More effective and global distribution network***
The Group has gained sales companies in more countries around the world, which will make the joint sales organization more efficient; Nederman previously had 29 sales companies and Dantherm Filtration ten. This also provides scope for an intensified effort to increase service activities and aftermarket sales.

• ***More efficient purchasing and production***
With increased volumes and the potential for coordination, the Group can optimize procurement and production structures. This creates synergies while transport and lead times for delivery can be reduced.

Integration

Nederman believes that the integration will generate annual synergies of around SEK 80 million, primarily from efficiencies in production and purchasing structures, and coordination of sales organizations. It is estimated that the full impact will be reached by the end of 2012.

The restructuring costs are not expected to exceed SEK 100 million of which SEK 43.6 million were in 2010.

Integration work is conducted within the framework of a large number of integration projects, most of which will be completed in 2011. At year-end, 15 projects were decided and 13 started, 3 of which were completed, which means that the process of integration is intensive, but proceeding according to plan.

Nederman’s organization

The Group will adapt its organization to manage a substantially larger business from 2011. A new organization is being formed based on geographical segments, Europe and International, with market-oriented business areas. This also means that Dantherm Filtration is being fully integrated into the organization.

Nederman’s operational activities in 2010 were organized in two operating segments, Europe and International, which were supplemented during the year by a third segment, consisting of the acquired business within Dantherm Filtration.

Two operating segments from 2011

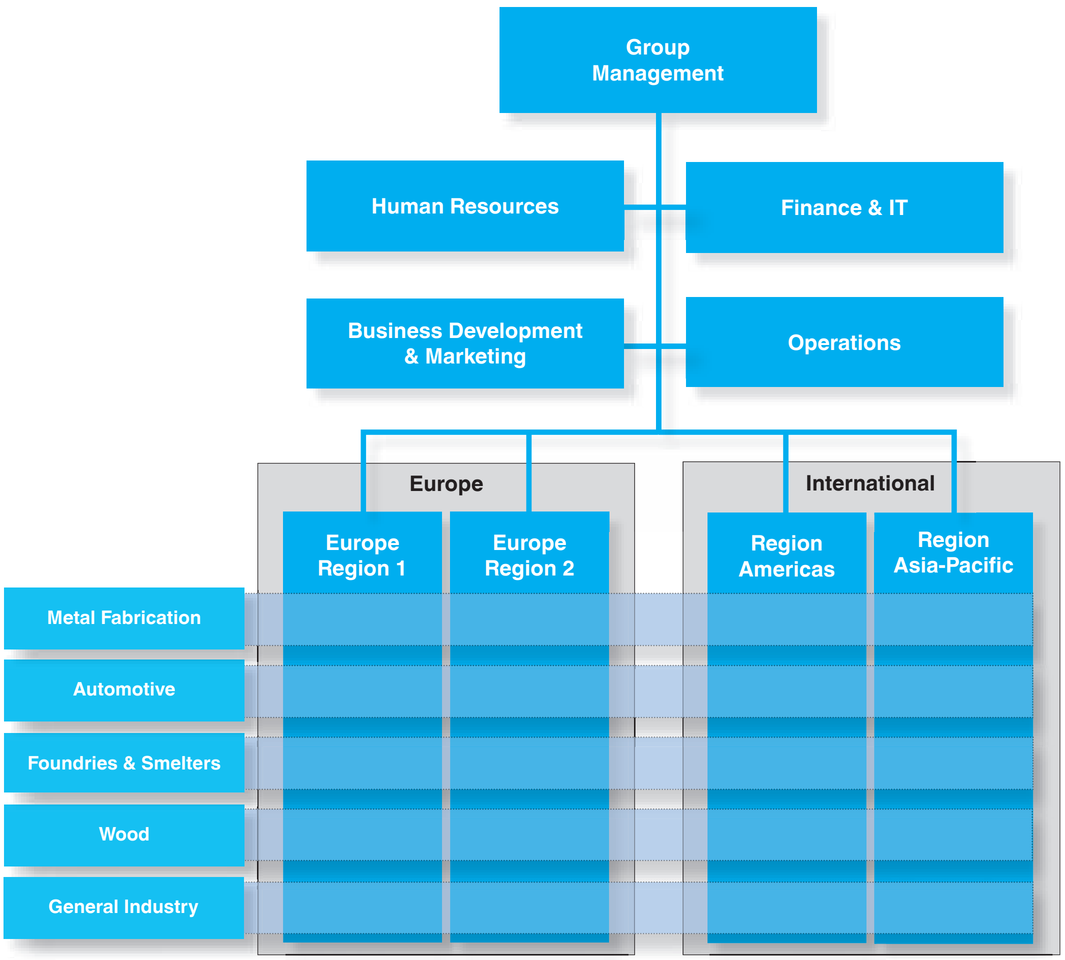
As part of the integration of Dantherm Filtration, the organization will be adapted starting in 2011. The two operating segments Europe and International will be the Group’s reporting units and each operating segment will include parts of the acquired business.

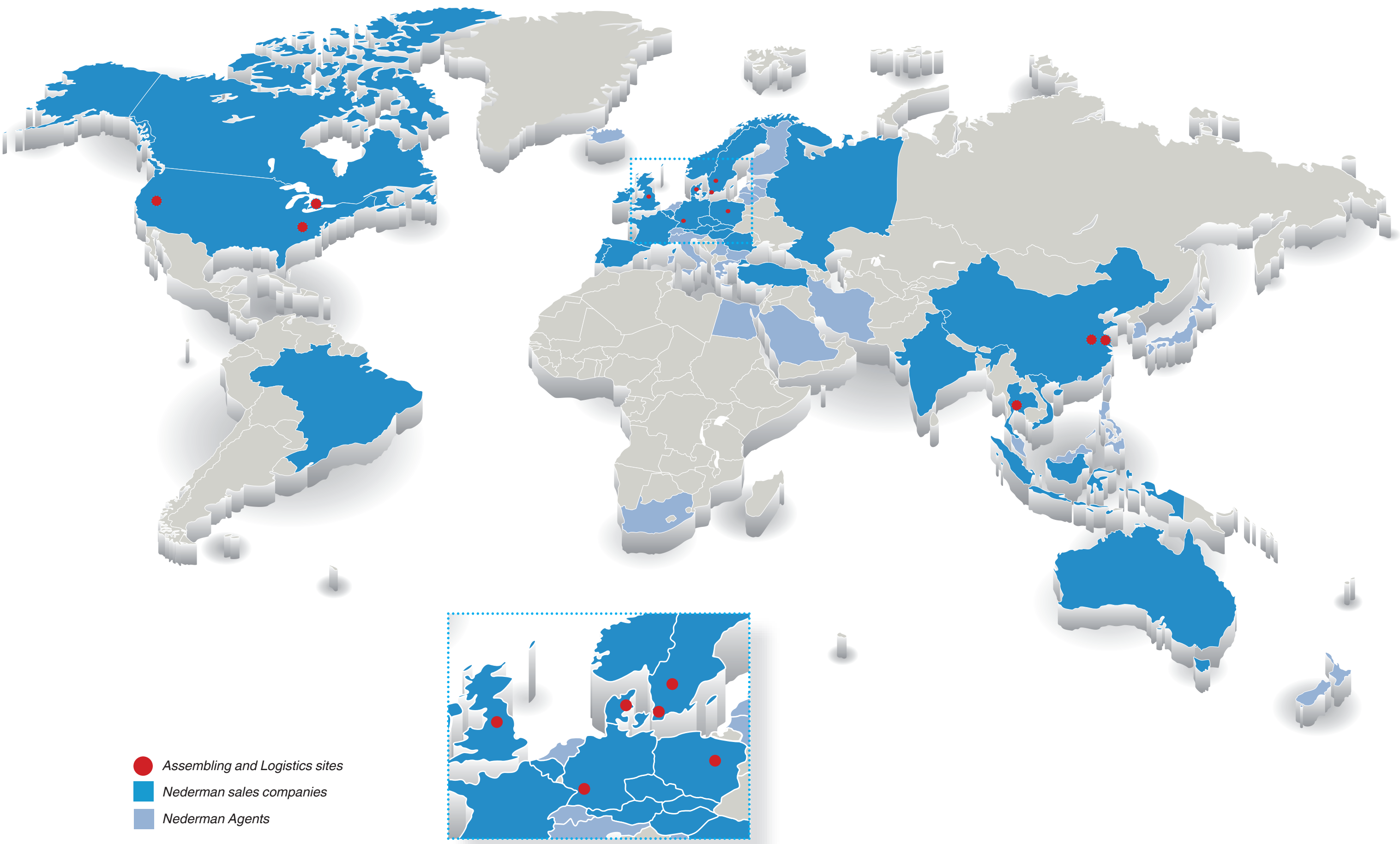
The two operating segments operational activities will be managed within the framework of four regions, two that cover Europe and one region covering the Americas and one covering Asia-Pacific. The regions will be followed up within the framework of the two operating segments.

Five business areas

To work closely with customers with application development and marketing, five Business Areas have been established – Metal Fabrication, Automotive, Foundries and Smelters, Wood and General Industry – as well as a number of smaller application areas. This includes Business Area managers who will focus on business value and strategic market development, and product managers who will focus on the product range.

The Group-wide functions are Group Management, Finance and IT, Business Development and Marketing, Human Resources and Operations.





Enhanced distribution and sales

Nederman has most of its operations in Europe and North America. The Group is also rapidly expanding in Asia where the market organization was extended during the year.

Distributors and direct sales

The company aims to achieve a good balance between direct and distributor sales, to reach customers with different needs.

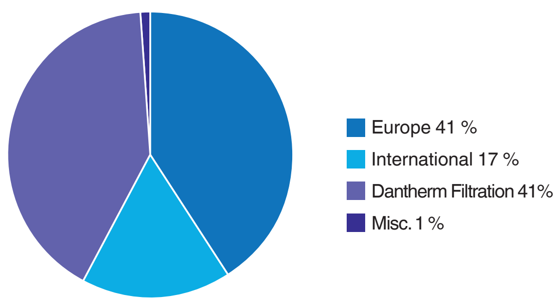
Through the sale of customized solutions directly to the user Nederman can use its specialist expertise to ensure that equipment is installed and used properly. System sales include deliveries of solutions for the entire production area, where Nederman takes responsibility for design, construction and commissioning, and is responsible for ongoing service. The group has its own sales companies in 29 countries.

Sales through distributors give Nederman high market coverage for individual products and smaller systems, while achieving greater geographical coverage.

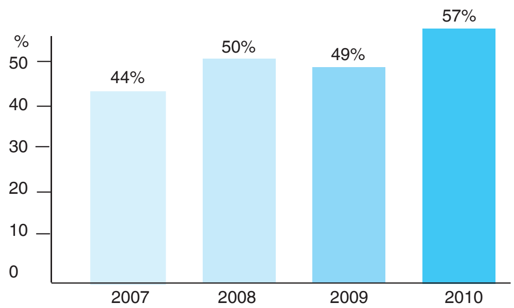
Nederman's strategy for its sales organization is to adapt business to local markets while the company also shares its philosophy and delivers its message about the working environment.

The application areas that Nederman focuses on in different parts of the world are linked to industrial development and the needs of different countries and regions. A strong local presence is of great importance to Nederman to meet changes in market requirements.

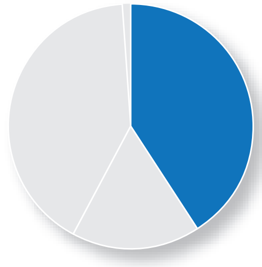
Sales by Operating Segments 2010



Direct sales as share of total sales in 2010



Europe



Nederman has a strong position in the European market and a broad network of both its own sales companies and distributors. Future growth in Europe is expected to take place primarily in the areas of composite materials, machining and vehicle repair shops. There is great potential in Eastern Europe where standards are becoming more like those in Western Europe.

Market trends

The year was characterized by a slow, cyclical recovery in most countries. Much of Nederman's sales comprise equipment for new plants, which means that the business has been adversely affected by generally low levels of investment.

Nederman has been less affected than many of its competitors because the Group has a broad offer across different market segments and a high proportion of project sales made in close contact with end customers. The Group's competitiveness and market position strengthened during the year as a result of extensive cost savings completed early in the downturn, while several more specialized competitors, such as in the metalworking industry, have lost market share or have closed down during the year.

The markets in Sweden and Poland delivered the best performance during the year. The Swedish market reported good development for solutions that contribute to a clean and safe working environment within the welding-related industry and vehicle workshops. A contributing factor was growth among car service companies that compete with branded workshops.

In Eastern Europe there are continuing signs of recovery in the metalworking industry and in automotive workshops. Other markets in Europe, however, to a greater or lesser extent were characterized by the slow recovery in economic activity.
In Germany there is a gradual recovery, particularly in welding-related industries, which is also true in Norway.
In Norway, demand is rising for customized solutions for the Offshore and Shipping industry, where sales efforts have been intensified during the year. In Denmark, the important wind energy industry weakened during the year.

For Europe as a whole there was an increase in new orders received in the latter half of the fiscal year. Demand rose from aircraft manufacturers, with production of the Airbus A380 and other new types of aircraft boosting demand for large high vacuum systems, mainly in Spain and Germany, but also in the UK.
During the year, a major breakthrough order was received in the UK related to the recently developed machining concept, which means that the Group now provides complete, integrated systems for handling and recycling of waste products from CNC-controlled production lines in the engineering industry.

Results for the year

Net sales for the year amounted to SEK 692.6 m (775.0), which is an decrease of 10.6 percent compared to the previous year. Margins were relatively stable due to cost savings, and operating profit amounted to SEK 62.5 m (70.0).

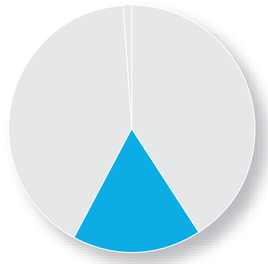
Outlook

From 2011 Europe will include Dantherm Filtration's products in European markets. During the coming year, work will continue to strengthen the structure of sales and sourcing in Europe, with Dantherm Filtration's sales company merging with Nederman in countries where both companies have been represented.

To increase efficiency, Europe is also conducting long-term development towards a Business Area oriented sales organization.

Europe	2009	2010
Net sales, SEK m	775.0	692.6
Growth, %		-10.6
EBIT, SEK m	70.0	62.5
EBIT margin, %	9.0	9.0

International



International is responsible for sales in all markets outside Europe. North America is the largest of these markets. International has been increasing its presence in emerging markets in Asia, Brazil and other countries over the past few years.

Asia

The rapidly expanding markets of China and India offer significant potential for Nederman's products and good progress was made during the year. Close proximity to customers is crucial in these large countries and the Group is therefore working to establish a strong sales organization with qualified support in the form of technical skills for service and installation. At the same time, costs are being adapted to the local situation by increasing the supply of locally manufactured products and components.

During the year, new regional offices opened in Beijing and Guangzhou in southern China. In total during the year, nearly 50 new distributors have been signed up, mainly in manufacturing segments such as welding and industrial composite processing. In India, a new regional office was opened in Bangalore and the number of distributors and agents has increased in various parts of the country.

Brazil

The Brazilian economy is developing strongly and Nederman sees excellent opportunities to create a strong market position in all Business Areas. The Group has had its own sales and service organization in Brazil since 2008 and sales show good growth. The strongest applications are in the welding-related industry, but composite processing is also developing well. Brazil is also expected to offer good potential for Dantherm Filtration's products, which have not been marketed there before.

North America

Development in the US and Canada during the year was relatively weak due to the general economy and low level of investment in manufacturing. Sales of equipment for the extraction of exhaust from emergency vehicles, which account for a large share of consolidated sales in the US, were hit by changes in the rules on state aid for investments. The development of a specialized dealer network in the US that started in late 2009 has continued as planned.

Results for the year

Net sales increased to SEK 293.6 m (271.3), which is an increase of 8.2 per cent over the previous year. Development was strongest in emerging markets, while growth in North America is still affected by the weak economy.

The operating profit increased to SEK 18.3 m (5.0) as a result of stronger margins due to a larger share of locally manufactured products and components, and changes in the product mix.

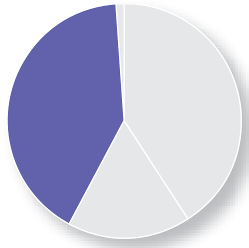
Outlook

From 2011 International will include both Nederman's products and Dantherm Filtration's products in markets outside Europe. This means that the Group will become a stronger player in virtually all of its international markets.

Efforts to strengthen the Group's presence will continue, not least in China, India and Brazil. Marketing efforts will also be pursued in other emerging markets such as Indonesia, Malaysia, South Korea, Thailand and Vietnam.

International	2009	2010
Net sales, SEK m	271.3	293.6
Growth, %		8.2
EBIT, SEK m	5.0	18.3
EBIT margin, %	1.8	6.2

Dantherm Filtration



Dantherm Filtration is a world leader in air filtration, focusing on customer-specific solutions for the manufacturing and process industries. The acquisition of Dantherm Filtration makes Nederman the global leader in industrial air filtration.

Dantherm Filtration's solutions are used in many application areas and across various industry sectors. The company markets internationally recognized brands such as Airmaster, BMD Garant, Ventilatorverken and Nordfab. Dantherm Filtration offers a wide range of explosion-approved products for the handling of dry particles in composite processing, the paper and wood, food, pharmaceutical and chemical industries.

Since the acquisition on April 30, 2010, Dantherm Filtration has been an operating segment within the Group, while a large number of integration projects have begun. The integration will continue in 2011 and Dantherm Filtration will be included as of this fiscal year in the Europe and International segments.

Market Development

The European market is recovering slowly from recession. This has affected Dantherm Filtration's sales through a conservative approach to investment in the market. In Scandinavia, however, both product and system sales have shown signs of stabilization. In Sweden, for example, there has been a recovery in the wood and paper industry. The woodworking industry in Poland has also shown signs of stabilization.

Investments in Germany are still at a low level, despite steadily increasing economic activity. During the year, among other orders, one was received in cooperation with Siemens AG. The client is one of Europe's leading paper and board manufacturing and the project concerns the recycling of waste materials and recovery of the energy in hot gases. In the UK, Dantherm Filtration enjoyed continued success relating to investment in major schemes in wood processing.

In Southeast Asia, Dantherm Filtration is already present in Thailand, Vietnam, Malaysia, Indonesia and China. Markets in Thailand, Vietnam and Indonesia progressed well, with several new orders won during the year. The Indonesian market is also evolving rapidly, with strong growth in the automotive industry.

In China, the authorities have begun to take action against companies that do not meet modern environmental standards, which is expected to affect demand positively. The rate of investment by domestic Chinese companies is still at a relatively low level regarding larger filter systems. Businesses often remain dependent on state funding, while competition from local producers is high.

In North America, several inquiries have been received for systems that can be designed with a combination of low vacuum solutions from Dantherm Filtration and high vacuum solutions from Nederman. This is a concrete example of how integration between the two companies will lead to synergies and improved competitiveness. Generally, demand remains weak and investment low in the US market.

Development during the year

The acquired Dantherm Filtration was reported as an operating segment from April 30, 2010. Since the acquisition, net sales amounted to SEK 701.0 m with an operating profit of SEK 46.4 m. The margin was 6.6 per cent.

Dantherm Filtration (8 months)	2010
Net sales, SEK m	701.0
EBIT, SEK m	46.4
EBIT-margin, %	6.6

Metal Fabrication

Nederman's largest business area produces solutions for the metal fabrication industry. This includes products and systems that create good working environments and contribute to efficiency in connection with welding, flame cutting and other metal fabrication, primarily in the engineering industry.

Welding and flame cutting

Millions of people around the world work with welding and metal fabrication, and thus risk being subjected to various harmful substances in their work environment. Welding fumes can also react with other substances in the environment and have negative effects on quality and equipment. Similar problems are associated with flame cutting and sandblasting. Therefore, investment in the working environment gives a good return both in the form of healthier employees and increased production efficiency and quality.

Nederman offers a comprehensive range of products and accessories that can be assembled into customized solutions for both individual workplaces as well as complete production lines. The solutions are also used to protect welding robots and machines in automated manufacturing processes.

The systems are based on user-friendly nozzles that capture welding fumes at source and vacuum units with integrated filters that take care of dangerous particles, along with various accessories. The range includes portable units that the welder can transport. To enable dust-free sanding, the equipment extracts the sand, filters it and then collects the recyclable sanded materials. The sand is then returned to the workstations where it can be used again in the treatment process.
Dantherm Filtration complements Nederman's range with high capacity filters and systems for larger production sites. The new solutions can be used for plasma cutting and laser cutting operations that place high demands on filter capacity.

Based on the expanded range, the business area during the last year launched a new comprehensive concept for welding and flame cutting for both small and large production lines, which have been well received in the market.

Machining

Nederman offers products and systems that contribute to good workplace safety, efficient production and quality in connection with turning, milling, drilling and cutting.
When metals are processed mechanically, waste products are produced in the form of metal chips mixed with cutting or cooling fluid. If processing is done at high temperatures, oil mist may be formed, which is harmful if inhaled and can give rise to unclean surfaces or damage electronic components.

The business area's solutions make it possible to collect waste products directly at workstations and separate cutting or cooling liquids from the metal chips formed during machining. Thus, customers can recycle the metal waste in the form of briquettes that can be sold. In addition, cutting fluids can be re-used which results in cost savings and better utilization of resources. Nederman's solutions for recycling thereby enable customers to make cost savings while reducing environmental impact.

The business area also has solutions to filter out oil mist from the air. Examples of products include conveyors, centrifuges, filtration systems and briquette presses. Increasingly, these are provided in the form of turnkey solutions for complete production lines, which are marketed as the Nederman Machining concept.

Nederman system for treatment of coolants can be applied to most machining tools.

Automotive

The Automotive business area is a world leader with its solutions that safeguard a good working environment in vehicle repair shops and stations for emergency vehicles.

The automotive aftermarket accounts for a very large part of the automotive industry's total turnover. Since cars need servicing and repairs even in bad times, this sector is less dependent on the business cycle. This is also a market of rapid growth as car fleets expand in many countries around the world, especially in developing nations.

Vehicle repair shops

Nederman offers a wide range of solutions for ergonomic and efficient workstations in both large and small vehicle repair shops. These solutions make workplaces safer and more efficient while making a more professional impression on customers. The business area also supplies systems that extract exhaust gas directly from the exhaust pipes of vehicles on the premises.

Nederman offers a complete market-oriented product range for exhaust treatment that fits all vehicles to ensure a clean and safe working environment for staff. The solutions for workstations make it easier to handle hoses and cables and take care of dust and gas resulting from sheet metal repair and painting. Nederman also offers systems that store supplies of lubricants, oils and other liquids in the customer's own central station and distributes them via pipe and hose systems to the various workstations. In addition to practical and ergonomic advantages, this results in less waste and lower fire risk. The system records usage and provides control over consumption and waste. Calculations show that investment in this type of system typically pays for itself within a year.

Emergency vehicles

Emergency vehicle stations are an important application area for Nederman's systems for management of vehicle exhaust indoors. To be used in connection with emergency vehicles, Nederman's systems must meet very high standards for reliability under heavy use. Emergency vehicles such as fire trucks and ambulances need to be able to stand idle inside the emergency station and then quickly drive away without filling the station with dangerous fumes.

Nederman has solved this problem with a system in which a tube is applied directly to the exhaust pipe with an advanced nozzle. While the vehicle remains in the station, exhaust fumes are extracted, but as soon as it drives through the gate the nozzle automatically releases the exhaust pipe. Then a spring reels the hose onto a suspension device, making it ready for use again when the vehicle returns.

Foundries and Smelters

Foundries and Smelters is a new business area at Nederman. The area covers a wide range of filter equipment and complete filter systems with various complementary products for foundries and smelters on the international market. The products meet the highest standards for performance, while they have low energy consumption and low maintenance costs.

The market consists of numerous companies, ranging from small family businesses to very large industries. As a rule, many foundries are smaller companies, while steel and aluminium smelters are often part of large global corporations.

Through the integration of Dantherm Filtration, Nederman can offer foundries and smelters a broader range of products and solutions. This includes large filter equipment and systems from Dantherm Filtration, as well as small filter systems and complementary solutions for high vacuum extraction, blasting of castings, cleaning of premises and so on from Nederman. The business area's products and systems are sold via the company's own sales of mainly complete and customer-specific systems and via distributors in several markets.

Foundries

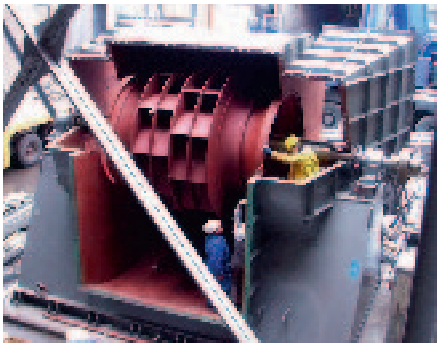
Foundries need advanced equipment that secures a good working environment and reduced impact on the environment. So far, Dantherm Filtration has concentrated its activities in Europe, where it is one of the leading suppliers of filter systems, and to some extent in China. Overall, Dantherm Filtration has delivered filter systems to approximately 800 companies in international markets.

Nederman's expanded product range includes everything from different types of products and systems to complete installations, where the company takes responsibility for design, construction and commissioning and can provide ongoing service.

Smelters

Like foundries, smelters need filter systems that enable a clean, safe working environment and protect the environment. While solutions for foundries primarily focus on eliminating dust, smelters also need advanced absorption systems that can handle toxic emissions from production processes containing hydrogen chloride, dioxins, mercury, etc. For these purposes we offer a wide range of equipment and systems for both dust separation and absorption. These include the advanced Rotosorp system which is patented in Europe, the US and several other countries.

In the area of smelting Dantherm Filtration is one of the leading suppliers to the so-called secondary smelters (geared towards re-using scrap metal) mainly in Europe, but also to the primary smelter segment (focused on iron ore and bauxite).



Badische Stahlwerke is situated on an island between the cities Kehl and Strasbourg. There are high demands on protecting the air from pollution. Dantherm Filtration filters have been installed and the plant is today regarded as having the world's best working environment within its area of business.

Wood

Wood is a new business area at Nederman, but it has a lengthy background at Dantherm Filtration. The business area is a leading provider of products and systems that ensure a good working environment in the international wood and paper processing industry.

Woodworking in the form of sawing, planing, sanding and other operations involves very large amounts of sawdust and sanding dust. To handle these large flows safely and efficiently, the business area has developed a wide range of products and systems based on filters, piping, fans, conveyors, silos and automated control systems.

In addition to a good working environment, these systems make it possible for customers to recycle waste products from processing, which represents a large energy value and thus economic value. When converted into pellets, waste products can be used for energy production by customers or be sold as an energy source.

Leading supplier

Dantherm Filtration already has high market shares in countries with a large wood industry, mainly in Scandinavia and Northern Europe. The new business area also sees opportunities in other regions partly because of the ongoing expansion of the wood and paper industry in Eastern Europe and China.

Customers are sawmills, planing mills and wood processing companies in the furniture, doors, windows and board industry. Among the customers are also printers, packaging manufacturers and other companies in the paper converting sector.

In addition to increased awareness of the working environment, the market is driven largely by overall economic growth that increases demand for wood products for construction and furnishings, as well as for paper-based products. The use of wood as a raw material is also increasing due to an increased focus on renewable and recyclable materials.

The merger opens up opportunities

The integration between Dantherm Filtration and Nederman opens new possibilities as marketing efforts may be enhanced through a greater international presence.

The wood industry is also interesting in that its intensive work processes result in a large, ongoing need for service and maintenance to customers.

Furthermore, the modular filtering system developed by Dantherm Filtration is transferable to other Business Areas within the Group. This includes a flat pack-filtering system that means that products can be packed in compact, flat packages that are easy to transport over long distances and easy to install at the customer's site.

Above and right:
Dantherm Filtration systems installed at Sun Flooring (Sun Group) wood floor plant in Thailand

General Industry

More and more sophisticated products are being manufactured in composites based mainly on plastic, aluminium and carbon fiber. Efficient disposal of the dust particles generated in the processing of these materials is of great importance for productivity and the working environment in many industries.

Because of their unique combination of low weight and high strength, composite materials are increasingly being used in the automotive, shipbuilding, aerospace and wind energy industries. For example, more and more auto parts are being produced from composite materials to reduce weight and hence fuel consumption. Other interesting examples include wing blades for wind power plants and aircraft structures in composite materials with high surface finish to provide minimal air resistance.

When the composite material is cut, milled, machined or sanded, dust and fibers are produced that must be disposed of so as not to damage product quality or affect employee health. Aircraft components, for example, have zero tolerance for production errors, otherwise the consequences could be disastrous. In relation to the working environment it is essential to prevent the particles reaching the respiratory system or causing eczema-like skin reactions.

In this market Nederman offers an effective system of small flexible applications that can be fitted to specific tools to capture the particles directly at source. The range is complemented by a wide range of peripherals such as cable clamps, mounting devices, and arms that are simple and ergonomic to use. Nederman also provides advanced filters, containers and systems that dispose of flammable and explosive substances.

During the year, sales to the wind industry declined due to lower investments in wind turbines. The aircraft industry, however, was very active, with a clear increase in the number of new aircraft models entering production. A geographical shift in this industry to China and other countries has started. Overall, Nederman has been able to strengthen its market share in the area of composites during the year.

Other specialist areas

The General Industry business area also includes a number of smaller application areas currently under development, such as products and systems for the food, chemical and pharmaceutical industries.

Services

Providing a high quality of service is an important factor in Nederman's sharp focus on its customers. Ultimately this is about ensuring that customers are satisfied with the Group's products and solutions throughout their lifecycle.

For this purpose, Nederman has previously built up its own service organization in many countries with Sweden, Great Britain and Norway at the forefront. The acquisition of Dantherm Filtration will also give Nederman a strong position in Germany and Denmark.

Because the Group's solutions are often critical to customer operations, service activities maintain high availability. This is essential for customers who have Nederman or Dantherm Filtration products as an integral part of their production. These customers demand immediate support and close cooperation to prevent breakdowns and reduce unnecessary costs. In some countries, legislation requires that equipment for exhaust ventilation in buildings is checked regularly, which is a service that Nederman offers.

In order to create increased value for customers, Nederman has made significant improvements in its service and aftermarket activities in recent years. By increasing the availability and extent of its service, Nederman can create higher efficiency and lower production costs for customers.

The focus on extended service has benefits for Nederman because service sales often have higher margins than sales of products and systems. They are also less sensitive to economic fluctuations.

In 2010 service and aftermarket accounted for around 17 per cent of Group sales. Nederman's primary goal is to provide a global service offering, while doubling its share of group sales in the next few years.

As part of this development, a separate business area has been established for service in the new organization that will come into effect in 2011. In 2011, the business area will manage various projects in order to structure and develop existing service activities. The initial focus will be on Sweden, the UK, Germany, Norway, Denmark and Canada, which are markets with many customers, multiple sales channels and their own service organizations.

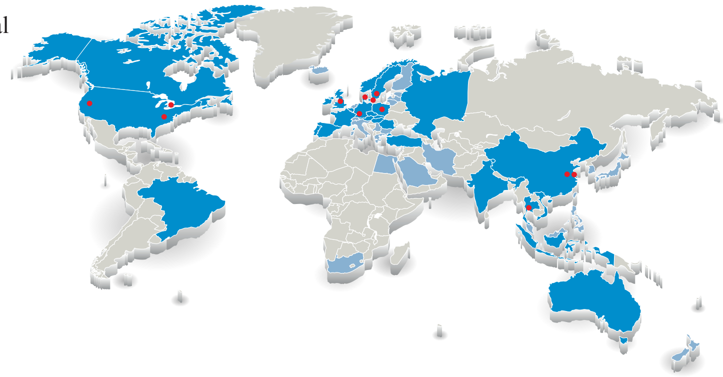
The project will proceed in stages. Priorities include identifying the large number of customers that have installed Nederman and Dantherm Filtration products to proactively promote a global service offering. Another task will be to develop a spare parts offer, which will include a review of the Group's entire process from development and purchasing to warehousing and logistics associated with spare parts management.

There will also be a sharp internal focus on developing the service organization and training of employees to achieve a greater emphasis on service throughout the organization.

The Swedish service organizations for Nederman and Dantherm Filtration, were among the first to integrate their activities.

Operations

Long-term efforts are being made to develop Nederman's global sourcing and production organizations. The acquisition of Dantherm Filtration creates new opportunities to streamline flows throughout the Group and strengthen competitiveness in all markets.



The Operations department has responsibility for Nederman's global purchasing, production and logistics and serves Nederman's sales companies worldwide.

From 2011 the Group's product development and product care activities are included within the Operations department. Product care includes ongoing adaptation of the Group's products to specific customer needs, a task that has grown in scope due to the high proportion of customized systems in Dantherm Filtration's operations.

Manufacturing in nine countries

Until the acquisition of Dantherm Filtration, Nederman had six production units, including four in Europe and one each in China and Canada.

The acquisition of Dantherm Filtration added another six production units in Denmark, Germany, Poland, China, Thailand and the United States.

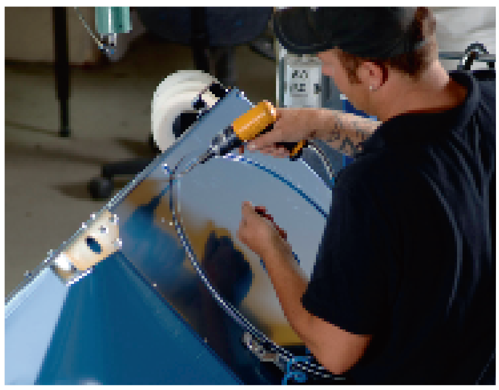
Components are manufactured by subcontractors, using tools and dies owned by Nederman, and at the Group's own facilities. Final assembly and installation of systems are carried out by the Group's own personnel to protect the company's core competencies and ensure that equipment is installed and used properly. While Nederman's existing production units work with most of the Group's product range, Dantherm Filtration's production units have usually specialized in specific products.

Global Component Supply

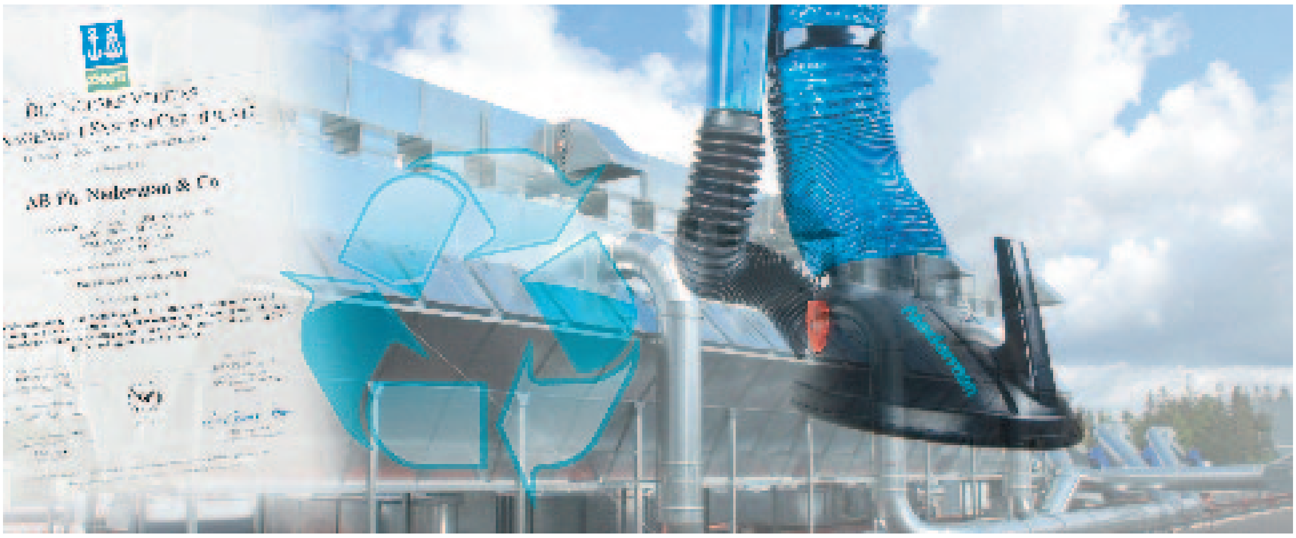
Since 2009, Nederman's purchasing organization's main objective has been to strengthen the competitiveness of the Group on individual markets by gradually increasing the purchase value and added value in the different regions. The purchasing organization includes a strategic centre in Helsingborg and purchasing units in all regions and at most of the Group's international production sites. The organization represents a global network that uses combined resources to supply factories worldwide with components at low cost, for example by buying in Asia and Eastern Europe. Responsibility has also been devolved to each region for local purchases of components that cannot be transported over long distances in an efficient or economical manner.

New opportunities to boost efficiency

The acquisition of Dantherm Filtration creates new opportunities to gather and coordinate larger volumes of suppliers and thus achieve greater efficiency and profitability. In addition, structural measures can be implemented to better exploit economies of scale in production. Accordingly, during the year a decision was made to move production in Arboga, Sweden, to a unit in Poland, which is expected to be completed during the first quarter of 2011. Furthermore, after the end of the year a decision was made to move production from Sandefjord in Norway to Helsingborg and Töredal in Sweden.



Work on developing the Group's structure, increasing local purchases and completing final assembly of a larger proportion of products on site in the regions will continue in the current year. In addition to lower costs, this gives benefits in terms of a higher level of service and shorter lead times. It will also mean lower environmental impact when the amount of transport decreases.



Environment and Quality

Nederman's operations are characterized by a clear accountability for people and the environment. This means that the company's products and systems are designed to provide the lowest possible environmental impact during their lifecycle. For customers, the Group's solutions secure a good working environment and reduced impact on the external environment.

Nederman's environment and quality initiatives are an integral part of the Group's processes and functions and are based on defined policies, objectives and guidelines. The company's operations and products will cause the least possible impact on the external and internal environment. This applies throughout the product's lifecycle from raw materials through production and use to recycling. Ultimately, Nederman aims to be the number one choice in its field.

This year's environment and quality work

The company's environmental management system is certified according to ISO 14001:2004 and its quality system according to ISO 9001:2008.

During the year the focus has been to clarify and make accessible the environmental and quality systems so as to integrate them throughout the Group in 2011.
Nederman has established processes to ensure that no prohibited substances or substances on warning lists are used in production, installation or service.

A general environmental objective within transport is to require that transport providers are ISO 9001 and ISO 14001 certified. The goal is that 90 per cent of shipments will meet these demands, and in 2010 91.7 per cent met the requirement.

Product development

When new products are developed consideration is given to environmental and safety aspects in accordance with the Group's quality, environmental and design policies.
The Group's products generally have long life. Lifecycle Analysis (LCA) shows that the customer's energy consumption for most products is the largest environmental impact in the lifecycle.

All product development is therefore preceded by careful analysis in which technical, environmental, user and market aspects are considered before the product progresses further in the development process. In addition to minimizing energy consumption, it is also important to consider the external and internal environment when choosing materials and processes both in terms of manufacturing and use. It is also important to minimize the impacts associated with transportation, which can be achieved through increased local purchases.
In 2011 the focus will increase on optimizing the development process to meet the requirements of the EC Ecodesign Directive.

Suppliers

In 2010, the Group adopted improved procedures relating to clearer requirements placed on suppliers. During the purchase process, suppliers are subject to initial supplier assessments, ongoing assessments and audits, and action plans. Suppliers are required to present their quality and environmental systems. When purchasing new components, tests, reference samples and zero series are implemented to check functionality and materials. When changing suppliers, components from the new supplier are equated with completely new components.

Continued development

In 2011, work will continue to reduce energy consumption at Nederman's own plants. Improvement potential has been identified in the coordination of purchases within Nederman's and Dantherm Filtration's former activities, which can have an impact on the environment by, for example, reducing transport.

Human Resources

Nederman is intensifying activities within Human Resources to meet the needs of an expanding and increasingly global business. Meanwhile, substantial integration efforts are being made following the acquisition of Dantherm Filtration, which at one go doubled the number of employees in the Group.

Human Resources (HR) is of increasing importance as the company expands globally. A number of initiatives were therefore started during the year so that the HR function can play a more active role to help the Group achieve its long-term goals.

Key success factors

The key success factors related to the Group's human capital have been defined as strong leadership and a corporate culture characterized by customer focus and adaptability. It is also important that Nederman can attract and develop skilled managers and other employees while maintaining good communication within the company and with the outside world.

The Group now focuses its HR activities on the following three success factors:

- Strengthening leadership capabilities, and actively working with succession planning to respond to high organic growth and further acquisitions.
- Developing a performance management program to ensure a better balance between company goals and employees' individual objectives and skills requirements.
- Increasing employee commitment, with regular monitoring of leadership, attitudes, and areas for improvement.

This year's work

A management review was conducted during the year, with some 60 executives surveyed, which will form the basis for the development of Nederman's Leadership Academy. Efforts to develop Nederman Leadership Academy started in 2011. Recruitment has been intensified and the development of a talent management process has started. During the year a number of managers participated in coaching and mentoring programs, while internal communication was also strengthened. Alongside the development of the HR function, the integration of Dantherm Filtration's activities in the Group required a lot of work during the year and this work will continue in 2011.

The integration process involves about ten projects, most of which will be completed in 2011. These projects include several stages and began with feasibility studies relating to synergies, organization, etc. Project managers are then appointed and decisions are made concerning measures and activities. The third stage is implementation. Projects report continuously to the steering committee for the integration process, which consists of the Group Management.

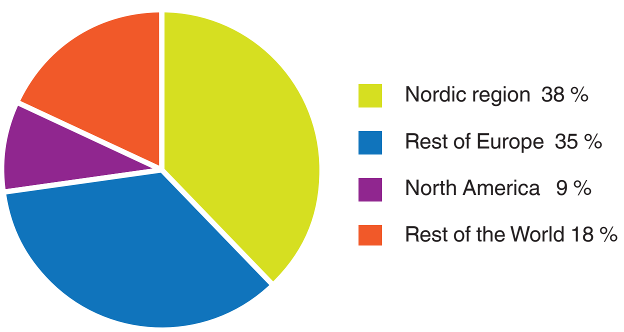
As part of the integration work, a large number of new directors are being appointed. Nederman's first global management conference has been held. The program covered everything from letting managers get to know each other to reviewing the Group's strategy and managers' roles in integration efforts.

The number of employees

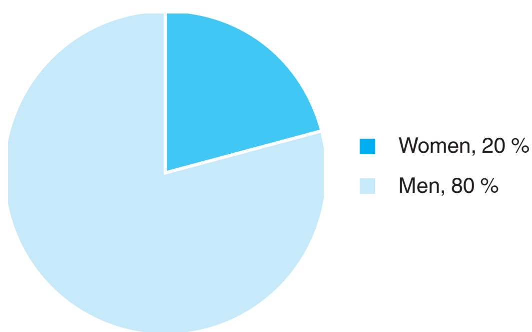
Nederman had 1,455 employees (647) at year-end.
Staff numbers have doubled with the acquisition of Dantherm Filtration. The average number of employees during the year was 1,309 (672).

The distribution of the number of employees by region and gender is shown in the pie charts below. Nederman has most employees in Europe, but the aim is to increase numbers in Asia, Brazil and other countries.

Employees by geographical areas



Employees by gender



Nederman's shares

Nederman's ambition is to continuously provide the financial market, shareholders and other stakeholders with accurate, consistent and relevant information in order to increase understanding of the company and meet the rules for listed companies.

Nederman's shares have been listed on NASDAQ OMX Stockholm under the NMAN ticker since May 16, 2007. A brief history of the company is presented in the box below.

The parent company's shareholders' equity at year-end was SEK 359.8 m (371.1).

Communication with the market

Nederman's representatives meet regularly with analysts, creditors and shareholders to provide a continuous picture of developments during the fiscal year.
Interim reports, financial statements and the annual report are distributed to shareholders who so wish. These reports, together with the company's press releases are also available on the website in English and Swedish.

Ownership

The number of shareholders at year-end was 2,915. Each share in Nederman gives entitlement to one vote. The share of Swedish ownership was 88.1 per cent.

The ten largest shareholders accounted for 73.9 per cent of the total shares. The largest individual shareholder is Investment AB Latour.

The table below shows Nederman ownership at December 31, 2010.

Dividend and dividend policy

Nederman's dividend policy is to pay a dividend amounting to 30-50 per cent of the net profit after tax, taking into account the capital structure and acquisition plans.

For fiscal year 2010, the Board of Directors and CEO are proposing a dividend of SEK 1.50 per share (2009: SEK 0).

History

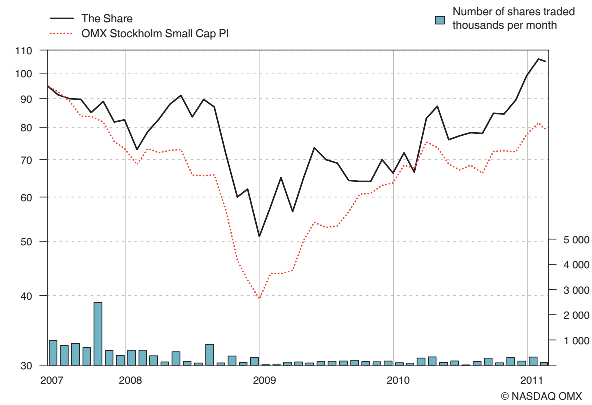
1944	Company founded by Phillip Nederman
1983	Listing on the Stockholm Stock Exchange
1985	Active becomes the new majority owner. The company is delisted
1991	Nederman sold to Esab
1994	Charter acquires Esab and becomes the new majority owner
1999	Venture capital company EQT acquires Nederman
2007	Listing on the OMX Stockholm Small Cap list
2010	Nederman acquires Dantherm Filtration from Dantherm A/S

Shareholders 31 December 2010

			Number of shares	Share %
1	Investment AB Latour		3,171,000	27.07%
2	Lannebo Microcap		1,310,000	11.18%
3	Ernström Kapitalpartner AB		1,172,000	10.00%
4	CBLDN-IF Skadeförsäkring AB		1,160,400	9.90%
5	Fondita Nordic Micro Cap SR		400,000	3.41%
6	Handelsbanken Svenska Småbolagsfonder		40,000	3.41%
7	Swedbank Robur Småbolagsfond SE		350,715	2.99%
8	NTC UN Joint Staff Pens FD	UK	339,605	2.90%
9	BNP Paribas Securities Services		191,130	1.63%
10	Fjärde AP Fonden		165,198	1.41%
10 largest, total			**8,660,048**	**73.90%**
Other shareholders			3,055,292	26.10%
Total number of shares			**11,715,340**	**100.0%**
Percentage foreign ownership				11.93%

Price performance

OMX Nordic EUR PI – Nederman Holding



Financial information in brief

SEK m	2010	2009	2008	2007	2006
Income statement					
Net sales	1,694.1	1,052.0	1,272.3	1,041.4	877.8
Operating profit before depreciation (EBITDA)	89.5	41.4	158.7	125.2	104.4
Operating profit (EBIT)	51.3	23.3	140.8	107.4	85.4
Profit before tax	26.9	17.2	125.6	98.7	75.7
Net profit	**21.1**	**14.6**	**92.6**	**70.4**	**55.0**
Assets, equity and liabilities					
Fixed assets	761.5	493.2	483.9	448.9	421.3
Current assets	663.6	349.4	483.1	384.5	301.7
Cash and cash equivalents	228.0	90.9	90.8	76.4	50.2
Equity	498.1	514.7	529.1	451.8	376.6
Interest bearing liabilities	620.2	198.9	234.9	222.1	214.1
Non-interest bearing liabilities	534.8	219.9	293.8	235.9	182.5
Total assets	**1,653.1**	**933.5**	**1,057.8**	**909.8**	**773.2**
Profitability					
EBIT margin, %	3.0	2.2	11.1	10.3	9.7
Return on shareholders' equity, %	4.2	2.8	18.9	17.0	15.7
Capital turnover rate, multiple	2.2	1.6	2.0	1.8	1.6
Capital structure					
Net debt	392.2	108.0	144.1	145.6	163.9
Net debt/equity ratio, %	78.7	21.0	27.2	32.2	43.5
Equity/assets ratio, %	30.1	55.1	50.0	49.7	48.7
Operating capital	890.3	622.7	673.2	597.4	540.5

Operating key figures, Group

Excluding acquisition and restructuring cost and IPO costs SEK 6.7 m 2007

Result and Profitability					
EBITDA	144.9	51.4	159.9	131.9	104.4
EBITDA margin, %	8.6	4.9	12.6	12.7	11.9
Operating profit	106.7	33.3	142.0	114.1	85.4
Operating margin, %	6.3	3.2	11.2	11.0	9.7
Return on operating capital, %	14.1	5.1	22.4	20.1	15.9
Net debt/EBITDA*)	2.7	2.1	0.9	1.1	1.6
EBITDA/net financial items, multiple	5.9	8.4	10.5	15.2	10.8
Operating cash flow					
Operating profit	106.7	33.3	142.0	114.1	85.4
Items not affecting cash flow	20.1	10.6	24.1	21.5	14.4
Cash flow from changes in working capital	40.5	98.3	-30.3	-30.4	-14.2
Capital expenditures, net	-14.2	-20.5	-20.7	-16.7	-14.7
Operating cash flow	**153.1**	**121.7**	**115.1**	**88.5**	**70.9**
Operating cash flow / EBIT, %	**143.5**	**365.5**	**81.1**	**77.6**	**83.0**
Share data					
Number of shares at year end	11,715,340	11,715,340	11,715,340	11,715,340	11,715,340
Average number of ordinary shares during the year, before dilution	11,715,340	11,715,340	11,715,340	11,715,340	11,613,010
Average number of ordinary shares during the year, after dilution	11,715,340	11,715,340	11,715,340	11,715,340	11,786,420
Shareholders' equity per share before dilution, SEK	42.52	43.93	45.16	38.56	32.43
Shareholders' equity per share after dilution, SEK	42.52	43.93	45.16	38.56	31.95
Earnings per share before dilution, SEK	1.80	1.25	7.90	6.01	4.74
Earnings per share after dilution, SEK	1.80	1.25	7.90	6.01	4.67
Employees					
Average number of employees	1,309	672	710	568	528

Directors' report 2010

The Board and the CEO of Nederman Holding AB (publ) Reg. No. 556576-4205, hereby submit their annual report for the 2010 financial year.

Business
Nederman is a world-leading manufacturer of products and systems in environmental technology. The company's products and systems contribute to creating clean, safe workplaces with a focus on clean air, recycling and eco-friendly transport management.

The business offer to customers covers a wide range, from pre-studies and project planning to installation, operational start-up and servicing.

Manufacturing is certified according to ISO 9001 and ISO 14001. Units for production and assembly are located in Sweden, Norway, Denmark, Germany, Poland, Canada, the US, China and Thailand.

Nederman's products and systems are marketed by its own sales organizations in 29 countries and via agents and distributors in around 30 countries. The Group had 1,455 employees at year-end.

Group structure
Nederman Holding AB (publ) is the parent company of the Group with directly or indirectly wholly-owned subsidiaries as stated in note 30. Products and logistics within the former Nederman Group are supplied by AB Ph. Nederman & Co, Helsingborg, Nederman Logistics North America Ltd., Mississauga, Canada and Nederman Air Clean (Shanghai) Co., Ltd, Shanghai, China. Production is also carried out at Nederman Norclean A/S in Sandefjord, Norway, and Töredal Verkstad AB, Jung, Sweden. Product development is principally conducted by AB Ph. Nederman & Co in Helsingborg. Business in the other operational subsidiaries consists of sales, installation and service.

Dantherm Filtration, which was acquired during the year, has been integrated as a separate operating segment within a shared holding company owned 100% by Nederman Holding AB. Dantherm Filtration currently operates via ten legal entities. Units in Denmark, Germany, Poland, China, Thailand and the US carry out sales, installation, service and production while the units in Sweden, Finland, Russia and the UK carry out sales, installation and service. In 2011, the aforementioned structure will change as integration continues.

Stock market listing
The company's shares are listed under the "NMAN" ticker on the NASDAQ OMX Stockholm Small Cap list. As of 31 December 2010, there were 2,915 shareholders.

Acquisitions during the year
Dantherm Filtration was acquired as of 30 April 2010. Through the acquisition Nederman Holding AB doubled in size to become the global market leader in industrial air filtration. Dantherm Filtration complements Nederman with filter systems that enable the company to offer comprehensive solutions for industrial air filtration. This includes large and medium-sized filters designed primarily for the manufacturing industry. Nederman complements Dantherm Filtration's solutions with extraction devices, arms and high vacuum solutions that are used to produce a safe and good working environment.

Where the two companies work with the same customers, they mostly offer different applications. The merger is therefore principally complementary, which offers opportunities for expansion in the chain of value through system sales.

Sales and orders
In general, demand improved and stabilized in 2010. However, the differences between geographic markets were considerable.

Incoming orders in Europe fell organically by 1.9 per cent. Upswings were noted in Sweden, Germany and Eastern Europe, mainly in Poland. There were downturns in Denmark, Spain and other parts of southern Europe.

Incoming orders in the Americas showed organic growth of 6.1 per cent. The strongest market was Brazil, with North America slightly negative.

China and eastern parts of Asia showed good growth with organic incoming orders increasing of 56.0 per cent and other parts of Asia/Pacific in principle doubling organic incoming orders.

Newly acquired Dantherm Filtration reported strong incoming orders pro forma for the Nordic region, with an 11.6 per cent increase. Incoming orders climbed in North America by 41.8 per cent. In China, orders were down 28.7 per cent following the successes of last year. Incoming orders in Germany showed a decline of 2.4 per cent.

Sales in Europe fell organically by 5.1 per cent compared with 2009. The changes in the market mainly follow the same pattern as for incoming orders.

Sales in the Americas declined organically by 2.6 per cent and the division between North and South Americas is mainly the same as for incoming orders.

China and eastern parts of Asia reported an organic increase in sales of 14.5 per cent and organic sales as well as incomong orders doubled in other parts of Asia Pacific.

Dantherm Filtration showed a modest improvement in the Nordic region with a 2.2 per cent organic sales increase. In North America the sales increase was also slight at just 2.4 per cent. In China, turnover was up by 17.9 per cent.

In Germany turnover fell by 15.7 per cent.

Earnings

The Group's operating profit for the year was SEK 51.3 m (23.3 m). The operating profit was affected by SEK 11.8 m in acquisition costs and SEK 43.6 m in restructuring and integration costs relating to the acquisition of Dantherm Filtration. Excluding acquisition and restructuring costs the operating profit was SEK 106.7 m (33.3), giving an adjusted operating margin of 6.3 per cent (3.2).

Restructuring and integration costs

In connection with the acquisition of Dantherm Filtration, an assessment was made that the restructuring costs of integrating Dantherm Filtration's business would amount to SEK 100 m at most. In 2010, a sum of SEK 43.6 m was reported to cover costs in connection with integration analyses carried out in the countries where both Nederman and Dantherm Filtration have production and sales companies, as well as costs for closing the production site at Arboga and moving the business to the production site at Marki, Poland. Most of the remaining integration activities will be completed in 2011.

Net financial items for the Group amounted to SEK –24.4 m (–6.1 m), which were affected by the strong increase in net debt following the acquisition of Dantherm Filtration. Net financial items correspond to 6.8 per cent of the average net debt and include a share issue guarantee fee of SEK 5.7 m. Profit before tax reached SEK 26.9 m (17.2 m).

Total tax expense for the year was SEK -5.8 m (–2.6 m) and corresponds to 21.6 per cent of earnings before tax. Paid tax during the year was SEK –25.0 m. The Group's net profit was SEK 21.1 m (14.6m), corresponding to earnings per share of SEK 1.80 (1.25).

Operating segments

Europe

In the Europe operating segment, net sales for the year reached SEK 692.6 m, compared with SEK 775.0 m in 2009, a fall of 10.6 per cent. Adjusted for currency effects, net sales fell by 5.1 per cent. Operating profit was SEK 62.5 m, compared with SEK 70.0 m in 2009. The operating margin was 9.0 per cent, around the same levels as 2009.

In Sweden, development within all business areas was increasingly positive as the year wore on. Sales to vehicle repair shops were good both for heavy and light vehicles. Sales in the welding-related industry developed well and we can report a breakthrough for sales of equipment for vocational training. In the heavy metal fabrication industry – the sector where willingness to invest was lowest during the year – investment did show an increase during the final months of the year.

The market in Norway is recovering. Nederman has noted growing demand for customized solutions in the Offshore and Shipping industries. We are also seeing encouraging trends in the vehicle repair shop sector, with an increase in larger orders in recent months.

The wind power sector in Denmark is also showing signs of recovery, although new investment is taking place outside Europe. Overall the market was weak during the year.

The market in the UK remains weak. Nederman's strong market position however, resulted in a series of significant orders within selected segments, including the aerospace industry. Nederman recently installed a system worth SEK 7 million for recycling titanium cuttings.

We are noting a recovery in Poland within the metal fabrication industry and within vehicle repair workshops.

The market in Germany is showing increased buoyancy and a growing number of inquiries is being received. As businesses increase capacity utilization there will be a growing need for investment.

Markets in southern Europe remain weak. The aerospace industry in Spain is expanding and Nederman has won a number of orders in this sector.

There are signs of slow recovery in Eastern Europe. In Russia we see opportunities connected with the state-sponsored modernization of fire stations and the expansion of the railway network. The EU is providing support for environmental investment in Romania.

International

In the International operating segment, net sales for the year reached SEK 293.6 m, compared with SEK 271.3 m in 2009, a rise of 8.2 per cent. The change is solely organic, and currency differences had only a marginal effect. The operating profit in 2010 was SEK 18.3 m, compared with SEK 5.0 m in 2009. The operating margin was 6.2 per cent, compared with 1.8 per cent in 2009.

Nederman is continuing to develop according to plan in China, where the establishment of a qualified retail network is a high priority. During the year we have added a further 30 or so new distributors. As demand for Nederman's solutions has grown we have also noted increasing competition.

The market in India is expanding stably, with Nederman's sales companies focused on international engineering companies, carmakers and Indian businesses. A significant trend in India is competition for qualified employees, which is a positive sign for solutions that ensure a better and safer working environment.

In Australia Nederman reported good growth during the year. The pace slowed in the final months of the year, presumably due to the natural disasters that hit the country.

Sales are continuing to develop positively in Brazil, with an increase of over 40 per cent for Nederman in 2010. The economy is expanding steadily with many international companies establishing a presence in the country. Demand remains strongest in welding-related industries. We are also noting positive trends within equipment for extraction of dust in processing of composite materials, such as the wind power industry. General filter solutions, such as those used within the offshore sector, also progressed positively.

In the US investment in traditional manufacturing remains ata very low level. Regulations governing federal support for investment in emergency vehicles have changed, which has had a strong negative impact on demand for exhaust extraction equipment. The establishment of a specialized retail network proceeded according to plan.

Signs of recovery are being noted in industrialized regions of Canada, where the government's announcement of tax reductions for businesses has bolstered optimism.
To enhance its geographic coverage, Nederman increased its co-operation during the year with distributors of welding-related equipment and reinforced its sales team.

Dantherm Filtration

The acquired Dantherm Filtration has been reported as a separate operating segment from 30 April 2010.
During the period it was owned by Nederman, net sales for the Dantherm Filtration operating segment amounted to SEK 701.0.m. Pro forma net sales in 2010 were SEK 994.8 m, compared with SEK 980.0 m in 2009, an increase of 1.8 per cent, or 6.0 per cent when adjusted for currency changes. The operating profit for the period of ownership by Nederman was SEK 46.4 m, giving an operating margin of 6.6 per cent. The pro forma operating profit for full-year 2010 was SEK 43.6 m, compared with a loss of SEK 11.8 m in 2009.

Generally in Scandinavia, both product and system sales are showing signs of stabilizing. In Sweden the main recovery has been in the wood and paper industries. During the final months of the year there were also signs of recovery in the heavy metal industry. In Denmark there has been a growing number of inquiries from the metalworking industry and we are seeing renewed interest for investment in renewable energy production, such as wind power.

In Poland we have seen stabilization of the markets in the foundries and wood-processing industries.

Investment in Germany has been at a low level during the year as a whole. In the final months of the year the number of inquiries rose considerably however, mainly concerning filter solutions for foundries, smelting plants and other metal processing businesses.

In the UK we won a series of orders during the year for filter equipment for mortuaries and we have had continued success concerning investment in larger systems in the wood processing sector.

Overall, the European market remained cautious about investment during the year, although there were growing signs of improvement in the final quarter.

Markets in South East Asia are developing positively, with several new orders won during the year. Trends are positive for suppliers in the automotive and metal processing industries and within agriculture and food supplies.

The market in Indonesia is developing quickly as the automotive sector expands strongly (growth of around 30 per cent in 2010). A large number of infrastructure projects means greater demand from steel mills, for example, and from manufacturers of cement and concrete.

In Vietnam we have received a breakthrough order for filter systems in the food industry (soya bean processing). The sales force has been reinforced throughout the year.

In Thailand the market stabilized during the second half of the year with increased investments made by suppliers to the expanding automotive industry, such as foundries and rubber producers. Political uncertainty in the country, however, has affected demand.

In China the authorities have began to take action against companies that do not meet modern environmental requirements, which is positive for investment in larger filtration systems. The strongest area for Dantherm Filtration is foundries. We also see opportunities for developing sales to smelting plants for aluminum recycling. Domestic companies in China are often dependent on financial support from the state and competition is intense from local manufacturers.

In the US there has been a positive reception on the market for offers where solutions from Dantherm Filtration are combined with Nederman's high vacuum equipment.
In general, however, demand in the US remains weak, although there were signs of stability in the final quarter of the year.

Two operating segments from 2011

As part of the integration of Dantherm Filtration, the organization of the company is being adapted in 2011. Two operating segments, Europe and International, will become the reporting units of the Group and include parts of the acquired business.

The activities of the operating segments will be organized within the framework of four regions, two of which cover Europe, one covering the Americas, and one covering Asia-Pacific, the latter two forming the International operating segment.

For accounting purposes, sales in these regions will be reported in the two operating segments.

Product development

The Group's expenditures for development of the existing product range and new products amounted to SEK 18.4 m (17.6 m). Of this amount, SEK 3.4 m (4.8 m) was capitalized in the balance sheet.

Expenditures and depreciation

The Group's capital expenditures in intangible assets for the year amounted to SEK 5.6 m (5.4 m). Amortigation of intangible assets for the year was SEK 13.5 m (5.2m).
The Group's capital expenditures in tangible assets for the year amounted to SEK 9.4 m (16.8 m). Depreciation of tangible assets for the year was SEK 24.7 m (12.9 m).

Cash flow
The Group's operating cash flow was SEK 153.1 m (121.7 m), corresponding to 143.5 per cent (365.5) of the operating profit, after adjustments for acquisition and restructuring costs. Cash flow for the year was SEK 154.7 m (1.8 m).

Liquidity and financial position
As of 31 December 2010, the Group's liquid funds were SEK 228.0 m (90.9 m). Unutilized credit was SEK 98.2 m (83.4 m). In addition there is a loan facility for a further SEK 151.7 m within the framework of Nederman's loan arrangements with Skandinaviska Enskilda Banken.

The net debt was SEK 392.3 m (108.0 m). Equity was SEK 498.1 m (514.7 m), which meant an equity/assets ratio of 30.1 per cent (55.1) and a debt/equity ratio of 78.7 per cent (21.0).

Employees
The average number of employees during the year was 1,309 (672). Other data on personnel is presented in note 7.

The parent company
The activities of the parent company comprise Group functions. The parent company shall own and manage shares in the subsidiaries and manage financing for the Group.

The shares
There are 11,715,340 shares in the company, all of which are the same class and offer the same voting entitlement. There are no restrictions on transfer rights for shares in the articles of association or through other agreement.

Dividend
The board and CEO propose that the dividend for 2010 be SEK 1.50 per share, in total SEK 17.6. The didvidend will be adapted at the AGM 26 April 2011.The dividend for 2009 was zero.

Ownership
On 31 December 2010, Investment AB Latour owned 27.1 per cent of the company's shares, making it the largest shareholder. Lannebo Fonder owned 11.2 per cent and Ernström Kapitalpartner AB had 10.0 per cent. No other shareholders have a holding higher than 10 per cent.

Risks and uncertainties
Operational risks
Competition
Nederman operates on a competitive market that is globally fragmented. Competitors comprise a large number of local and regional businesses and a limited number of global firms. Nederman currently has a relatively strong position but it cannot be precluded that changes in the competition structure could put increased pressure on the company's prices and market shares. This might force Nederman to cut prices or alter its marketing, which could have negative effects on the company's earnings and financial position.

Market risks
The company's products are mainly used by manufacturers and to a less extent in the public sector. The market for the company's products and for complete projects normally follows a cycle, although aftersales limit the cyclical pattern. There are variations between quarters, but these are not usually considered to be significant. The market is affected by the general economic situation, which in turn is affected by interest rates, inflation, political decisions, etc.

Production plants and distribution centres
Nederman has a number of production plants and distribution centres around the world and they have great importance for the company's supply of products. If one or several of them were to be totally destroyed or damaged it could lead to more or less serious disruption in the distribution of the company's products. To counter these risks the company has a programme of proactive measures to identify and manage risk areas. The company has also taken out insurance to cover damage to property and curtailments to operations at amounts that the company considers to be suitable to cover such incidents.

Product liability
Nederman has high ambitions to develop products of consistent high quality and good safety. It cannot however be precluded that products sold by Nederman will not meet specifications, which could lead to demands for compensation being made against Nederman. The company has therefore taken out global product liability insurance that is deemed sufficient to cover any demands for compensation and damages.

Finacial risks
The Nederman Group is exposed to a number of risks mainly arising due to purchasing and selling products in foreign currencies. Currency risks and interest rates affect the Group's result and cash flow. The Nederman Group is also exposed to refinancing and liquidity risks, credit risks and counterparty risks. The company's finance policy is set by the board and contains guidelines for handling financial risks in the Group. The purpose of the finance policy is to set up guidelines for managing financial risk and exposure of different kinds. The Group's central finance department is responsible for identifying and effectively limiting the Group's financial risks. For more information, see note 26.

Environment
The subsidiary AB Ph. Nederman & Co is licensed according to the environmental protection act. The license is for a manufacturing area of no more than 7,000 sq m. The license is applicable until further notice. As the environmental code currently stands the present business is liable by law to declare the floor area of the business. Current activities consist of assembly only and do not result in any emissions to air or water. The company has held ISO 14001 environmental certification for many years.

Remuneration to the Board and senior executives
The 2010 AGM adopted a policy regarding remuneration and employment terms for 2010. The following key principles are applied: a fixed salary is paid for satisfying work. In addition a variable bonus may be earned that is linked to the company's tied-up capital and earnings.

This variable bonus can be a maximum of 30-50 per cent of annual salary depending on the individual's position within the company.

The CEO's pension plan is premium-based and the annual premium corresponds to 30 per cent of annual salary. Pension payments for other senior executives follow the ITP collective agreement, except for one executive for whom pension payments amount to 8 times the basic index amount per year. The CEO must give six months' notice of his intention to resign. If dismissed by the company, the CEO has the right to receive an amount corresponding to 18-24 months' salary (the final six months are dependent on new employment). For other executives, notification is 12 months for the company and six months for the individual. There are no agreements between Board members or senior executives and Nederman or any of its subsidiaries concerning benefits after the end of their employment. At present there are no share or share price-related incentive schemes involving Board members or senior executives. Nederman's senior executive team comprises seven individuals (including the CEO). See note 22 for further information.

The proposed remuneration in 2011 to the Board and senior executives will be in accordance with the guidelines established for 2010.

Work of the Board

After the Annual General Meeting, the Board of Directors is the highest decision-making body in the company. The overall assignment of the Board is to take decisions regarding the business direction of the company, its resources, capital structure, organization and the management of the business. Other general assignments include continuous assessment of the company's economic situation and approving business plans. The Board decides on matters such as strategy, acquisitions, larger investments, company divestments, publication of the annual report and interim reports, appointment of the CEO, etc.

The Board follows written procedures adopted once a year at the first Board meeting convened after the AGM. The procedures state how assignments shall be divided between Board members, how often the Board shall meet and to what extent deputies shall participate in the work of the Board and attend meetings. The procedures also state Board members' commitments, decision-making powers and the division of responsibility between the Board and the CEO, etc.

The Board meets according to an annual timetable. Extra meetings may be called to address events of unusual importance. In addition to regular meetings, the chairman and CEO maintain a continuous dialogue concerning the management of the company.

The division of activities between the Board and the CEO is regulated by the working procedures of the Board and in the instructions to the CEO. The CEO is responsible for implementation of the business plan and the daily activities of the company. This means that the CEO has the right to make decisions on matters that fall within the framework of the ongoing management of the company.

The CEO shall also take action without prior approval from the Board, with consideration to the scope and type of company activity, which is of unusual urgency or of great significance and which cannot await a decision by the Board without seriously compromising the company's business. The instructions to the CEO also regulate the CEO's responsibility for reporting to the Board.
In the most recent business year the Board made decisions concerning several matters of strategic importance.

In 2010, special focus was placed on the acquisition and integration of Dantherm Filtration and adapting the Group's capacity to current business climate, the continued expansion of the Group, the financial framework and objectives. In 2010, the Board held eight minuted meetings. To date, one minuted meeting has been held in 2011. Nederman's Board comprises seven ordinary members elected by the 2010 AGM, including the CEO and two employee representatives chosen by the trade unions.
The CFO is not a member of the Board but regular makes presentations at Board meetings. The chairman of the Board does not take part in the operational management of the company.

Committees

In accordance with the nominations committee's instructions, established at the 2010 AGM, a nominations committee has been appointed comprising Göran Espelund (chairman), Jan Svensson and Fabian Hielte. New instructions for the nominations committee will be adopted by the AGM held on 26 April 2011. Matters concerning salary and benefits for the CEO and senior executives are handled and decided by the remunerations committee. This committee comprises Jan Svensson and Eric Hielte. The chairman is Jan Svensson.

The company's auditor reports to the Board on the findings, and the Board therefore does not have an audit committee. The principles for remuneration to the company's auditor are decided by the AGM.
Corporate governance report, see page 61.

Outlook

As industrial activity increases it is expected that there will be a growing need and willingness to invest in production capacity. This should mean a continued stabilization and modest recovery in the market for Nederman's products.

Events after the closing date

As announced in a separate press release, the company has signed an agreement with Indutrade Oy concerning the sale of all the shares in Dantherm Filtration Oy. This transaction was completed as of 3 January 2011, and will result in a minor capital gain to be reported in Q1, 2011.

On 17 January 2011 the company announced that it was closing down its production site in Sandefjord, Norway, and moving activities to Töredal and Helsingborg in Sweden. This relocation should be completed by the start of the second half of 2011. One-off costs for completing this activity will impact on results for the first quarter and are included in the maximum amount of SEK 100 m in restructuring costs that were announced in connection with the acquisition of Dantherm Filtration.

Consolidated income statement

		1 January – 31 December		
SEK m	**Notes**	**2010**	**2009**	**2008**
Net sales	2, 3	1,694.1	1,052.0	1,272.3
Costs of goods sold		-996.3	-545.6	-654.5
Gross profit		**697.8**	**506.4**	**617.8**
Other operating income	5	14.2	8.9	7.1
Selling expenses		-467.2	-369.4	-365.2
Administrative expenses		-110.6	-86.5	-93.1
Research and development expenses		-19.7	-16.7	-17.2
Acquisition costs		-11.8		
Restructuring and integration costs *)		-43.6	-10.0	-1.2
Other operating expenses	6	-7.8	-9.4	-7.4
Operating profit	3, 7, 8, 9, 22, 27	**51.3**	**23.3**	**140.8**
Financial income		4.2	1.7	2.1
Financial expenses		-28.6	-7.8	-17.3
Net financial income/expenses	10	**-24.4**	**-6.1**	**-15.2**
Profit before taxes		**26.9**	**17.2**	**125.6**
Taxes	12	-5.8	-2.6	-33.0
Net profit		**21.1**	**14.6**	**92.6**
Net profit attributable to:				
The parent company's shareholders		21.1	14.6	92.6
Earnings per share	19			
before dilution (SEK)		1.80	1.25	7.90
after dilution (SEK)		1.80	1.25	7.90

Consolidated statement of comprehensive income

	1 January – 31 December		
SEK m	**2010**	**2009**	**2008**
Net profit	**21.1**	**14.6**	**92.6**
Other comprehensive income			
Translation differences	-37.7	0.3	14.0
Other comprehensive income	**-37.7**	**0.3**	**14.0**
Total other comprehensive income	**-16.6**	**14.9**	**106.6**
Total comprehensive income attributable to:			
The parent company's shareholders	-16.6	14.9	106.6

	1 January – 31 December		
SEK m	**2010**	**2009**	**2008**
**) For comparison historical data have been adjusted concerning restructuring and integration costs according to below*			
Costs of goods sold		2.6	
Selling expenses		6.9	
Other operating income/expenses		0.5	1.2
Restructuring and integration costs		-10.0	-1.2

Consolidated statement of financial position

SEK m	Notes	1 January – 31 December 2010	2009	2008
Assets	4, 28			
Intangible fixed assets	13	523.6	428.8	425.4
Tangible fixed assets	14	191.0	40.2	36.8
Long-term receivables	15	0.9	0.8	0.2
Deferred tax assets	12	46.0	23.4	21.5
Total fixed assets		**761.5**	**493.2**	**483.9**
Inventories	16	208.9	126.0	170.9
Current tax receivable	12	12.1	6.5	4.5
Accounts receivable		351.9	178.3	270.0
Prepaid expenses and accrued income	17	29.4	22.8	20.8
Other receivables	15	61.3	15.8	16.9
Cash and cash equivalents	32	228.0	90.9	90.8
Total current assets		**891.6**	**440.3**	**573.9**
Total assets		**1,653.1**	**933.5**	**1,057.8**
Equity	18			
Share capital		1.2	1.2	1.2
Other capital contribution		345.9	345.9	345.9
Reserves		-18.1	19.6	19.3
Profit brought forward, including net result		169.1	148.0	162.7
Shareholders' equity		**498.1**	**514.7**	**529.1**
Total equity		**498.1**	**514.7**	**529.1**
Liabilities	4, 28			
Long-term interest bearing liabilities	20, 26	507.0	151.3	176.2
Other long-term liabilities	24	0.3	0.2	0.1
Provision for pensions	22	41.4	34.0	31.7
Other provisions	23	16.3	0.2	0.3
Deferred tax liabilities	12	24.4	6.2	12.7
Total long-term liabilities		**589.4**	**191.9**	**221.0**
Current interest bearing liabilities	20, 26	71.8	13.6	27.0
Accounts payable		121.8	91.6	120.8
Current tax liabilities		13.5	8.0	29.1
Other liabilities	24	208.5	55.6	73.3
Accrued expenses and prepaid income	25	90.2	53.2	53.5
Provisions	23	59.8	4.9	4.0
Total current liabilities		**565.6**	**226.9**	**307.7**
Total liabilities		**1,155.0**	**418.8**	**528.7**
Total equity and liabilities		**1,653.1**	**933.5**	**1,057.8**

For information on the Group's pledged assets and contingent liabilities, see note 28.

Consolidated statements of changes in equity

	Equity attributable to the parent company's shareholders				
SEK m	Share capital	Other capital contributed	Translation reserve	Profit/loss brought forward	Total equity
Opening balance January 1, 2008	1.2	345.9	5.3	99.4	451.8
Net profit for the year				92.6	92.6
Other comprehensive income					
Change in translation reserve			14.0		14.0
Total other comprehensive income			14.0		14.0
Total comprehensive income			14.0	92.6	106.6
Dividend				-29.3	-29.3
Closing balance December 31, 2008	**1.2**	**71.8**	**19.3**	**162.7**	**529.1**
Opening balance January 1, 2009	1.2	345.9	19.3	162.7	529.1
Net profit for the year				14.6	14.6
Other comprehensive income					
Change in translation reserve			0.3		0.3
Total other comprehensive income			0.3		0.3
Total comprehensive income			0.3	14.6	14.9
Dividend				-29.3	-29.3
Closing balance December 31, 2009	**1.2**	**345.9**	**19.6**	**148.0**	**514.7**
Opening balance January 1, 2010	1.2	345.9	19.6	148.0	514.7
Net profit for the year				21.1	21.1
Other comprehensive income					
Change in translation reserve			-37.7		-37.7
Total other comprehensive income			-37.7		-37.7
Total comprehensive income			-37.7	21.1	-16.6
Closing balance December 31, 2010	**1.2**	**345.9**	**-18.1**	**169.1**	**498.1**

Consolidated cash flow statements

SEK m	Notes	1 January - 31 December 2010	2009	2008
Operating activities	32			
Operating profit		51.3	23.3	140.8
Adjustment for:				
Depreciation of fixed assets		38.2	18.1	16.5
Other adjustments		12.3	-6.4	7.6
Interest received and other financial items		4.2	1.7	2.1
Interest paid and other financial items		-23.7	-6.4	-17.6
Income tax paid		-25.0	-34.9	-32.5
Cash flow from operating activities before changes in working capital		**57.3**	**-4.6**	**116.9**
Cash flow from changes in working capital				
Increase (–)/Decrease(+) of inventories		20.9	46.1	-23.9
Increase (–)/Decrease(+) of operating receivables		-29.2	96.9	-15.2
Increase (+)/Decrease (–) of operating liabilities		48.8	-44.7	8.8
Cash flow from operating activities		**97.8**	**93.7**	**86.6**
Investing activities				
Capital expenditure for tangible fixed assets		-8.5	-15.7	-12.5
Sale of tangible fixed assets			0.6	0.7
Capital expenditure for capitalized research and development costs		-2.2	-3.1	-3.8
Capital expenditure for other intangible fixed assets		-3.5	-2.3	-5.1
Acquired units, net of cash	4	-138.2	-2.1	-42.1
Cash flow from investing activities		**-152.4**	**-22.6**	**-62.8**
Financial activities				
New loans		565.0	30.0	66.2
Repayment of loans/Change in interest-bearing liabilities		-355.7	-70.0	-49.8
Dividend paid to parent company shareholders			-29.3	-29.3
Cash flow from financing activities		**209.3**	**-69.3**	**-12.9**
Cash flow for the year		**154.7**	**1.8**	**10.9**
Cash and cash equivalents at the beginning of the year		90.9	90.8	76.4
Translation differences		-17.6	-1.7	3.5
Cash and cash equivalents at the end of the year		**228.0**	**90.9**	**90.8**

Operating cash flow	2010	2009	2008
Operating profit	51.3	23.3	140.8
Adjustment for:			
Depreciations of fixed assets	38.2	18.1	16.5
Restructuring and integration costs	13.2	8.9	1.2
Acquisition costs	11.8		
Other adjustments	12.3	-6.4	7.6
Cash flow from changes in working capital	40.5	98.3	-30.3
Net investment in fixed assets	-14.2	-20.5	-20.7
Operating cash flow	**153.1**	**121.7**	**115.1**

Income statements for the parent company

SEK m	Notes	1 January - 31 December 2010	2009	2008
Other operating income	5	7.5	10.0	9.8
Administrative expenses		-33.3	-33.5	-30.9
Acquisition costs		-0.3		
Restructuring and integration costs		-7.1		
Other operating expenses	6		-0.3	
Operating result	7, 8, 22	**-33.2**	**-23.8**	**-21.1**
Result from investments in subsidiaries	29		35.3	29.4
Write down of shares in subsidiaries	30		-54.7	
Interest income and similar financial items	10	13.8	6.7	12.0
Interest expenses and similar financial items	10	-21.2	-4.2	-11.5
Result after financial items		**-40.6**	**-40.7**	**8.8**
Appropriations	11		18.5	-12.0
Result before tax		**-40.6**	**-22.2**	**-3.2**
Tax	12	12.9	5.2	12.2
Net result		**-27.7**	**-17.0**	**9.0**

Statement of comprehensive income for the parent company

SEK m	Notes	1 January - 31 December 2010	2009	2008
Net result		**-27.7**	**-17.0**	**9.0**
Other comprehensive income		**0.0**	**0.0**	**0.0**
Total comprehensive income		**-27.7**	**-17.0**	**9.0**

Cash flow statements for the parent company

SEK m	Notes	1 January - 31 December 2010	2009	2008
Operating activities				
Operating result		-33.2	-23.8	-21.1
Adjustments for items not included in the cash flow	32	1.0	0.3	0.5
Dividends received			35.3	29.4
Interest received and other financial items		13.8	6.7	0.1
Interest paid and other financial items		-21.5	-4.8	-11.2
Income tax paid		0.4	-14.4	-1.2
Cash flow from operating activities before changes in working capital		**-39.5**	**-0.7**	**-3.5**
Cash flow from changes in working capital				
Increase (-)/Decrease (+) of operating receivables		-4.6	1.3	-1.4
Increase (+)/Decrease (–) of operating liabilities		1.8	-2.2	-3.4
Cash flow from operating activities		**-42.3**	**-1.6**	**-8.3**
Investing activities				
Capital expenditure for tangible fixed assets		-0.5	-0.4	0.0
Capital expenditure for intangible fixed assets		-1.3	-0.3	-1.1
Acquisition of subsidiaries/reduction of share capital		-207.7	-0.3	-28.2
Cash flow from investing activities		**-209.5**	**-1.0**	**-29.3**
Financing activities				
New loans		565.0	30.0	55.0
Repayment of loans / Changes in interest-bearing liabilities		-332.4	2.6	25.2
Dividend paid to shareholders			-29.3	-29.3
Cash flow from financing activities		**232.6**	**3.3**	**50.9**
Cash flow for the year		-19.2	0.7	13.3
Cash and cash equivalents at the beginning of the year		19.2	18.5	5.2
Cash and cash equivalents at the end of the year		**0.0**	**19.2**	**18.5**

Balance sheets for the parent company

SEK m	Notes	31 December 2010	2009	2008
Assets				
Intangible fixed assets	13	2.8	2.1	2.1
Tangible fixed assets	14	0.8	0.4	0.0
Longterm liabilities to group companies	29	180.1	0.1	0.2
Shares in subsidiaries	30	701.1	493.3	550.3
Deferred tax asset	12	7.1		
Total fixed assets		**891.9**	**495.9**	**552.6**
Receivables from subsidiaries	29	93.2	48.0	73.3
Current tax receivables	12	3.1	3.5	
Other receivables	15	1.4	0.8	0.4
Prepaid expenses and accrued income	17	5.3	1.2	2.3
Cash and cash equivalents			19.2	18.5
Total current assets		**103.0**	**72.7**	**94.5**
Total assets		**994.9**	**568.6**	**647.1**
Shareholders' equity				
Restricted equity				
Share capital		1.2	1.2	1.2
Statutory reserve		292.5	292.5	292.5
Non-restricted equity				
Share premium reserve		5.9	5.9	5.9
Profit brought forward		87.9	88.5	101.8
Net result		-27.7	-17.0	9.0
Total shareholders' equity		**359.8**	**371.1**	**410.4**
Untaxed reserves	31			**18.5**
Liabilities				
Long-term liabilities to credit insitutions	21, 26	504.5	150.0	175.0
Total long-term liabilities		**504.5**	**150.0**	**175.0**
Current liabilities to credit institutions	21, 26	61.9		
Accounts payable		4.7	2.8	4.3
Liabilities to group companies	29	55.9	37.3	14.0
Current tax liabilities				13.6
Other liabilities	24	0.9	1.7	4.9
Accrued expenses and prepaid income	25	7.2	5.7	6.4
Total current liabilities		**130.6**	**47.5**	**43.2**
Total shareholders' equity och liabilities		**994.9**	**568.6**	**647.1**

Pledged assets and contingent liabilities, parent company

SEK m	Notes	31 December 2010	2009	2008
Pledged assets	28	None	None	None
Contingent liabilities	28	133.0	39.0	45.1

Statements of changes in shareholders' equity

SEK m	Restricted Equtiy		Non-Restricted Equity		
	Share capital	Statutory reserve	Share premium reserve	Profit/loss brought forward	Total shareholders' equity
Opening balance January 1, 2008	1.2	292.5	5.9	73.9	373.5
Net profit for the year				9.0	9.0
Other comprehensive income					
Total other comprehensive income				0.0	0.0
Total comprehensive income				9.0	9.0
Group Contribution received				79.4	79.4
Tax attributable to items reported directly against equity				-22.2	-22.2
Dividend				-29.3	-29.3
Closing balance December 31, 2008	**1.2**	**292.5**	**5.9**	**110.8**	**410.4**
Opening balance January 1, 2009	1.2	292.5	5.9	110.8	410.4
Net profit for the year				-17.0	-17.0
Other comprehensive income					
Total other comprehensive income				0.0	0.0
Total comprehensive income				-17.0	-17.0
Group Contribution received				9.5	9.5
Tax attributable to items reported directly against equity				-2.5	-2.5
Dividend				-29.3	-29.3
Closing balance December 31, 2009	**1.2**	**292.5**	**5.9**	**71.5**	**371.1**
Opening balance January 1, 2010	1.2	292.5	5.9	71.5	371.1
Net profit for the year				-27.7	-27.7
Other comprehensive income					
Total other comprehensive income				0.0	0.0
Total comprehensive income				-27.7	-27.7
Group Contribution received				22.2	22.2
Tax attributable to items reported directly against equity				-5.8	-5.8
Closing balance December 31, 2010	**1.2**	**292.5**	**5.9**	**60.2**	**359.8**

Notes

Note 1 **Accounting principles**
Nederman Holding AB (publ), the parent company of the Nederman Group, has its registered office in Helsingborg, Sweden.

Compliance with laws and accounting policies
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC) as approved by the EU commission for application in the EU. In addition, RFR 1.1 November 2010 Supplementary Accounting Principles for Groups, issued by the Swedish Counsel for Financial Reporting, has been applied.

The parent company applies the same accounting principles as the Group except in the instances stated below under the section The Parent company's accounting principles. The differences between the parent company's and the consolidated policies are due to restrictions to apply IFRS in the parent company as a result of the Swedish Annual Accounts Act (Årsredovisningslagen) and the Pension Obligations Vesting Act (Tryggandelagen), as well as in particular cases due to tax reasons.

The Board of Directors approved the consolidated financial statements for publication on February 16, 2011.
The income statement and balance sheet for the parent company together with consolidated income statement and consolidated statement of financial position are subject to adoption at the Annual General Meeting on April 26, 2011.

Changes of standards and interpretations for 2010, applied by Nederman from January 1, 2010
Revised IFRS 3 - Business combinations
The revised IFRS 3 states that acquisition related costs at business combinations shall be expensed when incurred.
Contingent consideration shall be measured at fair value at the acquisition date. Contingent consideration classified as equity shall not be remeasured via income statement but accounted for within equity as owner transaction. Contingent consideration classified as financial asset or liability shall be measured at fair value with any resulting gain or loss recognized either in income statement or in other comprehensive income.
Non-controlling interest in the acquired business combination may be measured at fair value including goodwill or on a per share basis. Stepwise acquisitions or divestments within obtaining control are considered as owner transactions and accounted for in equity. At stepwise acquisition obtaining control the previously held equity share is remeasured at fair value via the income statement. Gains or losses at divestments when the divesting company is loosing control of the divested company are accounted for via income statement including a revaluation of the remaining share of ownership at fair value.

Other changes of standards and interpretations for 2010 have not affected the Group´s accounting principles.

Changes valid 2011 or later
are not expected to have any impact on the accounting principles for the Group.

Valuation principles applied with the preparation of the parent company's and the consolidated financial statements
Assets and liabilities are prepared on cost basis, apart from derivative instruments, which are stated at fair value.

Functional currency and presentation currency
Items included in the financial statements of the various entities of the Group are valued in the currency used in the financial environment of the companies (functional currency).
The consolidated accounts use SEK, which is the parent company's functional currency and presentation currency. All amounts, unless otherwise stated, are stated in SEK m.

Critical accounting estimates and judgements
The company management and board of directors make assessments and estimations, and assumptions that affect the recorded assets, liabilities, income and expenses and other information reported, including contingent liabilities. These assessments are based on historical experience and assumptions that are considered reasonable in existing circumstances. The actual results might deviate from these estimates and assessments. Estimations and assumptions are reviewed regularly. Assessments that have a significant impact on the Group's earnings and financial position are described in Note 34.

Segment reporting
The Group's business is managed and reported by operting segment, based on geographic areas.
Based on this information the chief operating decision maker decides how to allocate resources within the Group. The operating segments are measured and consolidated in accordance with the same principles as the Group. Intra-Group sales within the segments take place under strictly businesslike conditions. No intra-group sales take place between the segments. The operating segments comprise operating revenue and expenses. Assets and liabilities include direct eligible items and items that can be allocated in a reasonable way.
The Group is divided into the operating segments:
• Europe
• International
• Dantherm Filtration
For further information about the operating segments, see pages 9 – 11

Classifications etc.
Fixed assets and long-term liabilities consist essentially of amounts expected to be recovered or paid back later than twelve months from the balance sheet date. The current assets and current liabilities consist essentially of amounts which are expected to be regained or paid out within twelve months, calculated from the close of the reporting period. Assets and liabilities are measured at cost unless otherwise stated.

Consolidation principles
The Group
The consolidated accounts include the parent company and all subsidiaries.

Subsidiaries
Subsidiaries are companies in which Nederman Holding AB has a direct or indirect right to determine the company's financial and operative strategies. Subsidiaries are consolidated according to the purchase method. The cost of an acquisition is measured as the fair value of the identifiable assets, liabilities and contingent liabilities, irrespective of the extent of any minority interest at the date of acquisition plus any expenditure directly attributed to the acquisition. The difference between the acquisition value and the fair value of the Group's acquired identifiable net assets is recorded as goodwill. If the difference is negative the amount is recognized directly in the income statement. The acquisition value is made up of the fair value of assets paid as remuneration and arisen or assumed liabilities on the transfer date. From 1 January 2010 transaction costs, e.g. fees for legal advising and assistance, due diligence etc are expenses when they occur. Previous years these expenses have been included in the acquisition costs for the subsidiary and included in the book value. The subsidiaries' financial reports are included in the consolidated accounts from the date when the control was transferred to the group. The subsidiaries divested during the financial year are recognized in the consolidated accounts up to and including the date when control ceased.

Transactions eliminated during consolidation
Intra-Group receivables and liabilities, income or expenses and unrealized profits or losses arising from intra-Group transactions, are entirely eliminated when preparing the consolidated financial statements.

Foreign currency transactions
Foreign currency transactions are translated to the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate on the balance sheet date. Exchange rate gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the income statement. Non-monetary assets and liabilities are measured at historical cost at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities measured at fair value are valued at the balance day rate.

Translation of foreign group companies
Assets and liabilities in foreign group companies (of which none have high inflation currencies), including goodwill and fair value adjustments arising at the acquisition of the foreign operations are translated from the functional currencies of the foreign group companies to the Group's presentation currency, at the prevailing exchange rate on the balance sheet date. Income and expenses are translated to SEK at an average exchange rate for the applicable year. Translation differences arising from translation are reported in the consolidated comprehensive income as a translation reserve. The company has elected to state the accumulated translation differences attributable to foreign group companies to zero with the transition to IFRS. When a foreign group company is sold the attributable accumulated translation differences, previously recognized in the consolidated comprehensive income are realized in the consolidated income statement during the same period as the gain or loss of the divestment.

Revenue recognition
Revenue from sale of goods and services is recognized in the income statement when significant risks and benefits associated with the ownership of the goods have been transferred to the buyer. Revenue from installations is recognized in the income statement using the percentage-of-completion method. The degree of completion is established by an assessment of the work performed compared to the work for the total project. Revenue is not reported if it is not probable that the company will obtain the financial benefits. Anticipated losses are expensed immediately.

In cases when the project has not started expenditures concerning material etc. are capitalized. In the balance sheet the installation projects are entered project by project either under current asset as recognized non-invoiced income or under current liability as invoiced income not yet recognized. Projects with higher accumulated income than invoiced are recognized as assets. Projects invoiced in excess of accumulated income are recognized as liabilities. If there is any significant doubt concerning payment, related expenses or risk of returns, no recognition of the revenue will occur. Amounts are reported excluding VAT and discounts and after eliminations of intra-Group sales.

Leasing

Financial leasing agreements

Leasing of tangible fixed assets, whereby the group essentially assumes the same rights as for direct ownership is classified as financial leasing. Financial leases are recognized at the inception of the lease period at an amount equal to minimum lease payments during the lease term. Lease payments are split into interest expenses and amortization of the outstanding debt. The interest costs are distributed over the term of the lease so that every reporting period will be charged with an amount corresponding to a fixed interest rate for the debt during each period in which the liability is reported. Variable charges are treated as an expense in the period in which they arise.

Operational leasing agreements

Leasing of assets whereby the risks and benefits remain with the owner of the asset is classified as operational leasing. Expenses relating to operational leasing agreements are recognized in the income statement on a straight-line basis over the leasing period. Benefits received in connection with signing of a lease are recorded as part of the total leasing costs in the income statement straight-line over the term of the leasing agreement. Variable charges are expensed in the period in which they arise.

Financial income and expenses

Financial income and expenses consist of interest income on bank deposits and receivables, interest expenses on loans, dividends received, exchange rate fluctuations on interest-bearing financial assets and liabilities and gain/loss on derivative instruments used in the financial operations.
Interest income on interest-bearing financial receivables and interest expenses on financial interest-bearing debts are calculated with the application of the effective interest rate method. The effective interest rate is the interest rate which results in the present value of all estimated future receipts and payments during the expected fixed interest term being equal to the reported value of the receivable or the liability.
Interest income and interest costs include accrued transaction costs and any discounts, bonuses and other differences between the initial recognized value of the receivable or liability, and the calculated future payments received or paid during the term of the agreement. The interest component in financial lease payments is reported in the income statement via the application of the effective interest rate method.
Income from dividends received is recorded when the right to receive the payment has been established.
Borrowing costs attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the recorded value of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group and the parent company do not have any such assets.

Financial instruments

Financial instruments recorded in the balance sheet assets include cash and cash equivalents, receivables from customers, shares, loans and derivative instruments. Included among liabilities and equity, are accounts payable to suppliers, borrowings, and derivative instruments.
A financial asset or financial liability is initially recorded in the balance sheet when the company becomes a party to the contractual conditions of the instrument. Account receivables are included in the balance sheet when the invoice has been distributed. Liabilities are included when the other party has performed and a contractual obligation to pay exists, even if invoice has not yet been received. Accounts payable are recognized when invoice has been received.
A financial asset, or part of financial asset, is derecognized from the balance sheet when the right to receive cash flows from the instrument have ceased or been transferred to another counterparty. A financial liability, or part of liability, is derecognized from the balance sheet when the company has met its commitments or the liability has been otherwise extinguished.
A financial asset and a financial liability are offset against each other and recorded with a net value in the balance sheet only when there exists a legal right to offset the amount and the intention is to settle the items with a net amount or to sell the asset and to pay off the debt at the same time.
Investments and sale of financial assets are recorded on the transaction date, which is the day when the company undertakes to purchase or sell the asset.

Classification and valuation

The classification of a financial asset is determined on the initial recording of the instrument. The classification depends on the purpose for which the instrument was acquired and is then reassessed on each subsequent reporting.
Financial instruments which are not derivatives are initially measured at cost corresponding to the instrument's fair value with the addition of transaction costs apart from those financial instruments which are categorized as financial assets at fair value through profit or loss.

Calculation of fair value

Financial instruments measured at fair value are categorized into three levels, as stated below:
1. Quoted prices in active markets.
2. Inputs, other than quoted prices, that are observable either directly or indirectly.
3. Inputs that are not based on observable market data.
The measurement at fair value is based upon direct observable prices (level 2).

Financial assets at fair value through profit or loss

Assets in this category are measured at fair value both initially and subsequent to the date of acquisition. Gains and losses attributable to changes in fair value are recognized in the income statement. This category consists of financial assets, which are held for trade and other financial assets designated into this category. A financial asset is classified as being held for trade if it is acquired with the intention of selling it in the near future. Independent derivatives and embedded derivatives are classified as holdings for trade except when they are used for hedge accounting. Derivatives are used to cover the risk for exchange-rate fluctuations and changes in interest rates. Derivatives with positive values (unrealized gains) are recorded as other long-term or current receivables.

Loans receivable and accounts receivable

Loans receivable and accounts receivable are financial assets which are not derivatives, which have fixed payments or payments which are able to be determined, and which are not listed on an active market. These assets are measured at amortized cost. The value is determined on the basis of the effective interest rate calculated at the time of the acquisition. Accounts receivable are reported at the amount expected to be received, i.e. after deductions for doubtful receivables. Any deduction affects the operating result.

Cash and cash equivalents

Cash and cash equivalents consist of cash, cash in bank and other financial institutions. Cash and cash equivalents also includes current investments with a maturity of less than three months from the date of acquisition and which have only an insignificant risk of exposure to fluctuations in value.

Financial liabilities at fair value through profit or loss

This category includes financial liabilities held for trading and derivatives with a negative fair value not used for hedge accounting. In this category the Group reports derivatives with negative fair value not used for hedge accounting. Changes in fair value are recognized in the income statement.

Other financial liabilities

Financial liabilities not held for trading, such as accounts payable and other liabilities are recognized initially at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest rate method. Long-term liabilities have an expected term of more than 1 year, while current liabilities have a term of less than 1 year. Accounts payable have short expected maturities and are assessed without discount at a nominal amount.

Receivables and liabilities in foreign currencies

For hedging of assets or liabilities against exchange rate risks, foreign currency forward contracts are used. No hedge accounting is needed as both the hedged item and the hedging instrument are valued at the current value with changes in value allocated to the income statement concerning exchange rate fluctuations. The Group thereby achieves much the same matching effect as with hedge accounting. Changes in value concerning operating receivables and liabilities are reported net in the operating result, while changes in value concerning financial receivables and liabilities are reported net in the financial items.

Intangible assets

Goodwill

Goodwill is the amount by which the cost of an acquisition exceeds the fair value of the acquired identifiable assets, assumed liabilities and contingent liabilities. Goodwill due to acquisitions occurred prior to 1 January 2004, has not been retroactively accounted for in accordance with IFRS, but the value at this date constitutes the Group's acquisition value, after testing of impairment need, see note 13. No indication of any need for write-downs existed at this point in time. Goodwill is valued at cost less any accumulated write-downs. Goodwill is allocated to its cash-generating units and is no longer written off but is tested annually with regard to any impairment losses. Impairment losses on goodwill are not reversed. Gains or losses when selling a unit include the remaining value of the goodwill.
At acquisitions where the acquisition cost is below the net value of the identifiable acquired assets, assumed liabilities and contingent liabilities, the difference is reported directly in the result.

Development

Expenditures for development, where the research result or other knowledge is applied in order to produce new or improved products or processes, are reported as an asset in the balance sheet, if the product or the process is technically and commercially viable and the company has sufficient resources in order to proceed with development and thereafter use or sell the intangible asset.
The reported value includes expenditures for materials and other immediate expenses attributable to the asset in a reasonable and consistent manner. Other expenditures for development are reported in the income statement as an expense as they arise. In the balance sheet, development is reported at cost less accumulated amortization and any write-downs.

Other intangible assets
Other intangible assets are reported at cost less accumulated amortization and write-downs. Accrued expenses for internally generated goodwill and internally generated brands are expensed as they arise.

Subsequent expenditures
Subsequent expenditures for capitalized intangible assets are reported as an asset in the balance sheet only when they increase the future economic benefits for the specific assets to which they are related. All other expenditures are expensed as they arise.

Borrowing costs are not included in the asset value as the Group´s intangible assets meet the requirements to capitalize borrowing costs.

Amortization
Amortization is recorded in the income statement linearly over the intangible assets' expected useful life, if the useful life is not indefinite. Goodwill and intangible assets with an indefinite useful life are reviewed for the need of impairment annually or as soon as indications appear that the asset has decreased in value. The expected useful life is:

– Capitalized development expenditures	5 years
– Computer software programs	3–4 years

Tangible fixed assets
Owned assets
Tangible fixed assets are measured at cost less accumulated depreciation and any write-downs. Cost includes the purchase price and costs directly attributable to the asset in order to move it into place and in the proper condition to be used in accordance with the purpose of the acquisition. The cost for self-produced fixed assets includes expenditures for materials, expenditures for salaries and other remuneration to employees, and if applicable other production costs considered to be directly attributable to the fixed asset. Borrowing costs are not capitalized in the cost of internally produced assets as they do not meeting the requirements for so called qualified assets.
Tangible fixed assets consisting of different parts with a different estimated useful life are treated as separate components of the tangible fixed assets.
The reported value of a tangible fixed asset is removed from the balance sheet with its scrapping or sale or when no future financial benefits are expected from its use. A gain or loss arising from the sale or scrapping of an asset consists of the difference between selling price and reported value of the asset with deductions for the directly attributable selling costs. Any gain or loss is reported as other operating income/expense.

Leased assets
Leasing is classified in the consolidated financial statements either as financial or operational leasing. Financial leasing occurs when the financial risks and benefits associated with the ownership are substantially transferred to the lessee. If this is not the case, then it is classified as operational leasing.
Assets rented via financial leasing have been reported as an asset in the consolidated balance sheet. The obligation to pay future leasing charges has been reported as long-term and current liabilities. The leased assets are depreciated according to plan, while the leasing payments are reported as interest and amortization of the liabilities.
Leasing charges for operational leasing is expensed linearly over the leasing period.

Subsequent expenditures
Subsequent expenditures are added to the carrying amount only if it is likely that the company will receive future financial benefits associated with the asset and the cost of the assets can be calculated reliably. All other subsequent expenditures are expensed in the period they arise. Crucial for the assessment when a subsequent expenditure is added to the carrying amount is if it concerns exchange of components, or parts thereof, whereupon such expenditures are capitalized. Even in cases when new components are constructed the expenditure is added to the carrying amount. Any remaining carrying amount of exchanged components, or parts of components, is expensed.
Repairs are expensed as they arise.

Depreciation
Depreciation occurs linearly over the asset's anticipated useful life. The Group applies component depreciation, meaning that the components' estimated useful life forms the basis for the depreciation.
The estimated useful life is:

– Buildings, real estate used in business operations:	15-30 years
– Plant and machinery	3-8 years
– Equipment, tools , fixture and fittings	3–10 years
– Land:	Not depreciated

Depreciation of components is based on the useful life of each component.

The deprecation methods used and the residual value of assets and their useful life are reviewed annually.

Write-downs and reversal of write-downs
Write-downs are charged to the income statement. The write-down of tangible and intangible fixed assets affects the operating result, while the write-down of financial assets affects the net financial items. Previously recorded write-downs are reversed if reasons for the former write-down no longer exist. The increased carrying amount attributable to a reversal of a write-down shall not exceed the carrying amount that would have determined if no write-down had been recorded.

Test of need for a write-down of tangible and intangible assets, and for shares in subsidiaries
The test of need for a write-down exists if any event occurs or if circumstances change, indicating that the recorded value might be above the recoverable value. The test is carried out at the cash-generating unit that the asset belongs to. The cash-generating units consist of the business segments. For goodwill, other intangible assets with an indefinite useful life, and intangible assets not yet ready for use, the recoverable value is calculated annually.
A write-down is recorded when an asset's or cash-generating unit's carrying amount exceeds the recoverable value. The recoverable value is the highest of the fair value less sales costs and estimated value in use.
When calculating the estimated value in use, the future cash flows are discounted at a rate considering risk-free interest rate and market risk premium associated with the specific asset.
A write-down of assets belonging to a cash-generating unit is primarily allocated to goodwill. Then other assets are written down on a proportional basis.

Test of the need for a write-down of financial assets
A write-down of a financial asset should happen if objective evidence shows that one or more events have had a negative impact on the assets' estimated future cash flows. A write-down of a financial asset valued at the accrued acquisition cost is estimated as the difference between its carrying amount and net present value of the estimated future cash flows, discounted by the original effective interest rate. Previous write-downs shall be reversed, if reasons for the former write-down no more exist.

Inventories
Inventories are measured at the lower of cost and net realizable value, which means including any obsolescence. The cost is calculated by applying the First In First Out method (FIFO), including expenses arising with the purchase of the inventory and the transportation to the current place and condition. Manufactured goods and work in progress, includes the purchase price and a reasonable proportion of indirect costs based on normal capacity. The net realizable value is calculated as the estimated selling price less applicable variable sales expenses. Deductions are made in the consolidated financial statements for internal profits generated through intra-group sales.

Dividends
Dividends are reported as a liability after the Annual General Meeting has approved the dividend.

Earnings per share
The calculation of earnings per share is based on the net result in the Group, attributable to the parent company's shareholders and on the weighted average number of shares outstanding during the year. With the calculation of earnings per share after dilution, the average number of shares is adjusted in order to take into consideration the effects of diluting potential ordinary shares, which during the reported periods stem from convertible bonds and options, which have been purchased by senior executives. With a corresponding calculation, the result is adjusted by the interest costs on convertible bonds (after tax). Dilution from options arises only when the redemption price rate is lower than the period's average market price on the stock exchange, and is greater the larger the difference is the between redemption price and the market price.

Cash flow statement
The cash flow statements are prepared in accordance with the indirect method.

Remuneration to employees
Short-term remuneration
Short-term remuneration to employees is calculated without discounting and is reported as an expense when the related services are received. A provision is reported for planned bonus payments when the Group has an obligation to make such payments based on services received or other contractual conditions fulfilled.

Defined-contribution pension plans
Defined-contribution pension plans are plans where the company's obligation is limited to the charges the company has undertaken to pay. The size of an employee´s pension depends on the contributions the company pays to the plan and the return on capital produced by the contributions. The company´s obligations concerning payments to defined-contribution pension plans are reported as an expense in the income statement as they are earned. The part of the Swedish ITP Plan, which is managed through insurance with Alecta is considered as a defined-contribution plan.

Defined-benefit pension plans
The Group's net obligation concerning defined-benefit pension plans are calculated separately for each plan by estimating the future remuneration, which each employee has earned via their employment in both the current and previous periods. The obligations are then valued at the present value of expected future

payments and are calculated using a discount rate corresponding to the interest on first-class corporate bonds or government bonds with a remaining maturity that corresponds to the actual current obligations.
For funded plans, the fair value of the plan assets reduces the future pension obligation.
The actuarial calculation is carried out by a registered actuary using the Projected Unit Credit Method. The method allocates the cost over the employee's remaining length of services. Changes to the actuarial estimates and unexpected changes of the fair value of planned assets cause actuarial gains and losses. If the accumulated actuarial gains and losses exceed 10 percent of the pension obligations or the fair value of the plan assets, the exceeding amount is recognized over the expected average remaining working life of the employees, participating in the plan, applying the so-called corridor rule.
Plan assets are valued at fair value. Net assets are reported as long-term financial assets.

When there is a difference between how the pension expenses are established in legal entity and the Group, a provision or debt is reported concerning special salary tax based on the difference. The provision or debt is not calculated at present value.

Provisions
A provision is recognized in the balance sheet when the Group has an existing legal or informal obligation as a result of an event that has occurred, and it is likely that an outflow of financial resources will be required in order to meet the obligation and a reliable estimate of the amount can be made.

Provisions for guarantees
A provision for a product guarantee is recorded when the underlying products or services are sold. Provisions are based on historical data about the guarantees and a total appraisal of possible outcomes in relation to the probability of the outcome.

Provisions for restructuring and redundancy payments
A provision for restructuring is recorded when the Group has decided on a detailed and formal restructuring plan, and the plan has been established and become public. Provisions for restructuring often include redundancy payments, where the redundancy is either voluntary or involuntary. Redundancy payments are reported according to the same principles as provisions for restructuring. In cases there are requirements to work out a period of notice, the costs are charged over the period of notice. No provisions are made for future operating costs.

Taxes
Income taxes consist of current taxes and deferred taxes. Income taxes are reported in the income statement except when the underlying transaction is reported directly against equity whereupon related tax effect is reported in equity.
Current taxes are taxes, which will be paid or are to be received for the current year, with the application of the tax rates which have been determined or announced as of the close of the reporting period. Included here are also adjustments of current tax attributable to earlier periods.
A current tax receivable or payable is recognized due to the calculated tax, which shall be received or paid for current or previous years.
Deferred tax is calculated according to the liability method based on the temporary difference between the carrying amounts and the tax-related values on assets and liabilities. Temporary differences arise mainly through the depreciation of fixed assets, pension provisions and other measures.
Temporary differences arise at business acquisitions on the differences between the fair value of the assets and liabilities and their tax bases. Temporary differences that arise on initial recognition of an asset or liability and are not attributable to business acquisitions and have not affected reported or taxable amounts, do not entail a deferred tax asset or liability in the balance sheet.
Deferred tax is valued at the nominal amount with the application of the tax rates and tax regulations decided upon or announced on the balance sheet date. Any tax arising when dividends are paid is reported at the same time as when the dividend is reported as a liability in the company issuing the dividend.
Deferred tax assets concerning tax-deductible temporary differences and retained losses are recorded only to the extent it is probable that tax surpluses will be available in the future, against which temporary differences can be utilized. Deferred tax assets are derecognized from the balance sheet when they probably cannot be utilized.

Temporary differences are not recognized in investments in subsidiaries, since the Group can control the date when these temporary differences are reversed and it is unlikely that they will be reversed in the foreseeable future.

Contingent liabilities
A contingent liability is recorded when there are commitments arising from events that have occurred and the liability is not reported in the balance sheet, due to the unlikelihood that an outflow of resources will be required.

The parent company's accounting policies
The parent company has prepared its financial statements according to the Swedish Annual Accounts Ac t (Årsredovisningslagen 1995:1554) and RFR 2, Financial Reporting for Legal Entities. This means that the parent company's financial reports must apply all EU approved IFRS and statements to the extent that it is possible within the framework of the Swedish Annual Accounts Act and with regard to the connection between the accounting and taxation.
The parent company shall make a separate report for comprehensive income together with its income statement, i.e. a separate income statement and a separate report of comprehensive income. The report of comprehensive income, report of changes in shareholders´ equity and cash flow statement shall be according to IFRS.

Subsidiaries
Shares in subsidiaries are reported in the parent company according to the purchase method. All expenditures due to a business combination, i.e. including transaction costs, are recognized as an asset. Dividend income is reported when there is a legal authority to receive the dividend. Received dividends are reported as income although the dividends include earnings before the acquisition date. If so, this could result in a need of write-down of the book value of the shares.

Revenue
The parent company's revenue consists of intra-Group management fees. The income statement reports this income as other operating income

Taxes
Untaxed reserves recorded in the parent company include deferred tax liabilities. In the consolidated financial statements untaxed reserves are allocated between deferred tax liability and shareholders' equity.

Group contributions and shareholder's contributions for legal entities
Shareholders' contributions are added to the value of shares in subsidiaries in the balance sheet and are then tested for impairment. Group contributions are paid to minimise the Group's tax cost. This means that the Group contribution is reported directly against shareholders equity after an adjustment for current tax.

Financial guarantees
The parent company's financial guarantee agreements mainly consist of guarantees benefitting subsidiaries. Financial guarantees mean that the company has an undertaking to remunerate the holder of a debt instrument for losses accrued because a specific debtor has not completed payment on the due date according to the terms of the agreement. When reporting financial guarantee agreements the parent company applies the relief regulation permitted by the Swedish Financial Accounting Standards Council. The parent company reports financial guarantee agreements as a provision in the balance sheet when the company has a commitment for which payment is likely to be required to regulate the commitment.

Note 2 Classification of income

Consolidated

SEK m	2010	2009	2008
Net sales			
Net sales of goods	1,694.1	1,052.0	1,272.3
	1,694.1	**1,052.0**	**1,272.3**

Net sales of goods include payment for installation work.

Note 3 Operating segment reporting

The segment reporting is based on reports regularly reviewed by the Group´s chief operating decision maker in order to assess its performance and allocated resources. The operating segments consist of different business operations that are affected by revenues and expenses. The segments are measured and consolidated according to the same accounting principles as the Group in total. The group is a global market leader in producing products and systems for industrial air cleaning. The products and systems create a clean and safe working environment with focus on clean air, recycling solutions and reduced environmental impact of transport handling.

Operating segments

From 1 January 2010 the Group was split into two operating segments:
- Europe
- International

When acquiring Dantherm Filtration on 30 April 2010 it was decided to report the acquired units as a separate operating segment during 2010. The operating segments are presented on pages 9-11.

The internal reporting system is built up in order to make it possible to follow up net sales, gross profit and variable costs per segment. Operating general expenses are allocated to the operating segments on an appropriate way. No intra-group sales take place between the operating segments. The operating capital employed includes direct attributable items, and remaining capital employed is allocated in a appropriate way. Items not allocated consist of corporate expenses, financial income, financial expenses and tax expenses. Assets and liabilities, which have not been allocated between the segments are tax receivables and tax liabilities (current and deferred), financial investments and financial liabilities, including pension obligations.

The segment´s capital expenditures in tangible and intangible fixed assets include all capital expenditures except expendable equipment and equipment of minor value.

Geographic regions

The Group is divided into the four geographic regions: Nordic region, Other Europe, North America and Rest of world.

The information, which is presented concerning the income for each region concerns the geographic areas, where the customers are located. The information concerning the assets and capital expenditures in tangible and intangible fixed assets is based on geographic regions, where the assets are located.

Two operating segments from 2011

As part of the integration of Dantherm Filtration the organization will be adapted starting in 2011. Europe and International will be the Group´s operating segments and Dantherm Filtration will be split into these two segments.

The operational activities will be managed within the framework of four regions, two that cover Europe, region Americas and region Asia-Pacific.

Consolidated operating segments

2009

SEK m	Europe	International	Not allocated	Total
Net sales	775.0	271.3	5.7	**1,052.0**
Operating profit by operating segment*)	70.0	5.0	-41.7	**33.3**
Restructuring and integration costs			-10.0	**-10.0**
Operating profit	70.0	5.0	-51.7	**23.3**
Financial income			1.7	**1.7**
Financial expenses			-7.8	**-7.8**
Tax expenses			-2.6	**-2.6**
Net profit				**14.6**
Capital expenditures	5.6	3.0	13.6	**22.2**
Depreciations	-5.7	-2.0	-10.4	**-18.1**

2010

SEK m	Europe	International	Dantherm Filtration	Not allocated	Total
Net sales	692.6	293.6	701.0	6.9	**1,694.1**
Operating profit by operating segment*)	62.5	18.3	46.4	-20.5	**106.7**
Acquisition costs				-11.8	**-11.8**
Restructuring and integration costs				-43.6	**-43.6**
Operating profit	62.5	18.3	46.4	-75.9	**51.3**
Financial income				4.2	**4.2**
Financial expenses				-28.6	**-28.6**
Tax expenses				-5.8	**-5.8**
Net profit					**21.1**
Capital expenditures	473.1	174.9	577.1	141.9	**1,367.0**
Other assets				286.1	**286.1**
Total assets	473.1	174.9	577.1	428.0	**1,653.1**
Operating liabilities	201.6	86.8	508.3	-299.8	**496.9**
Other liabilities				658.1	**658.1**
Total liabilities	201.6	86.8	508.3	358.3	**1,155.0**
Capital expenditures	2.3	1.9	4.7	6.1	**15.0**
Depreciation	-5.3	-3.0	-20.6	-9.3	**-38.2**

*) excluding acquisition and restructuring costs

Geographic regions

Consolidated

SEK m	Sweden	Nordic region	Other Europe	North America	Rest of the World	Not allocated	Total
2009							
Net sales	100.2	183.6	517.9	139.5	110.8		**1,052.0**
Operating asset	175.1	36.5	149.6	45.0	43.9	362.7	**812.8**
Capital expenditures	11.9	1.2	4.6	1.8	2.7		**22.2**
2010							
Net sales	175.8	220.1	777.9	224.8	295.5		**1,694.1**
Operating asset	564.1	145.0	295.6	95.2	93.0	174.1	**1,367.0**
Capital expenditures	5.1	2.5	3.9	1.5	2.0		**15.0**

Note 4 Acquisition of business enterprises

Acquisitions 2008

January 1, 2008 Nederman acquired Töredal AB at an acqusition price of SEK 11.5m. Töredal AB manufactures products for high vacuum systems. The acquisition secures continuity and production of a number of high vacuum products.Percentage of shares 100 per cent.

In March 2008 Nederman acquired the Arboga-Darenth Group at an acquisition price of SEK 11m. The companies are located in Sweden, UK and France. Arboga-Darenth develops, manufactures and markets products and systems that economically and in an eco-friendly way handle, transport and recycle metal waste and cutting fluids in the metal-processing industry.

The company has production units in Sweden and UK and sales offices in Sweden, UK and France. Percentage of shares 100 per cent.

In March 2008 Nederman acquired Assalub´s Swedish sales and after marketing organization within the effective handling of lubricants and service fluids segments for vehicle workshops.

In July 2008 AB Norclean was acquired at a price of SEK 13.3m. AB Norclean´s product range includes products and systems within the area of environment technology with focus on handling and collection of harmful materials within shot blasting and handling of fluids. Percentage of shares 100 per cent.

The effects of the acquisition

The acquisition had the following effects on the consolidated assets and liabilities.
The acquired companies' net assets at the acquisition date:

	Töredal		Arboga AB/Arboga Ltd/ Arboga Sarl		Norclean AB		Other		Total
SEK m	Reported value before acquisition	Fair value reported by Group	Reported value before acquisition	Fair value reported by Group	Reported value before acquisition	Fair value reported by Group	Reported value before acquisition	Fair value reported by Group	Fair value reported by Group
Acquisition price, including direct acquisition costs		11.5		11.0		13.3		9.6	45.4
Fair value of acquired net assets		4.1		5.2		4.2		2.1	15.6
Goodwill		7.4		5.8		9.1		7.5	29.8
Purchase price not paid				3.3					3.3
Acquired assets and liabilities									
Intangible fixed assets			0.1	0.1					0.1
Tangible fixed assets	0.5	0.5	2.3	2.3	0.7	0.7	0.1	0.1	3.6
Financial fixed assets	0.0	0.0	0.2	0.2					0.2
Inventories	4.5	4.5	8.0	8.0	3.8	4.1	2.5	2.5	19.1
Customer receivables and other receivables	3.1	3.1	15.5	15.5	3.2	3.2	0.0	0.0	21.8
Liquid funds	4.9	4.9	4.9	4.9	1.8	1.8			11.6
Interest bearing liabilities			-1.6	-1.6					-1.6
Accounts payable and other operating liabilities	-3.4	-3.4	-19.3	-19.3	-3.2	-3.2	-0.5	-0.5	-26.4
Current tax liabilities	-0.3	-0.3			-0.5	-0.5			-0.8
Deferred tax liability	-0.3	-0.3				-0.1			-0.4
Net assets	9.0	9.0	10.1	10.1	5.8	6.0	2.1	2.1	27.2
Of which liquid funds in acquired units		-4.9		-4.9		-1.8			-11.6
Fair value of acquired net assets		4.1		5.2		4.2		2.1	15.6
Net result during ownership period		1.0		-6.4		0.7		0.0	-4.7
Net sales January-December for acquired units		6.9		54.3		28.4			89.6
Net result January-December for acquired units		1.0		-6.6		2.0			-3.6

Goodwill includes the value of being established on the market with a well functioning market organisation.

Acquisition 2009

Vanhassel BVBA, Belgium

In April 2009 Nederman's Belgian sales company acquired the Belgian company Vanhassel BVBA, an installation company within the vehicle repair shop segment. Percentage of shares 100 per cent.

The effects of the acquisition

The acquisition had the following effects on the consolidated assets and liabilities:

SEK m	Vanhassel BVBA		Other	Total
	Reported value before acquisition	Fair value reported by Group	Fair value reported by Group	Fair value reported by Group
Acquisition price, including direct acquisition costs		2.9	0.2	3.1
Fair value of acquired net assets		-1.1	0.4	-0.7
Goodwill		4.0	-0.2	3.8
Purchase price not paid		1.0		1.0
Tangible fixed assets	0.1	0.1		0.1
Deferred tax assets			0.7	0.7
Inventories	0.1	0.1		0.1
Customer receivables and other receivables	1.4	0.1	-0.3	-0.2
Liquid funds	0.0	0.0		0.0
Interest bearing liabilities	-0.7	-0.7		-0.7
Accounts payable and other operating liabilities	-0.7	-0.7		-0.7
Net assets	0.2	-1.1	0.4	-0.7
Of which liquid funds in acquired units		0.0		0.0
Fair value of acquired net assets		-1.1	0.4	-0.7

Information about net profit after the acquisition is not available as the business has been integrated.

Goodwill includes the value of being established on the market with a functioning market organisation.

An agreement has been reached during the year of reduction of purchase price for previous year acquisitions amounting to SEK 2.5m. This has led to a reduction of goodwill with the same amount. Acquired goodwill during the year amount then to SEK 1.3m.

Acquisition 2010

Dantherm Filtration

Dantherm Filtration was acquired 30 April, 2010.
Dantherm Filtration manufactures industrial air filtration products and solutions. Through the acquisition of Dantherm Filtration the Group will expand in the value chain by selling systems and an increasing amount of aftermarket sales. The acquisition supplements the Group with increased technological competence in manufacturing FS-filters. This manufacturing is located in Germany and China.

Through the acquisition the product portfolio was increased by products for wood and fume extraction. Dantherm Filtration largely works with the same product areas as Nederman. After the acquisition the Group has a complete product and competence concept and becomes the global leader within industrial air filtration. The acquisition means significant synergies within sales, product development, supply chain, administration etc.
Percentage of shares: 100 per cent.
The Acquisition price was paid in cash in total.

SEK m	Dantherm Filtration	
	Reported value before acquisition	Fair value of acquired net assets
Acqusition price		137.2
Fair value of acquired net assets		-50.7
Goodwill		86.5
Intangible fixed assets	21.5	34.7
Tangible fixed assets	181.5	178.7
Financial fixed assets	0.1	0.0
Inventories	124.4	114.0
Customer receivables and other receivables	224.3	222.8
Current tax receivable	2.4	2.4
Deferred tax asset	22.2	8.8
Liquid funds	59.1	59.1
Interest-bearing liabilities	-224.8	-225.4
Accounts payable and other operating liabilities	-258.4	-259.2
Current tax liabilities	-3.0	-4.8
Deferred tax liability	0.0	-21.3
Net assets	149.3	109.8
Of which liquid funds in acquired units	-59.1	-59.1
Fair value of acquired net assets	90.2	50.7
Net sales during ownership period		701.0
Net profit during ownership period		22.0
Net sales January-December for acquired units		994.8
Net profit January-December for acquired units		12.9

The goodwill amount represents the future economic benefits arising from the acquisition that are not individually identified and separately recognized.

Acquisition price, units acquired during the year	137.2
Payment acquisition previous year	1.0
Total aquired units	138.2

Note 5 Other operating income

Consolidated

SEK m	2010	2009	2008
Grants		0.5	0.7
Damages			0.2
Capital gain sold fixed assets	0.3		
Recovered bad debt losses	4.5	1.2	2.9
Foreign exchange gains on operating receivables/liabilities	8.1	4.9	1.4
Other	1.3	2.3	1.9
	14.2	**8.9**	**7.1**

Parent company

	2010	2009	2008
Management charges, subsidiaries	7.7	10.0	9.4
Foreign exchange gains on operating receivables/liabilities	-0.2		
Other			0.4
	7.5	**10.0**	**9.8**

Note 6 Other operating expenses

Consolidated

SEK m	2010	2009	2008
Capital loss sold fixed assets	-0.3		
Bad debt losses	-5.3	-8.3	-4.6
Severance costs		-0.6	-1.8
Other	-2.2	-0.5	-1.0
	-7.8	**-9.4**	**-7.4**

Parent company

	2010	2009	2008
Foreign exchange losses on operating receivables/liabilities		-0.3	
		-0.3	

Note 7 Employees and employee benefits

Average number of employees	2010			2009			2008		
	Women	Men	**Total**	Women	Men	**Total**	Women	Men	**Total**
Parent company									
Sweden	11	10	**21**	6	10	**16**	5	10	**15**
Total parent company	11	10	**21**	6	10	**16**	5	10	**15**
Subsidiaries									
Sweden	52	200	**252**	53	207	**260**	61	220	**281**
Denmark	25	145	**170**	4	15	**19**	2	15	**17**
Norway	6	42	**48**	6	44	**50**	7	50	**57**
Belgium	5	15	**20**	4	14	**18**	5	17	**22**
UK	13	64	**77**	13	56	**69**	19	69	**88**
France	4	8	**12**	4	9	**13**	4	12	**16**
The Netherlands	2	4	**6**	2	4	**6**	2	4	**6**
Poland	19	109	**128**	4	23	**27**	3	24	**27**
Portugal		1	**1**		3	**3**	0	3	**3**
Romania	1	3	**4**	1	3	**4**	1	4	**5**
Spain	3	15	**18**	3	15	**18**	3	14	**17**
Czech Republic	2	13	**15**	2	14	**16**	2	18	**20**
Germany	44	129	**173**	9	24	**33**	10	26	**36**
Hungary		2	**2**	0	4	**4**	0	5	**5**
Austria	1	2	**3**	1	3	**4**	1	3	**4**
Canada	5	24	**29**	7	23	**30**	9	25	**34**
USA	16	71	**87**	6	20	**26**	6	23	**29**
Brazil	2	9	**11**	1	7	**8**	1	7	**8**
China	23	76	**99**	9	21	**30**	4	10	**14**
Australia	1	8	**9**	1	7	**8**	1	5	**6**
Turkey		2	**2**		2	**2**			
India	1	19	**20**		8	**8**			
Finland	1	9	**10**						
Russia		1	**1**						
Malaysia		2	**2**						
Thailand	23	66	**89**						
Total in subsidiaries	249	1,039	**1,288**	130	526	**656**	141	554	**695**
Consolidated total	260	1,049	**1,309**	136	536	**672**	146	564	**710**
Of which senior executives	18	76	**94**	12	49	**61**	11	55	**66**

Distribution according to gender in senior management

	2010	2009	2008
	Percentage women	Percentage women	Percentage women
Parent company			
Board of Directors	11%	0%	0%
Other senior executives	33%	0%	0%
Consolidated			
Board of Directors	11%	0%	0%
Other senior executives	19%	20%	17%

Consolidated

Expenses for remuneration to employees

SEK m	2010	2009	2008
Wages, salaries and other ' remuneration	420.1	288.9	287.7
Pensions expenses, defined-benefit pension plans (see also note 22)	1.5	1.2	0.8
Pensions expenses, defined contribution pension plans	20.9 [1)]	19.2 [1)]	13.5 [1)]
Social security expenses	86.0	68.6	68.9
	528.5	**377.9**	**370.9**

Parent company

Wages, salaries, other renumerations and social security expenses

SEK m	2010	2009	2008
Wages, salaries and other compensation	17.2	14.7	13.6
Social security expenses	8.1	5.6	6.4
(of which, pension costs)	(1.7) [1)]	(1.7) [1)]	(1.3) [1)]

[1)] Of the parent company's pension costs SEK 0.8 (0.8 ; 0.7) concern the Board of Directors and CEO for the Group. There are no outstanding pension obligations to the Group's Board of Directors, CEO and senior executives.

Wages, salaries and other renumerations, allocated between the board of directors and other employees

SEK m	2010	2009	2008
Consolidated			
Board of Directors, CEO and Senior executives	42.5	34.9	36.8
(of which variable compensation)	(4.1)	(2.1)	(4.8)
Other employees	377.6	254.0	250.9
	420.1	**288.9**	**287.7**

SEK m	2010	2009	2008
Parent company			
Sweden			
Board of Directors, CEO and Senior executives	6.8	6.4	6.5
(of which variable compensation)	(1.1)	(0.5)	(1.8)
Other employees	10.4	8.3	7.1
	17.2	**14.7**	**13.6**

Sick leave parent company

	2010	2009	2008
Total sick leave as a share of ordinary working hours	0.8%	1.1%	0.3%
Share of total sick leave attributable to consecutive period of sick leave of 60 days or more (share of long-term sick leave, all hours of sick leave of more than 60 days, in relation to total sick leave)	0.0%	0.0%	0.0%

No allocation on category, gender and age is stated due to the small size of the categories.

Sick leave as a percentage of ordinary working hours

Sick leave, Gender distribution	2010	2009	2008
Male	0.1%		
Female	1.5%		
Sick leave, Age category:			
29 year or younger			
30-49 year	0.9%		
50 year or older			

Note 8 Auditor's fees and compensation

Consolidated

SEK m	2010	2009	2008
KPMG			
Audit assignment	3.5	2.9	2.6
Audit related services	0.2	0.2	0.2
Tax advise	0.7		
Other assignment	0.4	0.6	0.9
Other auditors			
Audit assignment	1.1	0.4	0.1
Tax advise	0.2		
Other assignment	0.5		

Parent company

SEK m	2010	2009	2008
KPMG			
Audit assignment	0,6	0,5	0,8
Audit related services	0,2	0,2	0,2
Tax advise	0.2		
Other assignment	0.3	0.1	0.4

Note 9 Cost of operations allocated on cost type

Consolidated

SEK m	2010	2009	2008
Cost of material	-639.5	-417.7	-535.2
Cost of personnel	-528.5	-377.9	-370.9
Other external costs	-391.4	-204.5	-206.0
Acquisition costs	-11.8		
Restructuring and integration costs	-39.8 *)	-10.0	-1.2
Depreciations	-38.2	-18.1	-17.9
Other costs of operations	-7.8	-9.4	-7.4
	-1,657.0	**-1,037.6**	**-1,138.6**

*) excl cost of personnel -3.8

Note 10 Finacial income and expenses

Consolidated

SEK m	2010	2009	2008
Interest income bank deposits	1.3	0.7	1.8
Other interest income	2.9	0.4	0.3
Exchange rate gains, net		0.6	
Financial income	**4.2**	**1.7**	**2.1**
Interest expenses, credit institutions	-21.6	-5.8	-14.4
Interest expenses, other	-3.9	-2.0	-1.2
Exchange rate losses, net	-3.1		-1.7
Financial expenses	**-28.6**	**-7.8**	**-17.3**
Net financial income/expenses	**-24.4**	**-6.1**	**-15.2**

All interest income/expense derived from financial asset and liabilities which are measured at amortized cost.

Parent company

SEK m	2010	2009	2008
Dividends		35.3	29.4
Write down of shares in subsidaries		-54.7	
Result from shares in Group companies		**-19.4**	**29.4**
Interest income, other	0.1	0.0	0.0
Other financial income, group companies	13.7	6.7	11.8
Exchange rate gains, (net)			0.2
Interest income and similar income	**13.8**	**6.7**	**12.0**
Interest expenses, other	-18.3	-4.0	-11.5
Other financial expenses, group companies	-0.1	-0.2	
Exchange rate losses	-2.8		
Interest costs and similar costs	**-21.2**	**-4.2**	**-11.5**

Note 11 Appropriations

Parent company

SEK m	2010	2009	2008
Tax allocation reserve, provision for the year			-12.0
Tax allocation reserve, reversal for the year		18.5	
		18.5	**-12.0**

Note 12 Taxes

Reported in Consolidated statement of comprehensive income

SEK m	2010	2009	2008
Current tax expense (-)			
Tax expense for the period	-24.1	-13.8	-39.4
Adjustment of tax relating to previous years	0.8	2.7	-1.2
	-23.3	-11.1	-40.6
Deferred tax expense (–) /tax income (+)			
Deferred tax concerning temporary differences	11.2	8.5	7.6
Utilization of loss carryforwards	-6.9	-1.4	-3.3
Revaluation of loss carryforwards	2.5	1.4	3.3
Deferred tax assets in the year capitalized tax value in loss carry-forward	10.7		
	17.5	8.5	7.6
Total consolidated tax expenses	**-5.8**	**-2.6**	**-33.0**

Reconciliation of effective tax

The Swedish tax rate is 26,3 per cent. The main reasons for the deviation between Swedish tax rate and the consolidated effective tax rat, based on profit before tax are presented below:

SEK m	2010 (%)	2010	2009 (%)	2009	2008 (%)	2008
Profit before tax		**26.9**		**17.2**		**125.6**
Tax according to the applicable tax rate for the Parent company	26.3	-7.1	26.3	-4.5	28.0	-35.2
Effect of other tax rates for foreign subsidiaries	3.5	-0.9	7.0	-1.2	-0.1	0.1
Non-tax deductible expenses	10.4	-2.8	13.4	-2.3	1.8	-2.2
Non-taxable income	-10.0	2.7	-4.7	0.8	-1.0	1.2
Increase of loss carryforwards without corresponding capitalization of deferred tax	10.4	-2.8	2.9	-0.5	0.2	-0.3
Utilization of loss carryforwards not recognized as deferred tax	-5.9	1.6			0.0	0.0
Tax relating to the previous year	-3.0	0.8	-15.7	2.7	0.9	-1.1
Effect of changes in tax rates/ and tax rules	0.0		0.6	-0.1	-0.3	0.4
Valuation of deferred tax	-9.3	2.5	8.1	1.4	-2.6	3.3
Other	-0.7	0.2	-6.4	1.1	-0.6	0.8
Effective tax	21.6	-5.8	15.3	-2.6	26.3	-33.0

Current tax receivables amount to SEK 12.1m (6.5 resp 4.5) and representing the recoverable amount of current tax on the result for the year.

Reported in consolidated statement of financial position

Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities relate to:

	2010			2009			2008		
SEK m	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
Tangible fixed assets	5.4	12.0	-6.6	0.2	6.0	-5.8	0.2	5.0	-4.8
Intangible assets	0.1		0.1			0.0			0.0
Inventories	8.6	9.4	-0.8	5.1	0.1	5.0	6.1	0.1	6.0
Accounts receivable	1.9	1.4	0.5	1.8	0.4	1.4	2.6		2.6
Provisions for pensions	0.5		0.5	0.5	0.2	0.3	0.3	0.5	-0.2
Provisions	10.4		10.4	0.7	0.1	0.6	0.4		0.4
Tax allocation reserves								9.6	-9.6
Loss carryforwards	21.9	0.7	21.2	15.1		15.1	13.6		13.6
Other	3.2	6.9	-3.7	1.1	0.5	0.6	0.8		0.8
Tax receivables/liabilities	52.0	30.4	21.6	24.5	7.3	17.2	24.0	15.2	8.8
Netting	-6.0	-6.0		-1.1	-1.1		-2.5	-2.5	
Deferred tax assets/liabilities according to consolidated statement of financial position	46.0	24.4	21.6	23.4	6.2	17.2	21.5	12.7	8.8

Recognized loss carryforwards are not time limited except for China, corresponding to SEK 1.5m, valid until year 2013 resp. SEK 2.4m, valid until year 2014.

Not recognized loss carryforwards

Deductible temporary differences and loss carryforwards for which deferred tax assets have not been reported in the consolidated statement of comprehensive income and financial position.

SEK m	**2010**	**2009**	**2008**
Loss carryforwards	70.1	28.8	35.7

Loss carryforwards not recognized in the statement of financial position are due to loss carryforwards in Germany, Sweden and Denmark which probably not will be used for settlement of future taxable gains.

Changes in deferred tax due to temporary differences and loss carrryforward

SEK m	**Balance 1 Jan 2008**	**Recorded via consolidated income statement**	**Translation difference**	**Acquired**	**Balance 31 Dec 2008**
Tangible fixed assets	-3.9	-0.9	0.0		-4.8
Intangible assets	-1.1	1.1			0.0
Inventories	4.5	1.5	0.1	-0.1	6.0
Accounts receivable	0.6	1.9	0.1		2.6
Provisions for pensions	0.2	-0.3	-0.1		-0.2
Provisions, other	0.2	0.1	0.1		0.4
Tax allocation reserves	-7.9	-1.4		-0.3	-9.6
Loss carryforwards	6.3	5.6	1.7		13.6
Other	0.9	0.0	-0.1		0.8
	-0.2	7.6	1.8	-0.4	8.8

SEK m	**Balance 1 Jan 2009**	**Recorded via consolidated income statement**	**Translation difference**	**Acquired**	**Balance 31 Dec 2009**
Tangible fixed assets	-4.8	-1.0			-5.8
Intangible assets	0.0				0.0
Inventories	6.0	-1.0			5.0
Accounts receivable	2.6	-1.2	-0.1	0.1	1.4
Provisions for pensions	-0.2	0.4	0.1		0.3
Provisions, other	0.4	0.2			0.6
Tax allocation reserves	-9.6	9.6			0.0
Loss carryforwards	13.6	1.8	-0.9	0.6	15.1
Other	0.8	-0.3	0.1		0.6
	8.8	8.5	-0.8	0.7	17.2

SEK m	**Balance 1 Jan 2010**	**Recorded via consolidated income statement**	**Translation difference**	**Acquired**	**Balance 31 Dec 2010**
Tangible fixed assets	-5.8	4.3	0.3	-5.4	-6.6
Intangible assets	0.0	0.1	-0.1	0.1	0.1
Inventories	5.0	0.8	-0.2	-6.4	-0.8
Accounts receivable	1.4	-1.3		0.4	0.5
Provisions for pensions	0.3			0.2	0.5
Provisions, other	0.6	9.8			10.4
Loss carryforwards	15.1	6.3	-1.0	0.8	21.2
Other	0.6	-2.5	0.2	-2.0	-3.7
	17.2	17.5	-0.8	-12.3	21.6

cont. note 12

Parent company

Reported in income statement

SEK m	2010	2009	2008
Current tax expense (-) / tax income (+)			
Current tax income	5.8	2.2	12.2
Adjustment tax relating to previous years		3.0	
	5.8	5.2	12.2
Deferred tax expense (–) / income (+)			
Deferred tax income on capitalized tax value in loss carry-forward	7.1		
Total reported tax in parent company	**12.9**	**5.2**	**12.2**

Reconciliation of effective tax

SEK m	2010	2009	2008
Result before tax	-40.6	-22.2	-3.2
Tax according to current tax rate	10.6	5.8	0.9
Non-tax deductible expenses	-0.1	-14.5	-0.2
Non-taxable income	2.4	11.0	11.4
Tax relaing to previous years		3.0	
Other		-0.1	0.1
Reported effective tax	12.9	5.2	12.1

SEK m	2010	2009	2008
Current tax on received Group contribution	-5.8	-2.5	-22.2

Current tax receivables amount to SEK 1.8m and represent the recoverable amount of current tax on the year's profit.

Note 13 Intangible fixed assets

Consolidated

	2010				2009				2008			
SEK m	Development expenditures	Goodwill	IT program.	Total	Development expenditures	Goodwill	IT program.	Total	Development expenditures	Goodwill	IT program.	Total
Accumulated cost												
Opening balance	48.0	400.0	25.7	473.7	43.2	396.6	25.5	465.3	36.2	370.3	25.1	431.6
Acquisitions	31.3	86.5	16.6	134.4		1.3		1.3		29.8	0.1	29.9
Internally developed assets	2.2			2.2	3.1			3.1	3.8			3.8
Other capital expenditures	1.2		2.3	3.5	1.7		0.6	2.3	3.3		1.8	5.1
Sold and scrapped			-0.7	-0.7			-0.1	-0.1	-0.1	-1.7	-2.2	-4.0
Reclassifications	1.2		-1.2	0.0			-0.2	-0.2			0.5	0.5
Translation differences	-2.2	-16.7	-1.3	-20.2		2.1	-0.1	2.0		-1.8	0.2	-1.6
Closing balance	81.7	469.8	41.4	592.9	48.0	400.0	25.7	473.7	43.2	396.6	25.5	465.3
Accumulated depreciation and write downs												
Opening balance	-22.4		-22.5	-44.9	-18.5		-21.4	-39.9	-15.8		-21.3	-37.1
Acquisitions	-8.4		-4.8	-13.2								
Sold and scrapped			0.5	0.5					0.0		2.2	2.2
Reclassifications				0.0							-0.5	-0.5
Depreciation for the year	-10.3		-3.2	-13.5	-3.9		-1.3	-5.2	-2.7		-1.7	-4.4
Translation differences	1.2		0.6	1.8			0.2	0.2			-0.1	-0.1
Closing balance	-39.9		-29.4	-69.3	-22.4		-22.5	-44.9	-18.5		-21.4	-39.9
Book value												
January 1	25.6	400.0	3.2	428.8	24.7	396.6	4.1	425.4	20.4	370.3	3.8	394.5
December 31	**41.8**	**469.8**	**12.0**	**523.6**	**25.6**	**400.0**	**3.2**	**428.8**	**24.7**	**396.6**	**4.1**	**425.4**

The Group's expenses for development of the existing product range and new products amounted to SEK 18.4m.
Of this amount, SEK 3.4m was capitalized in the consolidated statement of financial position

Parent company

SEK m	2010 IT program	2010 Total	2009 IT program	2009 Total	2008 IT program	2008 Total
Accumulated cost						
Opening balance	4.4	4.4	4.1	4.1	3.0	3.0
Capital expenditures	1.3	1.3	0.3	0.3	1.1	1.1
Closing balance	5.7	5.7	4.4	4.4	4.1	4.1
Accumulated depreciation and write downs						
Opening balance	-2.3	-2.3	-2.0	-2.0	-1.5	-1.5
Depreciation for the year	-0.6	-0.6	-0.3	-0.3	-0.5	-0.5
Closing balance	-2.9	-2.9	-2.3	-2.3	-2.0	-2.0
Book value						
January 1	2.1	2.1	2.1	2.1	1.5	1.5
December 31	**2.8**	**2.8**	**2.1**	**2.1**	**2.1**	**2.1**

Depreciation and write downs

Depreciation is included in the following lines in the income statement

SEK m	Consolidated 2010	Consolidated 2009	Consolidated 2008	Parent company 2010	Parent company 2009	Parent company 2008
Cost of goods sold	-0.4	-0.8	-0.7			
Selling expenses	-3.2	-1.4	-1.4			
Administrative expenses	-5.2	-1.6	-1.6	-0.6	-0.3	-0.5
Research and development expenses	-4.7	-1.4	-0.7			
	-13.5	**-5.2**	**-4.4**	**-0.6**	**-0.3**	**-0.5**

The goodwill amount represents the future economic benefits arising from the acquisition that are not individually identified and separately recognized and the value of being established on the market with a functioning market organization. The goodwill is split per operating segment.

Impairment tests for cash-generating units containing goodwill
Goodwill is tested for impairment annually or more frequently if there are indications of a decline in value. The testing is based on defined cash-generating units coinciding with the operating segments.
The recoverable amounts have been determined on the basis of calculations of value in use. These calculations are based on projected cash flows by the management for a period of three years.

Europe is based on an annual growth of 3 per cent. The discount rate before tax was 11.80 per cent.
International is based on an annual growth of 9 per cent. The discount rate before tax was 11.61 per cent

The growth for the cash-generating units is based on historical growth, estimated market growth and expected price development. The company´s management considers that this is reasonable assumptions and that there is no need for impairment.

Sensitivity analysis
For Europe there is no need of impairment with of growth of 0 per cent instead of 3 per cent after the forecast period in the operating profit, with the same discount rate.
International requires at least an annual growth of 4 per cent after the forecast period in the operating profit, with the same discount rate to justify the value.

Note 14 Tangible fixed assets

Consolidated

SEK m	2010				2009				2008			
	Buidings and land	Plant and Machi-nery	Equip., tools, and fixtures	Total	Buidings and land	Plant and Machi-nery	Equip., tools, and fixtures	Total	Buidings and land	Plant and Machi-nery	Equip., tools, and fixtures	Total
Accumulated cost												
Opening balance	38.2	2.0	233.5	273.7	34.4	2.4	225.7	262.5	34.3	1.1	238.7	274.1
Acquisitions	262.5	126.2	50.5	439.2			0.1	0.1		4.8	7.3	12.1
Capital expenditures		2.1	7.2	9.3	3.8	0.6	12.4	16.8	0.1		13.7	13.8
Sold and scrapped	-29.2		-2.3	-31.5		-0.7	-4.7	-5.4		-2.6	-38.1	-40.7
Reclassifications		-1.3	1.0	-0.3		-0.3	0.5	0.2		-0.7	0.7	
Translation difference	-12.7	-8.2	-7.3	-28.2			-0.5	-0.5		-0.2	3.4	3.2
Closing balance	258.8	120.8	282.6	662.2	38.2	2.0	233.5	273.7	34.4	2.4	225.7	262.5
Accumulated depreciation and write downs												
Opening balance	-31.2	-0.6	-201.7	-233.5	-30.3	-1.1	-194.3	-225.7	-29.4	-0.5	-203.2	-233.1
Acquisitions	-123.8	-93.7	-43.0	-260.5				0.0		-3.1	-5.4	-8.5
Depreciation for the year	-7.0	-7.5	-10.2	-24.7	-0.9	-0.5	-11.5	-12.9	-0.9	-0.7	-11.9	-13.5
Sold and scrapped	29.2	1.2	2.1	32.5		0.7	4.2	4.9		2.6	29.0	31.6
Reclassifications			-1.2	-1.2		0.3	-0.3			0.5	-0.5	
Translation differences	3.8	7.0	5.4	16.2			0.2	0.2		0.1	-2.3	-2.2
Closing balance	-129.0	-93.6	-248.6	-471.2	-31.2	-0.6	-201.7	-233.5	-30.3	-1.1	-194.3	-225.7
Book value												
January 1	7.0	1.4	31.8	40.2	4.1	1.3	31.4	36.8	4.9	0.6	36.1	41.0
December 31	**129.8**	**27.2**	**34.0**	**191.0**	**7.0**	**1.4**	**31.8**	**40.2**	**4.1**	**1.3**	**31.4**	**36.8**

Financial leasing

Consolidated

Recognized value for assets under financial leasing contracts

SEK m	2010	2009	2008
Equipment, tools and fixtures	4.7	2.1	1.8

The Group leases cars and computer equipment under a number of different financial leasing agreements. The leased assets are pledged assets for the leasing liabilities. See also notes 20 and 28.

Assessed values for tax purposes

Consolidated

SEK m	2010	2009	2008
Assessed value, buildings (in Sweden)	24.3	24.3	24.3
Assessed value, land (in Sweden)	2.6	2.6	2.6

Parent company

SEK m	2010		2009		2008	
	Equipment, tools and fixtures	Total	Equipment, tools and fixtures	Total	Equipment, tools and fixtures	Total
Accumulated cost						
Opening balance	1.2	1.2	0.8	0.8	0.8	0.8
Capital expenditures	0.5	0.5	0.4	0.4	0.0	0.0
Closing balance	1.7	1.7	1.2	1.2	0.8	0.8
Accumulated depreciation and write downs						
Opening balance	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8
Depreciation for the year	-0.1	-0.1	0.0	0.0	0.0	0.0
Closing balance	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8
Book value						
January 1	0.4	0.4	0.0	0.0	0.1	0.1
December 31	**0.8**	**0.8**	**0.4**	**0.4**	**0.0**	**0.0**

Depreciation and write-downs

Depreciation is included in the following lines in the income statement

SEK m	Consolidated 2010	Consolidated 2009	Consolidated 2008	Parent company 2010	Parent company 2009	Parent company 2008
Cost of goods sold	-11.8	-3.9	-3.6			
Selling expenses	-5.5	-5.6	-6.2			
Administration expenses	-7.4	-1.5	-1.7	0.1	0.0	
Research and development expenses		-1.9	-2.0			
	-24.7	-12.9	-13.5	0.1	0.0	0.0

Note 15 Long-term receivables and other receivables

Consolidated

SEK m	2010	2009	2008
Long term receivables which are fixed assets			
Plan assets for pension	0.1	0.1	0.1
Other	0.8	0.7	0.1
	0.9	**0.8**	**0.2**
Other receivables which are current assets			
VAT receivables	10.8	11.9	13.7
Recognized non-invoiced income, projects	23.3		
Fair value of currency derivatives	5.3		
Other receivables	21.9	3.9	3.2
	61.3	**15.8**	**16.9**

Parent company

SEK m	2010	2009	2008
Other receivables which are current assets			
VAT receivables	1.4	0.7	0.4
Other receivables		0.1	0.0
	1.4	**0.8**	**0.4**

Note 16 Inventories

Consolidated

SEK m	2010	2009	2008
Raw material	99.5	35.0	35.2
Goods in progress	27.1	8.6	17.5
Finished products and goods for resale	82.3	82.4	118.2
	208.9	**126.0**	**170.9**
Write-down of obsolete inventory amounted to	62.3	23.9	15.2

Write-down of obsolete inventory included in cost of goods sold in Income Statement SEK 62,3m

Note 17 Prepaid expenses and accrued income

Consolidated

SEK m	2010	2009	2008
Rent/leases	4.6	2.9	3.6
Computer software/license payments	0.7	1.8	2.1
Insurance	2.0	1.3	1.4
Bank charges	4.3	0.1	0.4
Other	17.8	16.7	13.3
	29.4	**22.8**	**20.8**

Parent company

Computer software/license payments	0.4	0.7	0.7
Insurance	0.1	0.2	0.8
Bank charges	4.3	0.1	0.4
Other	0.5	0.2	0.4
	5.3	**1.2**	**2.3**

Note 18 Equity

Consolidated

Share capital and number of shares

	2010	2009	2008
Number of shares	11,715,340	11,715,340	11,715,340
Registered share capital SEK	1,171,534	1,171,534	1,171,534

Share ratio value is SEK 0.10

Dividend
The board proposes a dividend of SEK 1.50 (0.00) per share, in total SEK 17,6m. The dividend amount will be adopted by the AGM on 26 April 2011.

Capital management
The Group's capital corresponds to the total amount of shareholders' equity, SEK 498.1 m. According to the Board's policy, the Group's financial objective is to achieve a good capital structure and financial stability in order to maintain the trust of investors, creditors and the market, and to form a good base for continued development of the business. The target for debt/equity ratio is 0.5 – 1.0. The Group's dividend policy is to pay out 30 – 50% of the year's net profit after tax with consideration to the capital structure and acquisition plans.

Note 19 Earnings per share

Earnings per share

SEK	2010	2009	2008
Earnings per share	1.80	1.25	7.90
Earnings per share after dilution	1.80	1.25	7.90

Net result for the year attributable to the parent company's shareholders

SEK m	2010	2009	2008
Net result, before dilution	21.1	14.6	92.6
Net result, after dilution	21.1	14.6	92.6

Weighted average number of outstanding shares

Number of shares	2010	2009	2008
Before dilution	11,715,340	11,715,340	11,715,340
After dilution	11,715,340	11,715,340	11,715,340

Note 20 Interest bearing liabilities

For more information about the company's exposure to interest rate risks and currency risks, see note 26.

Consolidated

SEK m	2010	2009	2008
Long-term liabilities			
Bank loans	504.9	150.5	175.0
Financial leasing liabilities	2.1	0.8	1.2
	507.0	151.3	176.2
Current liabilities			
Bank overdraft	2.0	0.0	12.4
Bank loans	68.1	12.7	13.4
Financial leasing liabilities	1.7	0.9	1.2
	71.8	13.6	27.0

Terms and repayment due date
For terms and repayments due dates see the table below.
No security for the bank loans has been provided.

Financial leasing liabilities
Financial leasing liabilities are due for payment according to the following:

Consolidated

SEK m	Minimum leasing payment	Interest	Capital amount
2008			
Within one year	1.3	0.1	1.2
Between one and five years	1.3	0.1	1.2
Later than five years	-	-	-
	2.6	**0.2**	**2.4**
2009			
Within one year	1.0	0.1	0.9
Between one and five years	0.9	0.1	0.8
Later than five years	-	-	-
	1.9	**0.2**	**1.7**
2010			
Within one year	1.9	0.2	1.7
Between one and five years	2.2	0.1	2.1
Later than five years	-	-	-
	4.1	**0.3**	**3.8**

2008

SEK m	Currency	Nom. interest rate	Due date	Nominal value	Book value
Bank loans	SEK	Stibor +0.3	2012-10-31	150.0	150.0
Bank loans	SEK	Stibor +0.3	2012-10-31	25.0	25.0
Bank loans	CNY	5.04%	2009-06-20	12.0	13.4
Bank overdraft	GBP	1.695%	2009-12-31	0.9	10.6
Bank overdraft	USD	0.300%	2009-12-31	0.2	1.8
Financial leasing liabilities					2.4
Total interest bearing liabilities					**203.2**

2009

SEK m	Currency	Nom. interest rate	Due date	Nominal value	Book value
Bank loans	SEK	Stibor +0.45	2012-10-31	150.0	150.0
Bank loans	CNY	5.103%	2010-03-31	12.0	12.7
Bank loans	EUR	8.1%	2010-03-31	0.05	0.5
Financial leasing liabilities					1.7
Total interest bearing liabilities					**164.9**

2010

SEK m	Currency	Nom. interest rate	Due date	Nominal value	Book value
Bank loans	SEK	3.503%	2013-04-16	320.0	320.0
Bank loans, (revolving)	SEK	3.503%	2013-04-16	30.0	30.0
Bank loans, (revolving)	SEK	3.155%	2013-04-16	10.0	10.0
Bank loans, (revolving)	EUR	2.564%	2013-04-16	21.0	188.9
Bank loans, (revolving)	USD	1.853%	2013-04-16	2.4	16.0
Bank loans	CNY	5.4%	2011-06-09	8.00	8.1
Bank overdraft					2.0
Financial leasing liabilities					3.8
Total interest bearing liabilities					**578.8**
of which short-term, see further note 26					**71,8**

Note 21 Long-term liabilities to credit institutions

Parent company

SEK m	2010	2009	2008
Long-term liabilities			
Bank loans	504.5	150.0	175.0

SEK m	2010	2009	2008
Short-term loan			
Bank loans	60.0		
Bank overdraft	1.9		
	61.9		

Note 22 Provision for pensions - benefits to senior executives

Defined-benefit pension plans

Consolidated

SEK m	2010	2009	2008
Present value of unfunded obligations	49.9	41.8	39.1
Present value of entirely or partially funded obligations	11.6	11.7	8.6
Total present value of obligations	61.5	53.5	47.7
Fair value of plan assets	-8.7	-7.5	-6.2
Present value of net obligations	52.8	46.0	41.5
Unrecorded actuarial gains (+) and losses (–)	-11.5	-12.1	-9.9
Defined-benefit pension plans, net (see below)	41.3	33.9	31.6
Net obligations to employees	41.3	33.9	31.6

The net amount is reported in the following items on the balance sheet:

Long-term receivables	0.1	0.1	0.1
Provisions for pensions	41.4	34.0	31.7
Net amount	**41.3**	**33.9**	**31.6**

Defined-benefit plans
The Group has defined-benefit plans in Sweden, Norway, Germany and Poland. The main part are PRI obligations where no additional benefits are earned.

Changes in defined-benefit plans in the balance sheet

SEK m	2010	2009	2008
Defined-benefit plans, as of January 1	53.5	47.7	43.1
Benefit payments	-1.3	-0.8	-0.6
Regulations	-0.1		
Operating / interest expenses	3.8	3.0	2.9
Actuarial gain or loss	-0.4	2.6	2.9
Acquisitions	7.6		
Translation differences	-1.6	1.0	-0.6
Defined-benefit pension plans, December 31	**61.5**	**53.5**	**47.7**

Changes in plan assets

SEK m	2010	2009	2008
Fair value of plan assets, January 1	7.5	6.2	6.8
Payment of pension benefits	-0.1	-0.1	0.0
Anticipated returns	2.0	0.9	0.5
Actuarial gains or losses	-0.2	-0.2	-0.7
Translation differences	-0.5	0.7	-0.4
Fair value of plan assets, 31 December	**8.7**	**7.5**	**6.2**

Specification of pension costs in the income statement

SEK m	2010	2009	2008
Costs for services during the year	1.2	1.1	1.0
Interest on the obligation	2.3	2.0	2.1
Anticipated returns on plan assets	-0.3	-0.3	-0.4
Actuarial gains or losses	0.5	0.4	0.2
Effects of curtailments and regulations	0.1		
Total cost, net of defined benefit plans	3.8	3.2	2.9
Of which amount charged against operating result	1.5	1.2	0.8
Of which amount charged against financial expenses	2.3	2.0	2.1
Total net cost	3.8	3.2	2.9

Actual returns on plan assets	**0.1**	**0.1**	**-0.5**

Expected returns on plan assets 2011 amount to SEK 0.3m.
The calculations are made by independent actuary.

Assumptions for defined-benefit plan obligations
The main actuarial assumptions (expressed as weighted averages)

SEK m	2010	2009	2008
Discount rate at December 31	3.7%	4.0%	4.5%
Anticipated returns on plan assets at 31 December	5.8%*)	6.3%*)	6.3%*)
Future salary increases	4.0%*)	4.5%*)	4.5%*)
Future increases in pensions	2.8%	2.0%	2.0%

**) Relates to Norway*

Historical information

SEK m	2010	2009	2008
Present value of defined-benefit plan obligations	61.5	53.5	47.7
Fair value of plan assets	-8.7	-7.5	-6.2
Deficit in the plan	52.8	46.0	41.5

Expected payments in 2011
Expected payments in 2011 for defined-benefit pension plans amount to SEK 1.7m.

Obligations for old-age pensions and family pensions for employees in Sweden are safeguarded via insurance in Alecta. According to a statement from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force, URA 42, this is a defined-benefit plan that covers multiple employers. For the financial year 2010, the company has not had access to such information which makes it possible to report this plan as a defined-benefit plan. The pension plan according to ITP which is safeguarded via insurance in Alecta is therefore reported as a defined contribution pension plan. The annual charges for retirement annuities which are covered by Alecta amounts to SEK 6.1m (4.7 and 2.5 resp). Alecta's surplus can be distributed to the holders of the insurance policies and/or the ensured parties. At the end of 2010, Alecta's surpluses, in the form of the collective consolidation level, amounted to 143 per cent (141 resp. 111). The collective consolidation level consists of the fair value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which are not in accordance with IAS 19.

Expenses for defined contribution plans
In Sweden, there are defined-contribution plans, which are fully paid by the subsidiary. Outside of Sweden, there are defined-contribution plans, which are paid for partly by the subsidiaries, and partly by payment from the employees. The payment to these plans occurred on an on-going basis according to the conditions of the respective plans.

Expenses for defined-contribution plans

SEK m	2010	2009	2008
Consolidated	20.9	19.2	13.5
Parent company	1.7	1.7	1.3

Benefits to the senior executives

Principles for compensation to the Board of Directors
Directors' fees are paid to the Chairman of the board of directors and other members according to the decision of the Annual General Meeting. Employee representatives in the board of directors do not receive director's fees. The Annual General Meeting 2010 decided that fees to the board of directors for the work during 2010 would be paid in the amount of SEK 150,000 to the Chairman of the board of directors, and SEK 100,000 each to Per Borgvall, Erik Hielte, Lotta Stalin, Gunnar Gremlin and Peter Möller.

Principles for compensation to CEO and Group President
Compensation
Compensation is paid to the CEO and Group President in the form of a base salary, pensions and variable compensation. During 2010, the base salary was SEK 2,604,000. The variable compensation can amount to at most 50 per cent of the base salary. Any variable compensation is established on the basis of the Nederman Group's profits and tied-up capital.
During 2010, compensation to the CEO and Group President was SEK 3,154,000, of which SEK 550,000 consisted of a variable compensation for the 2010 financial year.

Notice period for termination of employment and severance pay
For a notice of resignation from the CEO, an advance notice of 6 months is required. With notice of termination of employment on the part of the company, the CEO has the right to a payment corresponding to 18–24 monthly salaries. The six last months with a reservation regarding new employment.

Pension payments
The CEO and Group President is entitled to retire with a pension at age 65. The pension plan is premium-based pension plan and the annual premium corresponds to 30 per cent of the annual base salary. The company's obligation is limited to the payment of the annual premium. During 2010 the premium expenses were SEK 790,000 for the CEO and Group President.

Principles for compensation to managers at subsidiaries
Managers at subsidiaries have termination of employment contracts with 1–2 years' salary.

Principles for remuneration to other senior executives
Remunerations
Those members in the Group management, who are employed by companies other than the parent company, receive their remuneration from the respective company. The remuneration is determined by the CEO with the assistance of the Chairman of the board and consists of base salary, pension contribution, variable compensation and other benefits. For other members in the group management the variable compensation may amount to no more than 30 per cent of the base salary. Any variable compensation and its size is determined by the CEO in consultation with the Chairman of the board, based upon the result and tied-up capital in the Nederman Group. During 2010, remuneration to other members of the group management amounted to SEK 9,832,000, of which SEK 1,571,000 consisted of variable compensations for the financial year 2010.

Notice period for termination of employment and severance pay
Other members in the group management have a twelve month notice period for termination of employment if it is initiated on the part of the company, and six months if they give notice. During the period of notice, other members in the group management are entitled to full salary and other employment benefits. None of the other members of the group management are entitled to severance pay.

Pension payments
Other members of the group management are entitled to retire with a pension at age 65. The pension contributions follow the contractual ITP with exception for two members where the pension contribution occurs with 8 price base amounts per year. The companies' obligations are limited to the annual premiums. The pension-based salary consists of the fixed annual salary plus the average variable compensations during the previous three years.

Compensation and other benefits during 2010

SEK 000	Base salary, director's fees	Variable remuneration	Other benefits	Pension expenses	Total
Chairman of the board	150				150
Member of the board Per Borgvall	100				100
Member of the board Erik Hielte	100				100
Member of the board Lotta Stalin	100				100
Member of the board Gunnar Gremlin	100				100
Member of the board Peter Möller	100				100
CEO	2,604	550	130	790	4,074
Other senior executives (7 individuals)	8,261	1,571	586	2,042	12,460
Total	11,515	2,121	716	2,832	17,184
of which subsidaries (5 individuals)	5,195	996	396	1,410	7,997

Compensation and other benefits during 2009

SEK 000	Base salary, director's fees	Variable remuneration	Other benefits	Pension expenses	Total
Chairman of the board	150				150
Member of the board Per Borgvall	100				100
Member of the board Erik Hielte	100				100
Member of the board Jan Eric Larson	100				100
Member of the board Gunnar Gremlin	100				100
Member of the board Peter Möller	100				100
CEO	2,623	272	126	775	3,796
Other senior executives (6 individuals)	7,196	727	608	2,217	10,748
Total	10,469	999	734	2,992	15,194
of which subsidaries (4 individuals)	4,835	536	424	1,576	7,371

cont. note 22

Compensation and other benefits during 2008

SEK 000	Base salary, director's fees	Variable remuneration	Other benefits	Pension expenses	Total
Chairman of the board	150				150
Member of the board Per Borgvall	100				100
Member of the board Erik Hielte	100				100
Member of the board Jan Eric Larson	100				100
Member of the board Gunnar Gremlin	100				100
Member of the board Peter Möller	100				100
CEO	2,437	1,292	143	714	4,586
Other senior executives (7 individuals)	7,370	1,884	710	1,728	11,692
Total	10,457	3,176	853	2,442	16,928
of which subsidaries (6 individuals)	5,952	1,408	587	1,353	9,300

Note 23 Provisions

Consolidated

SEK m	2010	2009	2008
Provisions, which are long-term liabilities			
Warranty exposure	15.9	0.2	0.3
Other	0.4		
	16.3	**0.2**	**0.3**
Provisions which are current liabilities			
Restructuring severance pay, redundancy payments	31.5	2.3	1.2
Warranty exposure	23.5	2.3	2.8
Onerous contracts	0.5		
Other	4.3	0.3	
	59.8	**4.9**	**4.0**
Severance pay, redundancy payments			
Book value, January 1	2.3	1.2	1.9
Provisions during the period	45.6	2.6	1.5
Amount used during the period	-17.8	-1.6	-2.3
Acquisitions	0.9		
Reclassifications	1.2		
Unutilized amount which has been regained during the period			-0.3
Translation differences	-0.7	0.1	0.4
Book value, December 31	**31.5**	**2.3**	**1.2**
Warranty exposure			
Book value, January 1	2.5	3.1	2.6
Provisions during the period	12.9	1.3	1.7
Amount used during the period	-28.2	-1.5	-1.3
Acquisitions	40.3		
Reclassifications	15.4		
Unutilized amount which has been regained during the period	-1.6	-0.3	
Translation differences	-1.9	-0.1	0.1
Book value, December 31	**39.4**	**2.5**	**3.1**

SEK m	2010	2009	2008
Onerous contracts			
Book value, January 1	0.0	0.0	0.2
Provisions during the period			0.2
Acquisitions	0.5		
Translation differences	0.0		
Book value, December 31	**0.5**	**0.0**	**0.0**
Other			
Book value, January 1	0.3	0.0	
Provisions during the period	22.3	0.3	
Amount used during the period	-26.2		
Acquisitions	15.3		
Reclassifications	-4.2		
Unutilized amount which has been regained during the period	-2.7		
Translation differences	-0.1		
Book value, December 31	**4.7**	**0.3**	**0.0**
Total provisions			
Book value, January 1	5.1	4.3	4.7
Provisions during the period	80.8	4.2	3.2
Amount used during the period	-72.2	-3.1	-3.8
Acquisitions	57.0		
Reclassifications	12.4		
Unutilized amount which has been regained during the period	-4.3	-0.3	-0.3
Translation differences	-2.7	0.0	0.5
Book value, December 31	**76.1**	**5.1**	**4.3**

Warranties

Provision for product warranties are based on a calculation made on historical data.

Note 24 Other liabilities

Consolidated

SEK m	2010	2009	2008
Other long-term liabilities			
Other liabilities	0.3	0.2	0.1
	0.3	**0.2**	**0.1**
Other short-term liabilities			
Personnel-related liabilities	48.1	12.5	15.1
VAT payable	29.8	20.2	19.1
Fair value of currency derivatives	0.6	8.5	8.7
Advance payments from customers	85.4	7.8	17.2
Invoiced income not yet recognized, projects	12.0		
Purchase price not paid		1.7	3.3
Other liabilities	32.6	4.9	9.9
	208.5	**55.6**	**73.3**

Parent company

SEK m	2010	2009	2008
Personnel-related liabilities	0.9	1.0	0.7
Purchase price not paid		0.7	3.3
Other liabilities			0.9
	0.9	**1.7**	**4.9**

Note 25 Accrued expenses and prepaid income

Consolidated

SEK m	2010	2009	2008
Personnel-related expenses	48.6	39.3	43.2
Auditing fees	2.2	1.8	1.6
Selling expenses	7.6	3.1	4.1
Shipping costs and customs charges	0.2	0.0	0.1
Other	31.6	9.0	4.5
	90.2	**53.2**	**53.5**

Consolidated

SEK m	2010	2009	2008
Personnel-related expenses	6.1	4.9	5.6
Auditing fees	0.2	0.2	0.2
Other	0.9	0.6	0.6
	7.2	**5.7**	**6.4**

Note 26 Financial risks and financial policies

Risks and uncertainties – finance policy

The Nederman Group is exposed to a number of risks mainly arising due to purchasing and selling products in foreign currencies. Currency rates and interest rates affect the Group's profits and cash flow. The Nederman Group is also exposed to refinancing and liquidity risks, credit risks and counterparty risks. The company's finance policy is set by the board and contains guidelines for handling financial risks in the Group. The purpose of the finance policy is to set up guidelines for managing financial risk and exposure of different kinds. The Group's central finance department is responsible for identifying and effectively limiting the Group's financial risks. The finance function reports via CFO to the board.

Liquidity risk

The liquidity in the Group is not exposed to any significant seasonal fluctuations. The parent company has a financing agreement with Skandinaviska Enskilda Banken formulated as a 3-year framework agreement amounting to SEK 800m. The agreement runs to April 2013. At the end of the year this had been utilised to the amount of SEK 564.9m, whereof SEK 320m are acquisition loans (with SEK 60m in annual amortization) and SEK 244.9m are revolving credit. In the event of a change of ownership, where a party or parties acting together, acquire shares corresponding to more than 50 per cent of the votes, the bank has the right to cancel the agreement in advance under certain conditions.

Interest rate risks

The Nederman Group is via its net debt exposed to interest rate risk. The Group's interest-bearing assets and liabilities are subject to variable interest rates or with a maximum term or interest rate commitment of three months, according to financing agreements with the Group's lenders. A change in interest rate of 1per cent would have affected net financial items in 2010 by SEK 3.6 m based on the average of capital tied-up during the year.

Effective interest rate and maturity structure

The table below presents the effective interest rate on the balance sheet day and the financial liabilities' maturity structure/interest rate negotiations.

Consolidated

Mkr	Interest rate	Interest fixing period	Currency	Nominal amount in original currency	Total	Within 1 year	Between 1 and 5 years	5 years and longer
2008								
Bank loan (revolving)	4.748%	2009-02-17	SEK	150.0	150.0		150.0	
Bank loan	4.653%	2009-03-03	SEK	25.0	25.0		25.0	
Bank loan	5.040%	2009-06-20	CNY	12.0	13.4	13.4		
Bank overdraft		Variable 1 year	GBP	0.9	10.6	10.6		
Bank overdraft		Variable 1 year	USD	0.2	1.8	1.8		
Financial leasing liabilities		Variable		2.4	2.4	1.2	1.2	
2009								
Bank loan (revolving)	0.95%	2010-01-20	SEK	150.0	150.0		150.0	
Bank loan	5.103%	2010-03-31	CNY	12.0	12.7	12.7		
Bank loan	8.10%	2010-03-31	EUR	0.05	0.5		0.5	
Financial leasing liabilities		Variable		1.7	1.7	0.9	0.8	
2010								
Bank loan	3.503%	2011-03-31	SEK	320.0	320.0	60.0	240.0	20.0
Bank loan (revolving)	3.503%	2011-03-31	SEK	30.0	30.0		30.0	
Bank loan (revolving)	3.155%	2011-02-25	SEK	10.0	10.0		10.0	
Bank loan (revolving)	2.564%	2011-03-31	EUR	21.0	188.9		188.9	
Bank loan (revolving)	1.853%	2011-03-31	USD	2.4	16.0		16.0	
Bank loan	5.355%	2011-06-09	CNY	8.00	8.1	8.1		
Bank overdraft					2.0	2.0		
Financial leasing liabilities					3.8	1.7	2.1	

In the Group's agreements with Skandinaviska Enskilda Banken (SEB) on bank loans there are net debt covenants where the key figures net debt/EBITDA may amount at the highest to no more than 4.75 times and net debt/equity may amount at the highest to no more than 135 per cent.

According to the Group's finance policy, the board of directors establishes from time to time whether interest rate swaptimess will be used in order to hedge the interest rates. At the present time, there are no interest rate hedges according to the board of directors' decision. This decision will be reviewed in connection with a possible increase of the loan exposure.

The Group's financial liabilities, excluding provision for pensions amounted at the end of the year to SEK 578.8m of which SEK 244.9m was for a revolving amortisation free loan, SEK 260.0m long-term interest bearing liabilities SEK 68.1m current interest-bearing liabilities, SEK 3.8m financial leasing liabilities and SEK 2.0m in utilized overdraft.

The Group had SEK 228.0m in liquid funds and SEK 98.2m in unutilised credit. In addition there was a credit facility of SEK 151.7m, which is a part of Nederman's loan agreement with SEB. 31 December 2010 the disposable amount of funds was SEK 477.9m.

Credit risks

Credit risks in customer accounts receivables

The risk that the Group's customers may not pay their trade debts constitutes a customer credit risk. In order to limit this, the Nederman Group uses credit policies which limit the outstanding amounts and credit terms for different customers. For new customers and for risk markets it is normally required a letter of credit or advance payment. For established customers the credit limit is set so that it is carefully monitored in order to limit the risks. The Group's largest individual customer accounted for 3.8 per cent of sales. The five largest customers accounted for 9.0 per cent of sales. The allocation of risk may thus be considered to be very good.

The Group's bad debt losses amounted to SEK 5.3m 2010. Of the Group's total accounts receivable of SEK 351.9m, around 8 per cent (11) is made up of receivables overdue by more than 90 days. Provisions for credit losses are made after an individual assessment and in addition with a general assessment in relationship to an aging analysis. As of 31 December 2010, the provisions for credit losses amounted to SEK 21.2m (14.6) corresponding to 5.7 per cent of total customer receivables.

Dantherm Filtration uses credit insurances to secure the payments from certain customers. Furthermore the terms of payment applied for larger projects requires first payment at the order entry, second payment at the delivery of the products and the final payment upon completed installation and start-up.

The reduction of provisions for credit losses in relation to total customer receivables is, as mentioned earlier, due to that Dantherm Filtration in certain situations uses credit insurances and that they have terms of payment leading to more advance payments from customers. This makes the total credit risk lower.

Consolidated

SEK m	2010-12-31
Overdue customer receivables:	
1-30 days	56.1
31-60 days	20.0
61-90 days	11.9
91-180 days	11.2
181-360 days	5.9
>360 days	10.4
Total overdue customer receivables:	115.5

The provision for bad debt losses changed during the year as follows:

Opening balance	-14.6
Acquisitions	-7.6
Provisions set off during the year	-5.3
Receivables. written off and not recoverable	2.3
Reversed reservations	2.2
Translation differences	1.8
Closing balance	-21.2

Other counterparties

Credit exposure arises with the investments of liquid funds and trading in derivative instruments. The risk that the counterparty does not fulfill its obligations is limited via the choice of creditworthy counterparties. According to the Group's finance policy, liquid funds will only be invested in reputable banks.

Foreign currency risks

The Nederman Group is via its international operations exposed to currency risks due to changes in exchange rates, which influence the Group's income statement and statement of financial position. The Group's currency exposure encompasses both transaction exposure and translation exposure. The Group's income statement is affected by exchange rate differences of SEK 8.1m (4.9) in the operating profit and SEK -3.1m (0.6) in financial items.

Transaction exposure

Transaction exposure arises via that the Group makes purchases in one currency and sells in another currency. In order to limit the transaction exposure in the Nederman Group, the main rule is that the providing companies sell to the sales companies in the sales company's local currency. The transaction exposure in this way thus becomes very small in the sales companies. The largest operations unit is located in Sweden. Approximately 50 per cent of the purchases are conducted in SEK and the rest primarily in EUR and to a minor extent in NOK and USD. The transaction exposure in the aquired Dantherm Filtration is more limited due to their decentralized group structure. In a majority of the business transactions the companies in Dantherm Filtration are invoicing in the same currency as their expenses and the intra-group sales is limited.
It is mainly for larger projects on export markets that the pricing is in foreign currencies and in these cases the translation exposure is hedged.
Group invoicing in 2010 was: 37 per cent in EUR, 10 per cent in SEK, 9 per cent in GBP, 10 per cent in USD, 5 per cent in NOK, 4 per cent in PLN, 5 per cent in CNY, 7 per cent in DKK and 13 per cent in other currencies. According to the Group's finance policy, approximately 70 per cent of the expected currency flows in foreign currencies are hedged against currency risks eight months forward. Hedging occurs via forward contracts. Outstanding forward contracts are valued at fair value, which amounted to SEK 5.3m December 31, 2010. Hedge accounting is not applied, which means that the changes in fair value have affected the result for the year. A change in exchange rates of +/-1 per cent would affect operating result by SEK 1.9m concerning EUR, SEK 0.1m DKK , SEK 0.5m GBP, SEK 0.4m CAD and SEK 0.2m concerning PLN based on the Group's net flows in these.

Fair value

In substance fair value corresponds to recorded value in the statement of financial position. The major part of the Group´s financial instruments consists of customer receivables, liquid funds, interest bearing liabilities and accounts payables measured at amortized cost. For these categories of financial instruments the recorded value at cost corresponds to fair value. The group holds derivative instruments, classified as financial assets and liabilities at fair value through profit or loss, in the category held for trading. Recorded value and fair value for these instruments are stated below. For this category of financial instruments the fair value has been based upon observable market data not quoted in an active market. See accounting principles.

Calculation of fair value

Financial instruments measured at fair value are categorized into three levels, as stated below:

1. Quoted prices in active markets.
2. Inputs, other than quoted prices, that are observable either directly or indirectly.
3. Inputs that are not based on observable market data.

The measurement at fair value is based upon direct observable prices (level 2).

Foreign exchange forward contracts entered

2010-12-31				Book value	Fair value
Amount to sell		**Amount to retain**		**SEK m**	**SEK m**
MEUR	9.6	SEK m	89.6	3.1	3.1
MGBP	2.0	SEK m	22.1	1.1	1.1
MUSD	2.4	SEK m	17.2	0.9	0.9
MPLN	5.6	SEK m	12.7	0.1	0.1
MDKK	0.6	SEK m	0.8	0.1	0.1
			142.4	5.3	5.3
Total market value			**142.4**	**5.3**	**5.3**

Translation exposure

The net assets in the Group are distributed amongst the following currencies.

Consolidated

SEK m Currency	2010		2009		2008	
SEK	198.9	40%	324.2	63%	306.0	58%
EUR	178.7	36%	53.3	10%	86.6	16%
GBP	48.5	10%	27.7	5%	36.4	7%
USD	45.5	9%	8.1	2%	6.6	1%
CAD	44.4	9%	33.8	7%	24.1	5%
NOK	24.1	5%	22.0	4%	22.1	4%
PLN	55.7	11%	11.1	2%	13.5	3%
CNY	31.7	6%	4.9	1%	10.0	2%
DKK	-195.1	-39%				
Other	65.7	13%	29.6	6%	23.8	4%
	498.1	100%	514.7	100%	529.1	100%

The Group has a policy not to hedge translation exposures in foreign currencies

Risk management and insurance

The objective with risk management is to minimize the total cost for the Group's risk of damages. This occurs partly via continuously developing measures to prevent damages and losses, and partly via common group insurance policies.

Accounts receivables

The Group's bad debt losses amounted to SEK 5.3m.

Note 27 Operational leasing

Leasing contracts where the company is the lessee

Future payments for non-cancellable leasing contract amounts to:

Consolidated

SEK m	2010	2009	2008
Within one year	47.7	34.8	39.2
Between one and five years	87.4	76.6	84.5
More than five years	11.5	2.9	2.7
	146.6	**114.3**	**126.4**

Of the Group's operational leasing contracts the major part concerns rental agreements for real property and the premises where the business operations are conducted.

Parent company

SEK m	2010	2009	2008
Within one year	0.3	0.4	0.4
Between one and five years	0.3	0.2	0.3
More than five years	-	-	-
	0.6	**0.6**	**0.7**

Expenses for operational leasing contracts amount to:

Consolidated

SEK m	2010	2009	2008
Total leasing expenses	46.8	40.4	35.1

Parent company

SEK m	2010	2009	2008
Total leasing expenses	0.5	0.5	0.4

Note 28 Pledged assets and contingent liabilities

Consolidated

SEK m	2010	2009	2008
Pledged assets			
Pledged assets for debts and provisions			
Net assets in subsidiaries	none	none	none
Real estate mortgages	none	none	none
Chattel mortgages	none	none	none
Assets with ownership reservation (financial leasing)	4.7	2.1	1.8
	4.7	**2.1**	**1.8**
Contingent liabilities			
Guarantee commitments, FPG/PRI	0.7	0.7	0.6
Other	83.6		
	84.3	**0.7**	**0.6**

Parent company

SEK m	2010	2009	2008
Pledged assets			
Pledged assets for debts and provision			
Shares in subsidiaries	none	none	none
	none	**none**	**none**
Contingent liabilities			
Guarantee commitments, FPG/PRI	0.7	0.7	0.6
Securities provided for the benefit of subsidiaries	132.3	38.3	44.5
	133.0	**39.0**	**45.1**

Note 29 Related parties

Closely related relationships

The parent company has a closely related relationship with its subsidiaries, see note 30. No member of the Board of Directors or senior executives have or have had any direct or indirect participation in any business transaction with Group companies which is or was of an exceptional character.
Nor has any Group company provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives.
For intercompany transactions see, accounting principles note 1

Summary of transactions between closely related parties

Parent company

SEK m	2010	2009	2008
Other operating income	7.7	10.0	9.4
Dividends received		35.3	29.4
Financial income and expenses	13.6	6.5	11.8
Receivables December 31	273.3	48.1	73.5
Liabilities December 31	55.9	37.3	14.0

Transactions with key persons in leading positions

Regarding the salaries and other remuneration, costs and commitments for pensions and similar benefits, and severance payment agreements, for Board members, the CEO and other senior executives, see note 22.

Note 30 Group companies

Shareholdings in subsidiaries

2010

Subsidiary	Organisation number	Domicile / Country	Number of shares	Percentage of shares	Book value SEK m
AB Ph. Nederman & Co	556089-2951	Helsingborg, Sweden	550 000	100.0%	229.7
Nederman S.A.S.		Paris, France		100.0%	
Air Care System AB		Helsingborg, Sweden		100.0%	
Nederman Polska Sp zo.o.		Katowice, Poland		100.0%	
Nederman Ibérica		Madrid, Spain		100.0%	
Nederman & Co S.R.L.		Bucharest, Romania		100.0%	
Nederman Logistics North America Ltd		Mississauga, Canada		100.0%	
Nederman Pty Ltd		Hallam, Australia		100.0%	
Nederman Danmark AS		Birkerød, Denmark		100.0%	
Töredal Verkstad AB		Vara, Sweden		100.0%	
Nederman Air Clean (Shanghai) Co Ltd		Shanghai, China		100.0%	
Nederman International Trading Shanghai Co. Ltd		Shanghai, China		100.0%	
Nederman Magyarorszag Kft	01-09-874950	Budapest, Hungary	0	100.0%	0.2
Nederman Svenska Försäljnings AB	556426-7358	Helsingborg, Sweden	2 000	100.0%	6.6
Nederman A/S	858741882	Oslo, Norway	2 200	100.0%	31.6
Dantherm Filtration A/S		Tønsberg, Norwat		100.0%	
Nederman Norclean A/S	933202054	Sandefjord, Norway	200	100.0%	33.0
Nederman Norclean Nederland B.V.	24218849	Vlaardingen, The Netherlands	50	100.0%	0.0
Nederman N.V.	428727	Brussels, Belgium	4 000	100.0%	30.4
LEDA bvba		Schoten Antwerp, Belgium		100.0%	
Van Hassel		Schoten Antwerp, Belgium		100.0%	
Nederman GmbH	HRB43352	Köngen, Germany	0	100.0%	19.2
Nederman GmbH (Austria)		Vienna, Austria		100.0%	
Nederman Ltd	1393492	Preston, UK	10 000	100.0%	49.3
Nederman CR s.r.o.	25634364	Prague, Czech Republic	1	100.0%	0.0
Nederman Inc.	465-416	Detroit, USA	1 680	100.0%	25.9
Nederman Canada Ltd	856 876	Mississauga, Canada	1	100.0%	32.1
Nederman do Brasil Comércio de Produtos de Exaustao Ltda	05.880.850/0001-45	Sao Paolo, Brazil	3 365	100.0%	6.1
AB Norclean	556223-4319	Varberg, Sweden	5 000	100.0%	15.1
Arboga-Darenth AB	556053-6715	Arboga, Sweden	4 000	100.0%	11.1
Arboga-Darenth Ltd	1048823	Erith, UK	10	100.0%	2.0
Arboga-Darenth Sarl	339878449	Creuzier Le Vieux, France	500	100.0%	0.3
Nederman India Private Limited	U74900DL2008FTC178218	New Delhi, India	100 000	100.0%	0.3
Nederman Makine Sanayi Ve Ticaret Limited Sirketi	647743	Istanbul, Turkey	0	100.0%	0.5
Dantherm Filtration Holding A/S	28301650	Mariager, Denmark	60 500	100.0%	207.7
Dantherm Filtration A/S		Mariager,Denmark		100.0%	
Danterhm Filtration OY		Mustasaari, Finland		100.0%	
Dantherm Filtration GmbH		Friesenheim, Germany		100.0%	
Dantherm Filtration Holding GmbH		Friesenheim, Germany		100.0%	
Dantherm Filtration OOO		Moscow, Russia		100.0%	
Dantherm Filtration Sp zo.o		Marki, Poland		100.0%	
Dantherm Filtration Ltd		Leeds, UK		100.0%	
Dantherm Filtration Inc.		Thomasville, USA		100.0%	
Dantherm Filtration Co Ltd		Nonthaburi, Thailand		100.0%	
Dantherm Filtration AB		Malmö, Sweden		100.0%	
Dantherm Filtration (Suzhou) Co Ltd		Suzhou, China		100.0%	
Total Parent company					**701.1**

Parent company

SEK m	2010	2009	2008
Accumulated acquisition value			
January 1	493.3	550.3	518.8
Acquisition	207.8	0.3	31.5
Adjustments		-2.6	
Write down book value		-54.7	
	701.1	**493.3**	**550.3**

Note 31 Untaxed reserves

Excess depriciations

Parent company

SEK m	2010	2009	2008
Tax allocation reserves			
Provision with the assessment of taxes 2009			12.0
Provision with the assessment of taxes. 2008			5.7
Provision with the assessment of taxes. 2007			0.8
Total untaxed reserves			**18.5**

Note 32 Cash flow statements

Cash and cash equivalents

Consolidated

SEK m	2010	2009	2008
Liquid assets consists of:			
Cash and cash equivalents	228.0	90.9	90.6
Short term investments, comparable to liquid funds			0.2
	228.0	**90.9**	**90.8**

Parent company

SEK m	2010	2009	2008
Liquid assets consists of:			
Cash and cash equivalents		19.2	18.5
		19.2	**18.5**

Adjustments for items not included in cash flow

Consolidated

SEK m	2010	2009	2008
Unrealised currency differences	-0.8	1.5	-1.1
Change in fair value of financial instruments	-5.0	-8.0	6.9
Provisions	17.7	2.1	1.5
Other items	0.4	-2.0	0.3
	12.3	**-6.4**	**7.6**

Parent company

SEK m	2010	2009	2008
Depreciation	0.7	0.3	0.5
Unrealised currency differences	0.3		
	1.0	**0.3**	**0.5**

Transactions which do not result in payments

Consolidated

SEK m	2010	2009	2008
Acquisition of assets via financial leasing	0.8	1.1	1.3
Sales of assets under a finacial lease agreements			8.1

Unutilized credit

SEK m	2010	2009	2008
Consolidated	249.9	83.4	67.8
Parent company	244.7	50.0	50.0

Note 33 Events after the closing date

As announced in a separate press release, the company has signed an agreement with Indutrade Oy concerning the sale of all the shares in Dantherm Filtration Oy. This transaction was completed as of January 3, 2011, and will result in a minor capital gain to be reported in Q1, 2011.

On January 17, 2011 the company announced that it was closing down its production site in Sandefjord, Norway, and moving activities to Töredal and Helsingborg in Sweden. This relocation should be completed by the start of the second half of 2011. One-off costs for completing this activity will impact on results for the first quarter and are included in the maximum amount of SEK 100m in restructuring costs that were announced in connection with the acquisition of Dantherm Filtration.

Note 34 Significant estimations and assessments

Certain assumptions about the future and certain estimations and assessments as of the close of the reporting period have special importance for value of the assets and liabilities in the balance sheet. Risk of particular changes in value during the subsequent year, is of significance and therfore the assumptions or estimations may need to be changed.

Examination for write-downs of goodwill
The book value of goodwill is reviewed at least once a year with respect to the possible need for impairment. The review requires an assessment of the value in use of the cash-generating unit, or group of cash-generating units, to which the goodwill value relates. This requires that several assumptions about the future situation and estimates of parameters have been made. A report of these are found in note 13.
As described in note 13 a change during 2010 in the conditions for these assumptions and estimations might have an effect on the value of the goodwill. The senior executives are of the opinion however that no reasonable changes in important assumptions at the impairment test of the cash-generating units will result in a recoverable value lower than the carrying amount.

Note 35 Information on the parent company

Nederman Holding AB (publ) is a Swedish registered limited company with its registered office in Helsingborg, Sweden. The address of the main office is P.O. Box 602, SE-251 06 Helsingborg, Sweden.
Visiting address is Sydhamnsgatan 2.
The consolidated reporting for 2010 is comprised of the parent company and its subsidiaries, collectively referred to as the Group.

Proposed appropriation of profits

The Board of directors and CEO propose, that the profits in Nederman Holding AB be appropriated as follows:

Share premium reserve	5,866,700
Profits brought forward	87,801,861
Profit for the year	-27,646,089
Total, SEK	**66,022,472**

Allocated in such a way that:

To Shareholders a dividend of SEK 1.50 per share	17,573,010
To the share premium reserve, transferred	5,866,700
To profits brought forward, transferred	42,582,762
Total SEK	**66,022,472**

The consolidated accounts and the annual report have been drawn up in accordance with international accounting standards as prescribed in Regulation (EC) no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002 concerning the application of international accounting standards and good accounting practice in Sweden, and they give a fair picture of the Group's and parent company's position and results. The Directors' report for the Group and parent company provides a fair overview of the Group's and parent company's activities, position and results and they describe the main risks and uncertainties facing the parent company and Group companies. The annual report and consolidated accounts will be subject to adoption by the Annual General Meeting to be held on 26 April 2011.

Helsingborg, Sweden, 16 February 2011

Jan Svensson
Chairman

Per Borgvall

Peter Möller

Gunnar Gremlin

Eric Hielte

Lotta Stalin

Sven Kristensson
CEO

Rolf Rånes
Employee Representative

Jonas Svensson
Employee Representative

Our audit was issued on 8 March 2011

KPMG AB

Alf Svensson
Authorised Public Accountant

Auditor's report

To the annual general meeting of shareholders of Nederman Holding AB (publ)
Corporate registration number 556576-4205

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the CEO of Nederman Holding AB (publ) for the 2010 financial year. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 23-59. The board of directors and CEO are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express our opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

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

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

We recommend to the annual general meeting of shareholders that the income statement and balance sheets of the parent company and the consolidated income statement and consolidated statements of financial position be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the statutory directors' report and that the members of the board of directors and the CEO be discharged from liability for the financial year.

Malmö, Sweden, on 8 March 2011

KPMG AB

Alf Svensson
Authorised Public Accountant

Corporate governance report

Nederman Holding AB (publ) is a Swedish public limited company with its registered office in Helsingborg, Sweden. Nederman is listed on the NASDAQ OMX Stockholm, Small Cap list 2007.

Governance of the Nederman Group takes place via the Annual General Meeting, the board of directors and the Chief Executive Officer, as well as Nederman's executive management team, in accordance with the Swedish Companies Act, Swedsh Code of Corporate Governance, other rules and regulations, the Articles of Association, and the rules of procedure for the board of directors, among other things. Considering Nederman's group structure, the composition of the board of directors in operating subsidiaries, often with representatives from the executive management team, constitutes yet another share of governance for the Group.

Shareholders

At the end of 2010 the company had 2,915 shareholders. Investment AB Latour was the largest shareholder with 27.1 per cent of the shares. Foreign investors held 11.9 per cent of the shares. The ten largest shareholders had a total holding corresponding to 73.9 per cent of the shares. For further information about the share and shareholders, see page 21.

Annual General Meetings

The Annual General Meeting (AGM) is the highest decision-making body in which shareholders can exercise their influence by voting on key issues, such as adoption of income statements and balance sheets, allocation of the Company's profit, discharge from liability of board members and the Chief Executive Officer, election of board members, Chairman of the Board and auditors, as well as remuneration to the board of directors and auditors. The AGM was held in Helsingborg on 28 April 2010. At the meeting 34 shareholders were in attendance, representing 62.8 per cent of shares and votes.

- The AGM adopted the income statement and balance sheet for the parent company as well as the consolidated statements of comprehensive income and financial position, decided that the profit be dealt with in accordance with the proposed appropriation of profits meaning no dividend to be paid for the 2009 financial year and discharged the board of directors and CEO from liability for the financial year.

- The AGM resolved, in accordance with the proposal in the notification to attend the AGM, to elect seven board members, that remuneration to the board should amount to SEK 650,000, of which SEK 150,000 to the Chairman of the board SEK 100,000 to other regular members, with exception to the CEO, that Jan Svensson, Gunnar Gremlin, Peter Möller, Eric Hielte, Per Borgvall and Sven Kristensson should be re-elected as board members, new election of Lotta Stalin and that Jan Svensson should be re-elected Chairman of the board.

Nominations committee

The AGM 2010 adopted instructions for the nomination committee. According to the proposal to the instructions, the nominations committee will consist of one representative from each of the three largest shareholders and the Chairman of the board. If any of the three largest shareholders decline from their right to appoint a representative to the committee, then the right will pass to the next largest shareholder.

The nominations committee's tasks will be to prepare proposals, before the next AGM, for electing the Chairman of the board and other board members, election of the Chairman of the meeting, remuneration issues and related issues, and where applicable, election of auditors

In accordance with the Annual General Meeting's instructions, Jan Svensson, Investment AB Latour, Fabian Hielte, Ernströmgruppen and Göran Espelund, Lannebo Fonder (chairman) have been appointed members of the nominations committee before 2011's Annual General Meeting.

Board of directors

The board of directors is the second highest decision-making body after the Annual General Meeting. The overall assignment of the board is to decide on the Company's business direction, its resources and capital structure, as well as its organisation and management. The board's general obligations also include continuously evaluating the Company's financial situation and approving the Company's business plan. In its general undertaking, the board addresses issues such as the Company's strategy, acquisitions, major investments, divestments, issuing annual reports and interim reports, as well as appointing the Chief Executive Officer, etc.

The board of directors follows written procedures that are adopted annually at the statutory board meeting. The rules of procedure indicate how the work shall be allocated, where appropriate, among the board members, how often the board meets, and to what extent the deputies shall take part in the board and are called to meetings. In addition, the rules of procedure regulate the board's obligations, quorum, division of responsibilities between the board and the CEO, etc. The board meets according to an annual schedule that is decided in advance. In addition to these meetings, additional meetings may be arranged to deal with events of unusual importance. In addition to meetings, the Chairman of the board and the Chief Executive Officer conduct an ongoing dialogue with respect to managing the Company. Once a year the board evaluates the Management team in a systematic fashion. In this context, the Management team includes certain non-senior managers i.e. broader group of employees than what in other parts of this annual report have been defined as senior executives. In the most recent business year, the Board made decisions concerning several matters of strategic importance. In 2010 special focus was placed on the acquisition and integration of Dantherm Filtration, adapting the Group's capacity to current business climate, the continued expansion of the Group and the financial framework and objectives. In 2010 the Board held eight minuted meetings. To date, one minuted Meeting has been held in 2011. The 2010 AGM resolved that SEK 150,000 would be paid as directors' fees to the Chairman of the board and SEK 100,000 to each regular member. No board remunerations are paid to the CEO.

The AGM elects board members annually for the time until the next AGM is held. The board of directors shall consist of at least three and no more than eight ordinary members and may be supplemented with a maximum of three deputies. In addition to this there may be employee representatives.

The main shareholders and board members carry out an annual, detailed, evaluation of the board. The evaluation regards among other things the board's composition, board members and the board's work and routines.

Nederman's board of directors consists of seven members elected by the 2010 AGM and two employee representatives. The Chief Executive Officer is a member of the board. The Chief Financial Officer is not a member of the board of directors but participates at meetings by presenting information. The Chairman of the board does not participate in the operating management of the Company.

Attendance at board meetings

	Number of meetings	Number of held meetings
Jan Svensson	8	8
Per Borgvall	6	8
Gunnar Gremlin	8	8
Jan Eric Larsson	1	1
Eric Hielte	8	8
Peter Möller	8	8
Lotta Stalin	4	4
Sven Kristensson	8	8

Chief Executive Officer

The distribution of work between the board of directors and the Chief Executive Officer is regulated in the rules of procedure for the board of directors and in the guidelines for the Chief Executive Officer. The Chief Executive Officer is responsible for implementing the business plan as well as day-to-day management of the Company's affairs and the daily operations of the Company. This means that the Chief Executive Officer makes decisions on those issues that can be considered to fall under the day-to-day management of the Company.

The Chief Executive Officer may also take action without the authorisation of the board, in matters which, considering the scope and nature of the Company's business, are unusual or of great importance, and awaiting a decision from the Board would cause substantial trouble for the Company's business. Instructions to the Chief Executive Officer also regulate responsibilities for reporting to the board of directors. The board receives a monthly written report containing information following up the Company's sales, orders statistics, operating results and working capital's developments. Moreover, the material contains comments from the Chief Executive Officer and the Chief Financial Officer e.g. brief comments on the different markets. During months when the board meets the monthly report is more extensive and also includes statements of the financial position and cash flow statement, among other things.

Every year the senior executives formulate a strategy proposal, which is discussed and adopted at the board meeting held about halfway through the year. The work with the business plan (including the budget for the coming year) is usually carried out "bottom-up" and based on the strategy adopted by the board of directors. The Chief Executive Officer and the Chief Financial Officer present the business plan proposal to the board of directors.

After the board discussions of the business plan, it is usually adopted at the last meeting during the autumn. Moreover, the Company usually issues an updated forecast at the end of each quarter in conjunction with the quarterly reports.

Committees

Questions about salary structuring and benefits for the Chief Executive Officer and management are addressed and approved by a remuneration committee. This committee consists of Jan Svensson and Eric Hielte. Jan Svensson is Chairman of the committee. The committee is a body within the company´s Board, with the tasks of drafting matters for the Board related to remuneration and other terms of employment for senior executive management. The committee also has the task of preparing guidelines regarding remuneration for other executive management, which the Board will present as a proposal to the Annual General Meeting.

The 2010 Annual General Meeting resolved on principles for remuneration to the Chief Executive Officer and senior executives, which is presented in greater detail under the subheading Remuneration to the board of directors and senior executives below.

The Company's auditor informs the entire board about the results of the work by at least once a year participating at the board meeting to give an account of the year's audit and their view on the Company's control system without anyone from the management being present. Therefore Nederman complies with the demand on having an audit committee within the framework of the Swedish Code for Corporate Governance. The principles for remuneration to the Company's auditor are resolved by the AGM. The Company appointed a formal nomination committee during the year, which besides the Chairman of the board consists of two representatives and convenes the major shareholders annually well in advance of the AGM in order to gain support for proposals to the AGM's election of a new board of directors.

Auditor

The auditor audits the Company's annual reports and accounting, as well as the management of the board of directors and the Chief Executive Officer. The auditor submits an audit report to the AGM after each financial year. The AGM 2011 appoints auditor(s) for a period of one year. At the AGM on 27 April 2007, KPMG AB and its auditor Alf Svensson as the person responsible, was elected for a period of four years. At the AGM 2011 there will be new election of auditor(s).

The Company's auditor audits the annual accounts and financial statements and the Company's current operations and routines, to make an opinion on the accounting and management of the board of directors and the Chief Executive Officer. The annual accounts and financial statements are reviewed during January and February.

Apart from Nederman, Alf Svensson does not have any assignments in companies over which Nederman's principle shareholders, board members or Chief Executive Officer have any material influence. Alf Svensson is an authorised public accountant and member of the Swedish Institute of Authorised Public Accountants. Remuneration to KPMG for assignments other than auditing amounted to SEK 1.3m in 2010 and related mainly to specific auditing assignments in connection with acquisitions.

Remuneration to the board of directors and senior executives

The 2010 AGM adopted a policy relating to remuneration and terms of employment for 2010, applying the following underlying principles:
Fixed salary is paid for satisfactory work. In addition there is a potential for variable remuneration linked to the Company's performance and tied up capital. Variable remuneration can amount to a maximum of 30 to 50 per cent of the annual salary, depending on the individual's position in the Company.

The Chief Executive Officer's pension plan is a defined contribution plan with an annual premium equivalent to 30 per cent of the annual base salary. Pension payments for other senior executives follow the ITP collective agreement, except for one executive for whom pension payments amount to 8 times the basic index amount per year, respectively.
If the CEO resigns, the term of notice is six mounths. If the company gives notice of termination the CEO is entitled to monthly pay for the equivalent of 18 to 24 months (the last six months with reservations for new employment). For others in the management the term of notice is twelve months if the Company gives notice of dismissal, and six months if the employee resigns. There is no agreement between board members or senior executives and Nederman or any of its subsidiaries for benefits upon conclusion of their assignments. There are no shares or share price-related incentive schemes at this time for the board of directors or senior executives. Nederman's executive management team consists of seven people (including the CEO).

Internal controls

Control environment

Operative decisions are made at a company or business area level, while decisions about strategy, aims, acquisitions and comprehensive financial issues, are made by the parent company's board and management. The internal controls at the Group are designed to function in this organisation.
The Group has clear rules and regulations for delegating responsibility and authority in accordance with the Group's structure. The platform for internal controls concerning financial reporting consists of the comprehensive control environment and organisation, decision processes, authority and responsibility that is documented and communicated.
In the Group the most significant components are documented in the form of instructions and policies, e.g. financial manuals, ethics policy (Code of Conduct), communication policy, IT policy, financial policy and authorization lists.

Control activities

To safeguard the internal controls there are both automated controls, such as authorization controls in the IT system and approval controls, as well as manual controls such as auditing and stock-taking. Financial analyses of the results as well as following up plans and forecasts, complete the controls and give a comprehensive confirmation to the quality of the reporting.

Information and communication

Documentation of governing policies and instructions are constantly updated and communicated in electronic or printed format. For communications with external parties, there is a communication policy that contains guidelines for ensuring that the Company's information obligations are applied fully and correctly.

Following-up

The CEO is responsible for the internal controls being organised and followed up according to the guidelines that the board has decided on. Financial management and control is carried out by the Group's financial department. Financial reporting is analysed monthly and at a detailed level.
The board has dealt with the Company's financial position at its meetings and has also received reports and observations from the Company's auditor.

Articles of Association

The Articles of Association include establishing the Company's activities, the number of board meetings, the auditors, how notification of the AGM will be made, how matters will be handled at the AGM and where the meeting will be held.
The current Articles of Association were adopted at an Extraordinary General Meeting on 10 April 2007, and can be found on the company's website at www. nederman.com and in the annual report for 2010 on page 66.

Review

The corporate governance report has been subject to review by the Company's auditors.

AUDITORS' REPORT OF THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders in Nederman Holding AB (publ.), Corporate identity number 556576-4205

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2010 on pages 61-63 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for my/our opinion that the Corporate Governance Statement has been prepared and is consistent with the annual accounts and the consolidated accounts, I/we have read the Corporate Governance Statement and assessed its statutory content based on my/our knowledge of the company.

In my/our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Malmö 8 March 2011

KPMG AB

Alf Svensson
Authorised Public Accountant

Board of directors

Top line: Gunnar Gremlin, Jan Svensson, Jonas Svensson, Rolf Rånes
Bottom line: Eric Hielte, Sven Kristensson, Lotta Stalin, Peter Möller, Per Borgvall (inset photo)

Gunnar Gremlin

Born 1945.
Chairman of the board of Leybold Optics GmbH, PSM International Ltd and TitanX Engine Cooling AB.
Mr Gremlin is a board member of Dyckerhoff AG.
Mr Gremlin owns 43,939 Nederman shares.

Jan Svensson

Born 1956.
Chairman of the board of Nederman.
Chief Executive Officer and board member of Investment AB Latour.
Chairman of the board of OEM International AB and AB Fagerhult.
Mr Svensson is a board member of Loomis AB, Munters AB and Oxeon AB.
Mr Svensson owns 5,000 Nederman shares.

Jonas Svensson

Born 1958.
Mr Svensson is Chairman of the local union, Nederman.
Board member since 2009.
Mr Svensson owns 100 Nederman shares.

Rolf Rånes

Born 1946.
Mr Rånes is Employee Representative, IF Metall.
Board member since 2000.
Mr Rånes owns 300 Nederman shares.

Eric Hielte

Born 1948.
Chairman of the board of Platzer Fastigheter Holding AB.
Chairman of the board of Ernströmgruppen AB.
Mr Hielte owns no Nederman shares.

Sven Kristensson

Born 1962.
Chief Executive Officer of Nederman.
Chairman of the board of BK PAC AB, Ekodoor AB and Excito AB.
Mr Kristensson owns 164,881 Nederman shares.

Lotta Stalin

Born 1954.
Mrs Stalin owns 100 Nederman shares.

Peter Möller

Born 1952.
Chief Operating Officer of SAS Airlines.
Mr Möller owns 19,621 Nederman shares.

Per Borgvall

Born 1958.
Chief Executive Officer and CEO of Gunnebo AB.
Mr Borgvall owns no Nederman shares.

Senior executives

Sven Kristensson

President and CEO.
Born 1962.
Employed in Nederman since 2001.
Mr. Kristensson owns 164,881 Nederman shares.

Anders Franzén

Operations.
Born 1961.
Employed in Nederman 2009.
Mr Franzen owns no Nederman shares.

Stefan Fristedt

CFO.
Born 1966.
Employed in Nederman since 2010.
Mr Fristedt owns no Nederman shares.

Eva Carin Svensson

Human Resources.
Born 1964.
Employed in Nederman 2009.
Mrs Svensson owns no Nederman shares.

Per Lind

Business Development & Marketing.
Born 1957.
Employed in Nederman since 2007.
Mr Lind owns 2,000 Nederman shares.

Per-Ove Eriksson

Sales International.
Born 1956.
Employed in Nederman since 1996.
Mr Eriksson owns 30,399 Nederman shares.

Jan Richardsson

Sales Europe.
Born 1960.
Employed in Nederman since 2005.
Mr Richardsson owns 12,400 Nederman shares.

Articles of association

Articles of Association for Nederman Holding Aktiebolag (publ) (company reg. no 556576-4205) is presented below.

1 § Company name
The name of the Company is Nederman Holding Aktiebolag. The Company is a public company (publ).

2 § Registered office
The registered office of the board of directors is in Helsingborg municipality.

3 § Company's operations
The object of the Company's operations is to directly or through subsidiaries produce and market products to improve the industrial workplace environment and to own and manage enterprises as well as real estate and personal property, and to engage in compatible operations.

4 § Share capital
The Company's share capital shall not be lower than seven hundred fifty thousand (SEK 750,000) and shall not exceed three million (SEK 3,000,000).

5 § Number of shares
The number of shares shall be no lower than ten million (10,000,000) and shall not exceed forty million (40,000,000).

6 § VPC-registered company
The Company's shares shall be registered in a CSD register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

7 § Financial year
The Company's financial year shall be the calendar year.

8 § Board of directors
The board of directors shall consist of at least three (3) and not more than eight (8) members with a maximum of three (3) deputies. Board members will be elected annually at the Annual General Meeting for the period extending until the close of the next Annual General Meeting.

9 § Auditor
The firm shall have at least one (1) and no more than two (2) auditors, without or with no more than one (1) deputy auditor. An approved or authorised public accountant or a registered auditing firm shall be appointed auditor and, where appropriate, deputy auditor.

10 § Notice of Annual General Meeting
Notice of the Annual General Meeting and of Extra General Meetings convened to address amendments to the Articles of Association, shall be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notice of other Extraordinary General Meetings shall be issued not earlier than six weeks and not later than two weeks prior to the meeting.

Notice of a Annual General Meeting shall be made in the form of an advertisement in the Official Gazette (Post- och Inrikes Tidningar) and Svenska Dagbladet or, if publication of the latter newspaper is canceled, Dagens Industri.

11 § Right to participate in Annual General Meeting
Shareholders who wish to participate in proceedings at the Annual General Meeting must be included in the transcript of the entire share register pertaining to the situation no later than five (5) weekdays before the annual general meeting, and they must register with the Company no later than 4 p.m. of the day specified in the notice of the annual general meeting. This day may not be a Sunday, other general holiday, Saturday, Midsummer Eve, Christmas Eve, or New Year's Eve, nor may it fall earlier than the fifth weekday before the annual general meeting. Shareholders or representatives may be accompanied by a maximum of two assistants at a annual general meeting, but only if the shareholder has notified the Company of the number of assistants in accordance with the preceding paragraph.

12 § Location of Annual General Meeting
The Annual General Meeting may be held in Helsingborg or Stockholm.

13 § Annual General Meeting
The Annual General Meeting shall address the following matters:

1. Election of the chairperson of the meeting;
2. Preparation and approval of the voting list;
3. Approval of the agenda;
4. Election of one or two persons to verify the minutes;
5. Determination of whether the meeting has been duly convened;
6. Presentation of the annual report and the auditors' report, and where appropriate, the consolidated accounts and the auditors' report on the consolidated accounts;
7. Resolution to adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet;
8. Resolutions on appropriation of the Company's profit or loss according to the adopted balance sheet;
9. Resolution to discharge members of the board of directors and the Chief Executive Officer from liability;
10. Determination of the number of board members and deputies, as well as, where appropriate, auditors and deputy auditors;
11. Establishment of remuneration to the board of directors and, where applicable, the auditors;
12. Election of board members and any deputies and, where appropriate, auditors and any deputy auditors; Other business to be addressed by the annual general meeting in accordance with the Swedish Companies Act or the Articles of Association.

Financial definitions

Key figures are defined as follows:

Return on equity
Net profit for the period divided by average shareholders' equity.

Return on operating capital
EBIT as a percentage of average operating capital.

EBIT
Operating profit after depreciation and amortisation.

EBIT margin
EBIT as a percentage of net sales.

EBITDA
Operating profit before depreciation and amortisation.

EBITDA margin
EBITDA as a percentage of net sales.

Equity per share
Average shareholders' equity divided by average number of outstanding shares.

Capital turnover rate
Net sales divided by average operating capital.

Net debt
Interest bearing liabilities (including pensions) minus cash and cash equivalents.

Net debt/equity ratio
Net debt divided by shareholders' equity.

Operating capital
Shareholders' equity plus net debt.

Operating cash flow
Cash flow from operating activities excluding acquistion and restructuring costs adjusted for net financial items and income tax paid, plus cash flow from investing activities, excluding acquisition of business enterprises.

Equity/asset ratio
Equity divided by total assets (balance sheet total).

Earnings per share
Net profit divided by average number of outstanding shares.

Annual average
Average of year-beginning and year-end balance.

Notification to attend the Annual General Meeting (AGM)

The Annual General Meeting of Nederman Holding AB (publ) will be held at Marina Plaza, Kungstorget 6, 251 10 Helsingborg, on Tuesday, 26 April 2011.

Schedule:

3 p.m. Registration starts
3.30 p.m. Meeting room opens
4 p.m. Meeting starts
Coffee and refreshments will be served before the meeting.

Right to participate at the meeting

Shareholders wishing to participate at the meeting must be recorded in the shareholders' register kept by Euroclear Sweden by Monday 18 April 2011 and must notify the company of their intention to attend the meeting no later than Monday 18 April 4 p.m.

Shareholders whose shares are registered in the name of a trustee must have their shares temporarily registered in their own name in the Euroclear Sweden shareholders' register in order to take part in the meeting.
This registration, known as voting right registration, must take place by Monday 18 April 2011, meaning that the shareholder should give notice of his/her intention of taking part at the meeting in due time before that date.

Notification

Notification can be carried out in one of the following ways:
- on Nederman's website: www.nederman.com
- by email: arsstamma@nederman.se
- by telephone: +46 (0)42 18 87 00
- by letter to: Nederman Holding AB (publ), "Årsstämma" Box 602, 251 06 HELSINGBORG.

Notification should include details of name, civic registration number/corporate identity number, address, telephone, registered shareholding and advisors, if any. The information is solely used for the requisite registration and drawing up of the voting list. Where representation is made by proxy, the original proxy form must be sent to the company along with the notification to attend the meeting. Individuals representing a legal entity must have a copy of the registration form or equivalent documentation indicating the authorised signatory.

The company will provide proxy forms for shareholders who so wish: The form is also available for downloading on Nederman's website: www.nederman.com.

Dividend

The board and CEO propose a dividend for the 2010 financial year of SEK 1.50 per share.

Reports

Q1 report: January - March 2011	26 April 2011
Q2 report: January - June 2011	19 July 2011
Q3 report: January - September 2011	21 October 2011

Nederman Holding AB (publ.)
P.O. Box 602, SE-252 28, Helsingborg, Sweden
Visiting address: Sydhamnsgatan 2
Tel: +46 42 18 87 00, Fax: +46 42 14 79 71

www.nederman.com

Nederman Sales companies in: Australia, Austria, Belgium, Brazil, Canada, China, Czech Rep. Denmark, France, Germany, Hungary, India, Indonesia, Ireland, Malaysia, Northern Ireland, Norway, Poland, Portugal, Romania, Russia, Slovak Republic, Spain, Sweden, Turkey, United Kingdom, USA, Thailand, Vietnam.
Nederman Agents in: Bulgaria, Cyprus, Egypt, Estonia, Finland, Greece, Holland, Hongkong, Iceland, Iran, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Malaysia, New Zealand, Philippines, Saudi Arabia, Serbia, Singapore, Slovenia, South Africa, Switzerland, Taiwan R.O.C, Thailand, Turkey, United Arab Emirates.