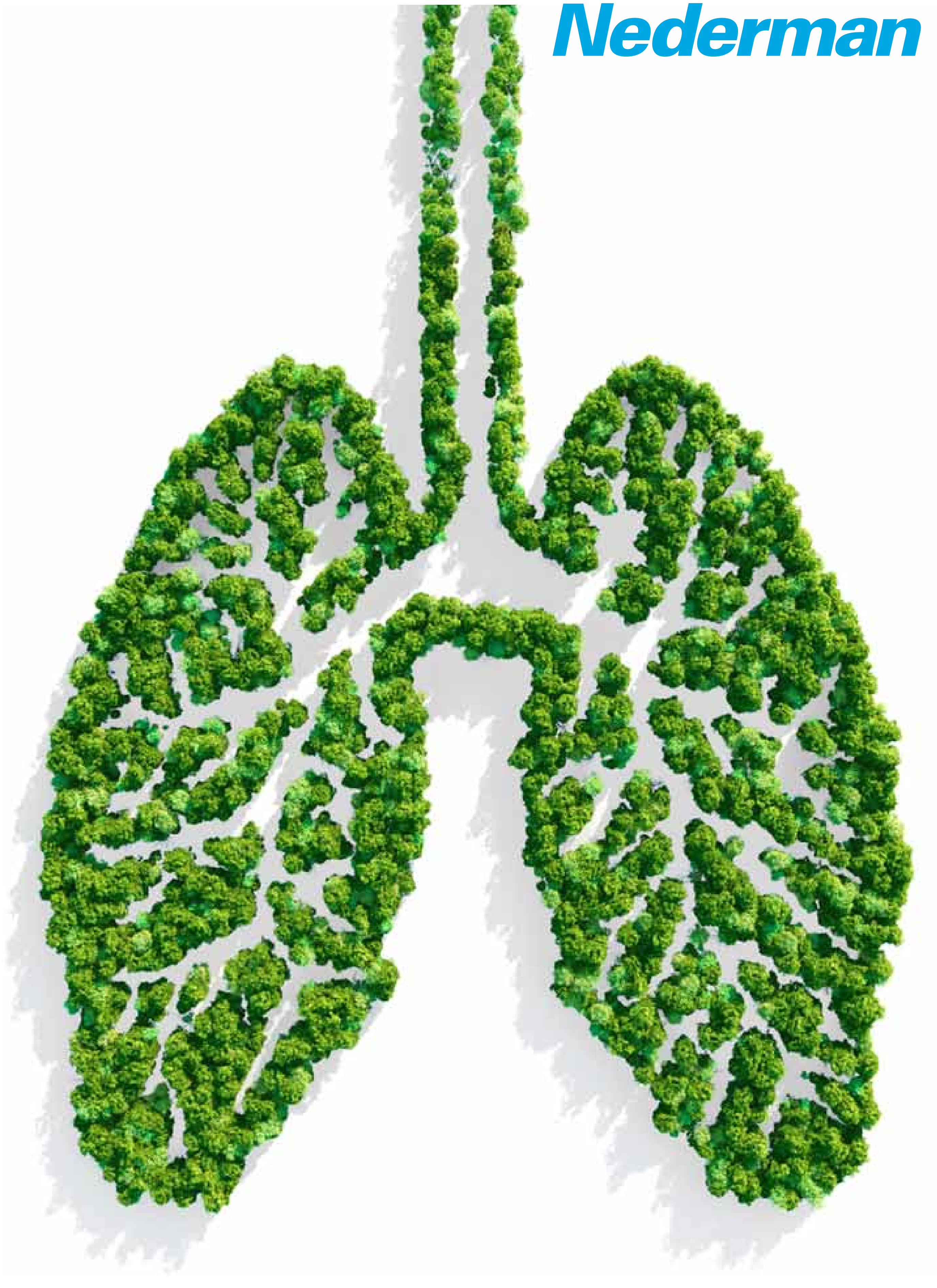
Annual report 2011

"We completed the integration of Dantherm Filtration during 2011, we continued to make progress in new and existing markets and we have delivered a strong financial result despite global economic uncertainties."

Nederman



Nederman 2011
Annual report

Contents

This is Nederman

No1

World-leader in environmental technology with focus on *clean air*

Nederman is a world-leading supplier of products and systems within the field of environmental technology with a focus on clean air.

We summarise our offer by the term *Eco-Efficiency.*

This means that our solutions contribute to a better internal and external environment while also improving production efficiency and quality for our customers.

An expanding, global company

Our offer to the market covers a wide range, from project planning to installation, operational start-up and servicing.

Sales and marketing via subsidiaries in

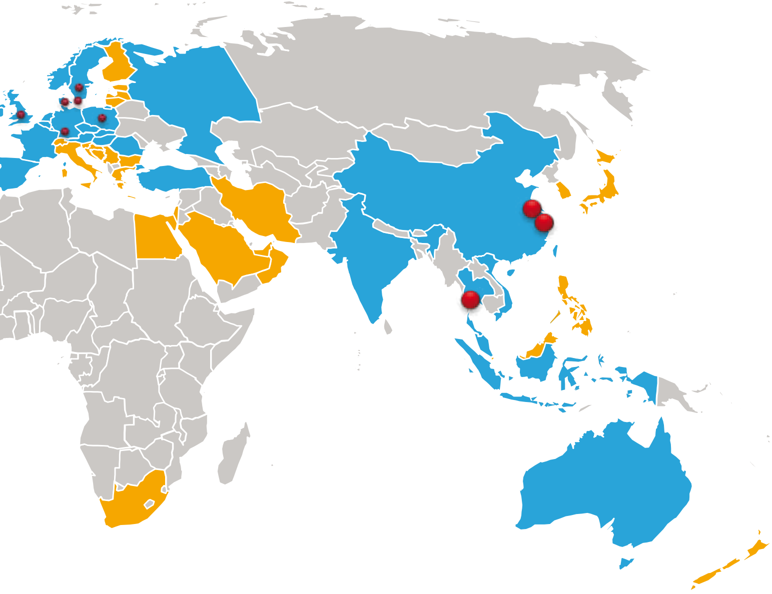
29 countries

Agents and distributors in additional

30 countries

Production and assembly plants in

8 countries



EMEA

International

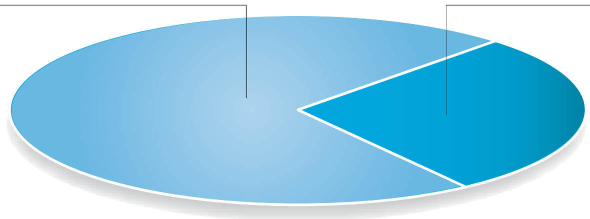
Two operating segments

The Group's operational organisation comprises two operating segments, *EMEA* (Europe, the Middle East and Africa) and *International* (Asia, the Pacific region and North and South America).

Invoicing per operating segment

EMEA 70,5 %

International 29,5 %



The strategic responsibility for Nederman's industrial applications within environmental technology is distributed among four business areas:

Metal fabrication	Fibre-based industries, waste and general industries	Process industries and Energy	Services and automotive aftermarket
Products and solutions for the metal fabrication industry in connection with welding, flame cutting and other metal fabrication.	Products and solutions for clean, safe and resource-efficient handling of dust and waste products from production and processing.	Products and solutions for process industries and incineration plants that handle hazardous or hot gases and need to recycle energy from processing.	Has responsibility for servicing Nederman's products and solutions for customers all over the world. Also services products and solutions in vehicle workshops, fire and emergency stations and vehicle testing centres.

Sales 2011

2 SEK billion

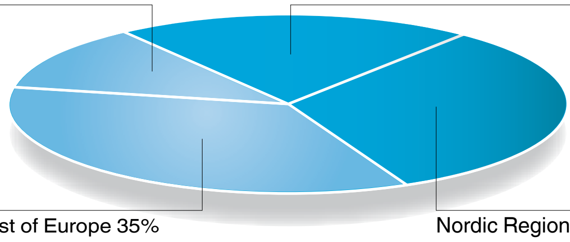
Average number employees 2011

1,434

Employees per region

North America 12%

Rest of the world 21%



Rest of Europe 35%

Nordic Region 32%

Nederman's shares

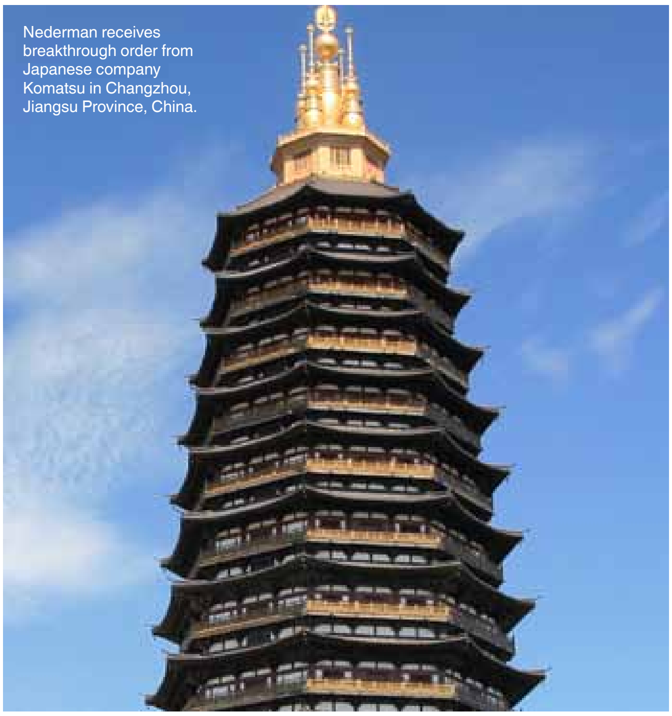
Are listed on NasdaqOMX under the NMAN ticker. The company has around 2,500 shareholders.

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 Ventire capital company EQT acquires Nederman.
2007 Listing on the OMX Stockholm Small Cap list.
2010 Nederman acquires Dantherm Filtration from Dantherm A/S.
2011 The acquired business is integrated.

The year in brief

- **Orders received** amounted to SEK 2,024.5 million (1,689.8 m), an increase of 11.0% after adjustments.*)
- **Sales amounted** to SEK 2,000.9 million (1,694.1 m), an increase of 8.4% after adjustments.*)
- **Operating profit excluding acquisition costs, restructuring costs and capital gain on disposal of subsidiaries** was SEK 167.0 m (106.7 m). The adjusted operating margin was 8.3% (6.3).
- **Operating profit** amounted to SEK 140.5 million (51.3 m), giving an operating margin of 7.0% (3.0).
- **Profit after tax** was SEK 86.8 million (21.1 m).
- **Earnings per share** were SEK 7.41 (1.80).
- **The Board proposes a dividend of** SEK 3.25 per share (1.50).

**) adjusted for currency effects and acquisitions / divestments.*



Nederman receives breakthrough order from Japanese company Komatsu in Changzhou, Jiangsu Province, China.

Key events

1st quarter

- Nederman sells Finnish Dantherm Filtration Oy to Indutrade Oy.
- Nederman Norclean in Sandefjord, Norway, moves production to Helsingborg and Töredal.

2nd quarter

- AGM for Nederman Holding AB.
- Nederman receives environmental technology order from Siemens in Canada.
- Nederman receives order worth over SEK 30 million from Stena Aluminium. The order covers investment at Stena Aluminium's new smelting plant in Älmhult. Nederman will supply solutions for filtration of flue gases that form when aluminium products are re-smelted.

3rd quarter

- Integration of Dantherm Filtration completed.
- Flooding of the Nederman factory in Thailand and decision to replace the site with a new plant.
- Decision made to establish production plant in Brazil.
- Nederman receives breakthrough order from Komatsu in China. Nederman will supply Komatsu's new foundry in Changzhou, China, with complete solutions for filtration of dust and hot gases.

4th quarter

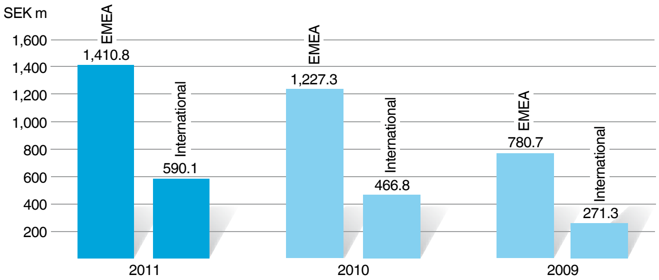
- Nederman receives environmental technology order in Denmark. Nederman will supply a production plant in Søborg with a solution for process ventilation. The order is worth around SEK 9.5 million.
- Nederman receives an order worth around SEK 10.5 million from SSP Technology A/S, a manufacturer of wind turbines.

Events after the end of the year

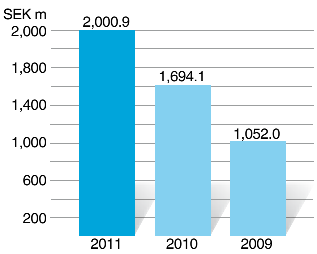
- Nederman acquires the Dutch company, Lebon & Gimbrair. This company has been in partnership with Nederman for over 40 years, distributing Nederman's products in the Netherlands.
- Nederman acquires business in Turkey from Havak Endûstri Tesisleri Tic Ltd. Sti.

Key indicators

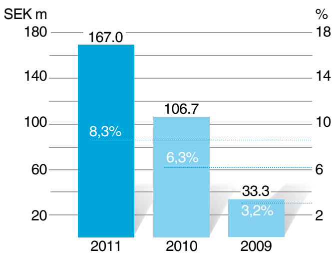
Sales per operating segment



Sales

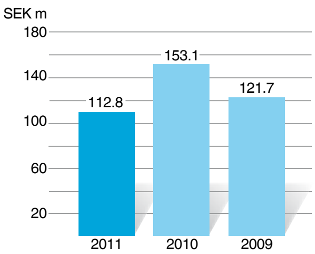


Operating profit (EBIT)* and operating margin



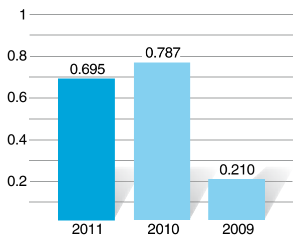
* Excluding restructuring/integration costs, acquisition costs and capital gain on disposal of subsidiaries.

Operating cash flow*



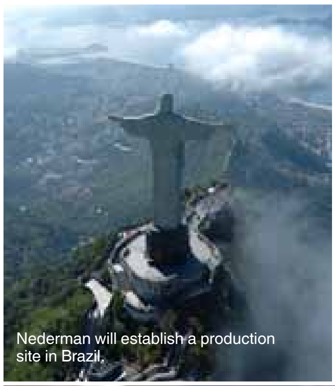
* Excluding restructuring/integration costs, acquisition costs and capital gain on disposal of subsidiaries.

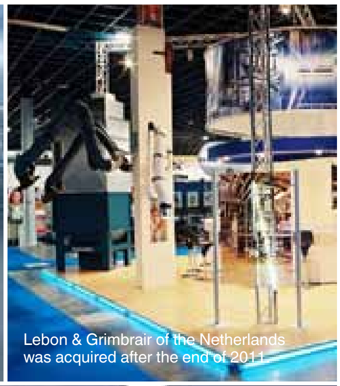
Net debt/equity ratio



"Long-term, responsible business management is very important for us, not least considering that many of the forces driving the market for our products and solutions involve the hunt for more sustainable ways of running industrial companies"

Sven Kristensson, CEO


Nederman will establish a production site in Brazil.


Lebon & Grimbrair of the Netherlands was acquired after the end of 2011.

Stena Aluminium has selected Nederman to provide flue gas treatment at an aluminum smelting plant.

Operating key figures*)

Excluding restructuring/integration costs, acquisition costs and capital gain on disposal of subsidiaries.

SEK m	2011	2010	2009
Net sales	2,000.9	1,694.1	1,052.0
EBITDA	209.1	144.9	51.4
EBITDA-margin, %	10.5	8.6	4.9
Operating profit	167.0	106.7	33.3
Operating margin, %	8.3	6.3	3.2
Operating cash flow	112.8	153.1	121.7
Return on operating capital, %	18.2	14.1	5.1
EBITDA/net financial items, multiple	6.4	5.9	8.4
Net debt/EBITDA, multiple	1.8	2.7	2.1

Pro forma including Dantherm Filtration from 1 Jan 2010 (excluding divested business)

Net sales	2,000.9	1,954.8	1,052.0
Operating profit	167.0	101.8	33.3
Operating margin, %	8.3	5.2	3.2

Financial key figures

Including restructuring/integration costs, acquisition costs and capital gain on disposal of subsidiaries.

SEK m	2011	2010	2009
Operating profit	140.5	51.3	23.3
Operating margin, %	7.0	3.0	2.2
Profit/loss before tax	107.8	26.9	17.2
Net profit/loss	86.8	21.1	14.6
Earnings per share, SEK	7.41	1.80	1.25
Return on shareholders' equity, %	16.5	4.2	2.8
Net debt	386.7	392.2	108.0
Net debt/equity ratio, %	69.5	78.7	21.0

CEO's statement

"Moving forward we see good prospects on our markets and there are no doubts about the fundamental requirements of industrial companies to solve problems relating to the environment, working environment and improved production efficiency – no matter how the world economy fluctuates."

I would like to start by saying how proud I am of this company, my colleagues and our contribution to cleaner, safer and more efficient industrial activities. We completed the integration of Dantherm Filtration during 2011, we continued to make progress in new and existing markets and we have delivered a strong financial result despite global economic uncertainties.

2011 began well with a recovery in the market. Uncertainty about the European debt crisis in the second half of the year made markets more cautious, which meant that investment decisions took longer. Despite these difficulties, Nederman reported profitable growth during the year. Uncertainty remains high on the market so we remain prepared to meet changes, whichever direction they take.

Europe remains Nederman's largest market, but sales in China and other growth countries in Asia are increasing steadily. We are also making inroads into new growth countries in the Middle East, Eastern Europe and South East Asia. In summary, Nederman is developing into a more globalised business, which means greater opportunities while also placing higher demands on our organisation.

We refined our organisation during 2011, while strengthening our regional support and service functions. Meanwhile we are working continuously to improve the efficiency of our production so that we can get even more out of the benefits of scale that we, as a global leader in industrial air filtration, enjoy compared to our competitors.

The strategic advantages we wished to achieve by acquiring Dantherm Filtration are now clearly showing in the form of a strengthened market position. This is evident in that most of the major orders announced during the year are based on a combination of know how and products from both of the now fully integrated parts of the company.

Moving forward we see good prospects on our markets and there are no doubts about the fundamental requirements of industrial companies to solve problems relating to the environment, working environment and improved production efficiency – no matter how the world economy fluctuates.

Long-term, responsible business management is very important for us, not least considering that many of the forces driving the market for our products and solutions involve the hunt for more sustainable ways of running industrial companies. We are therefore working continually to optimise our own business operations, which will result in minimising negative impact on the environment, people and our society. To support this work, Nederman has decided that during 2012 it will analyse in which areas the environmental and strategic benefit of internal sustainability-related improvement projects are greatest. The results of this work will help us set targets and produce indicators that we can measure and report upon.

Finally, I must confirm that in 2011 we achieved our goal of sustainable growth – and that Nederman's shares were one of the few that withstood the harsh winds on the stock market*. Our financial results and our belief in Nederman's future means that we can propose an increased dividend.

Sven Kristensson, CEO

*Nederman's share price finished SEK 1 higher on 30 December 2011 than 30 December 2010, while the market index was down 17.6%.

Goals and strategies

Because our products and systems create a clean, safe working environment, while reducing environmental impact from industrial production, the Nederman Group contributes to positive social development.

Nederman's goal is to generate growth and profitability for the company's stakeholders. Over time the aim is to increase the value of the company and thus secure stable development and a long-term return on investment for our shareholders.

Mission

With a unique knowledge base in applications, products and systems, we contribute to efficient production, environmental benefits and safer workspaces.

Vision

To be the global leader of competence in solutions for eco-efficient production.

Overall strategy

The Group aims to achieve profitable growth by:

- Introducing new customer and market segments.
- Developing the position in the chain of value by improving the efficiency of distribution and increasing the portion of aftermarket sales within total sales.
- Expanding geographically, firstly through growth markets such as China, India and Brazil, but also in other markets that have favourable industrial development.
- Developing new products, solutions and complete concepts.

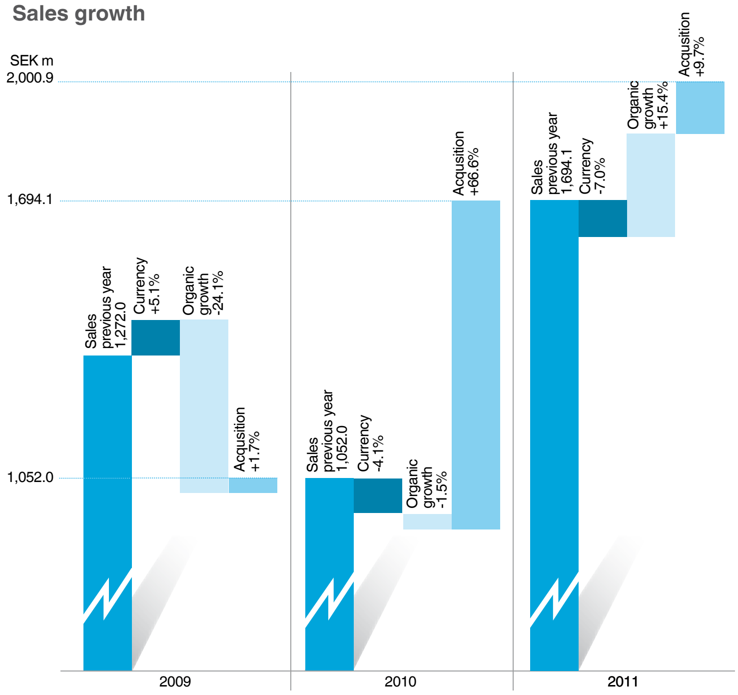
Financial goals

- Annual sales growth of 8–10 per cent over a business cycle, of which at least half shall 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, taking into account the capital structure and acquisition plans.

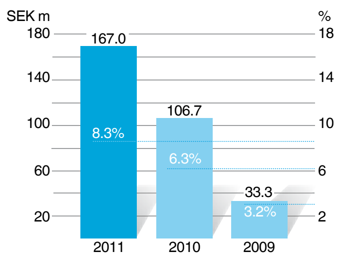
Achieving profitable growth by

- Introducing new customer and market segments
- Developing the position in the value chain by improving the efficiency of distribution and increasing the portion of servicing
- Expanding geographically, primarily through growth markets
- ...and developing new products and concepts

Sales growth

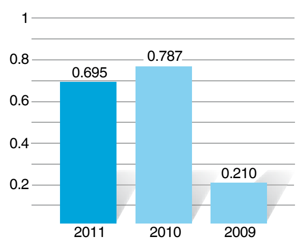


Operating profit (EBIT)* and operating margin

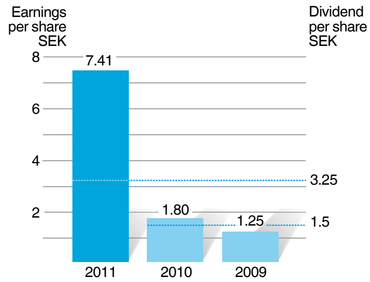


* Excluding restructuring/integration costs, acquisition costs and capital gain on disposal of subsidiaries.

Net debt/equity ratio



Earnings and Dividend



Global leader

Nederman has the market's widest range for industrial air filtration and several other complementary products and systems within environmental technology. Our solutions contribute to reducing impact on the outer environment from industrial production while creating a clean and safe working environment and boosting production efficiency.

Our solutions for recycling consumable materials and managing waste products also help to improve production economics.

The Group offers great flexibility in the qualified solutions it supplies for complete processes and operations within a range of industries. Solutions are primarily based on filter technology, combined with low and high vacuum technology, used to extract, transport and filter contaminated air and waste products. Nederman also provides service and maintenance for its products and solutions to customers all over the world.

Industrial air filtration

Nederman works within a broad area in environmental technology, with a focus on clean air. Customers are active in different industries. Within this fragmented market the Group has established a position as the leading supplier in industrial air filtration.

Overall the global market is estimated to be worth between EUR 3.5–4 billion. In general, competitors have a narrower product range and limited geographic coverage. Within individual application and product areas, competitors are often national or local businesses.

Nederman is a world-leading supplier of environment technology with a focus on clean air.

Strong global drivers promote long term growth

The requirement of industrial businesses for a good internal and external environment with a focus on clean air is driving demand for Nederman's products and solutions. Clean, healthy air creates the right conditions for good performance in all types of work areas.

For advanced manufacturing, clean air is often directly linked to both quality and efficiency.

Nederman's development is driven by strong market forces related to health, the 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.

Other important factors are linked to an increased emphasis on production economics and quality.

Nederman increasingly supplies comprehensive solutions to the process industry. This means that the company takes complete responsibility for the entire chain, from design to start-up and on to service and maintenance.

The market's main driving forces:

Increased awareness of responsibility for the environment and health

As awareness of climate change and other environmental problems grows, there is increased interest in investments that contribute to a cleaner environment and lower energy consumption. Industrial globalisation means that companies are increasingly more international, which leads to a distribution of technology, corporate culture and customer requirements.

A greater focus on efficiency and quality in production

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

Stricter laws

More and more countries are implementing comprehensive laws and regulations covering the workplace environment and the external environment. New and current EU countries are adapting to European working environment and external environment requirements, while legislation in developing countries is also becoming stricter.

Higher incentives to save energy and recycle materials

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

Increased demands for good and safe working environment

Competition for labour is growing. Employees pay attention to the working environment when they seek employment.

Greater emphasis on strong brands and sustainable business management

The way that a business deals with its responsibilities affects its brand image. Social responsibility and ethical business management are contributing to a sharper focus on the working environment and health.

Our offer

Our contribution to the environment and greater efficiency

In Nederman's solutions, care for the working environment and prevention of external environment impact go hand in hand with improvements in efficiency and production economics for our customers. We use the term *eco-efficiency* to summarise our ambition to contribute to both economic and ecological efficiency.

Ecological efficiency

- Reduced emissions
- Healthier employees
- Lower consumption of materials
- Safer workplaces

Economic efficiency

- More effective production
- Better utilisation of resources
- Higher quality
- Stronger brand
- Lower environmental costs
- Easier recruitment

Eco-efficiency

Ecological efficiency

Is about improving the environment and safety for our customers. This means that Nederman's products and solutions shall contribute to lower consumption of materials and energy while reducing emissions. It also means promoting better health and safety for employees.

Economic efficiency

Is about enabling more effective production, better production economics, higher quality and lower environmental fees. It's also about strengthening the customer's brand and helping to make the workplace more attractive.

Three types of sales

Nederman has three core sales types: products, solutions and services.

Products

Product sales, where the Group supplies products and components.

Solutions

Solutions, where the Group takes lead responsibility for engineering design, delivery, installation and start-up.

Services

Maintenance of existing installations with spare parts, service, consumables and upgrades.

Products are mainly sold through indirect channels like distributors, OEMs and different types of engineering companies.

Solutions are mainly marketed directly to the end-customers as concepts developed for selected industries and applications (Business Segments). Examples of concepts within the metal working industry are the *Nederman Machining Concept* and the *Nederman Welding & Cutting Concept.*

Main business focus

We focus on 19 Business Segments based on specific industries or on applications that are used in several industries. These are grouped in our four Business Areas.

BA Metal fabrication

- **Manual and robotic welding**
- **Thermal cutting, Blasting and others**
- **Machining**

BA Process industry and Energy

- **Foundry**
- **Smelters**
- **Biomass**
- **Crematories**
- **Asphalt**

BA Fibre-based industries, waste management and general industry

- **Primary wood**
- **Secondary wood**
- **Composite**
- **Food**
- **Pharmaceutical**
- **Waste management**
- **Minerals**
- **Agriculture**
- **Others**

BA Services and automotive aftermarket

- **Vehicle repair shops (VRS)**
- **Emergency**

Our success factors

- As a system supplier, the Group can take responsibility for the entire process from design to application solution.
- Nederman 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 companies and a well-developed distributor network.
- Meets customer needs with the market's broadest range in industrial filtration and can take responsibility for both the internal and external environment.

Nederman also has a comprehensive range of hose and cable reels, systems for handling fluids, and systems for separation and recycling of chips and cutting fluids.

Pre-study | Planning | System design | Installation | Commissioning | Training | Maintenance

Nederman supplies both individual products and complete systems. When supplying comprehensive solutions the company can take full responsibility for the entire process – from engineering design via operational start-up to continual service and maintenance of the finished installation.

Organisation

The Group works through an operational organisation based on two geographic operating segments. During 2011 the organisation was further developed to manage the significantly larger business that emerged from the acquisition of Dantherm Filtration in 2010.

In connection with the completion of the integration in 2011 the Group's organisation was further reviewed.

Two operating segments

The two operating segments, *EMEA* and *International* continue to be the Group's reporting units. EMEA covers the business in Europe, the Middle East and Africa, while International comprises Asia, the Pacific region and North and South America.

Operations

Responsibility for manufacturing, distribution, product maintenance, product development, logistics, purchasing and quality management.

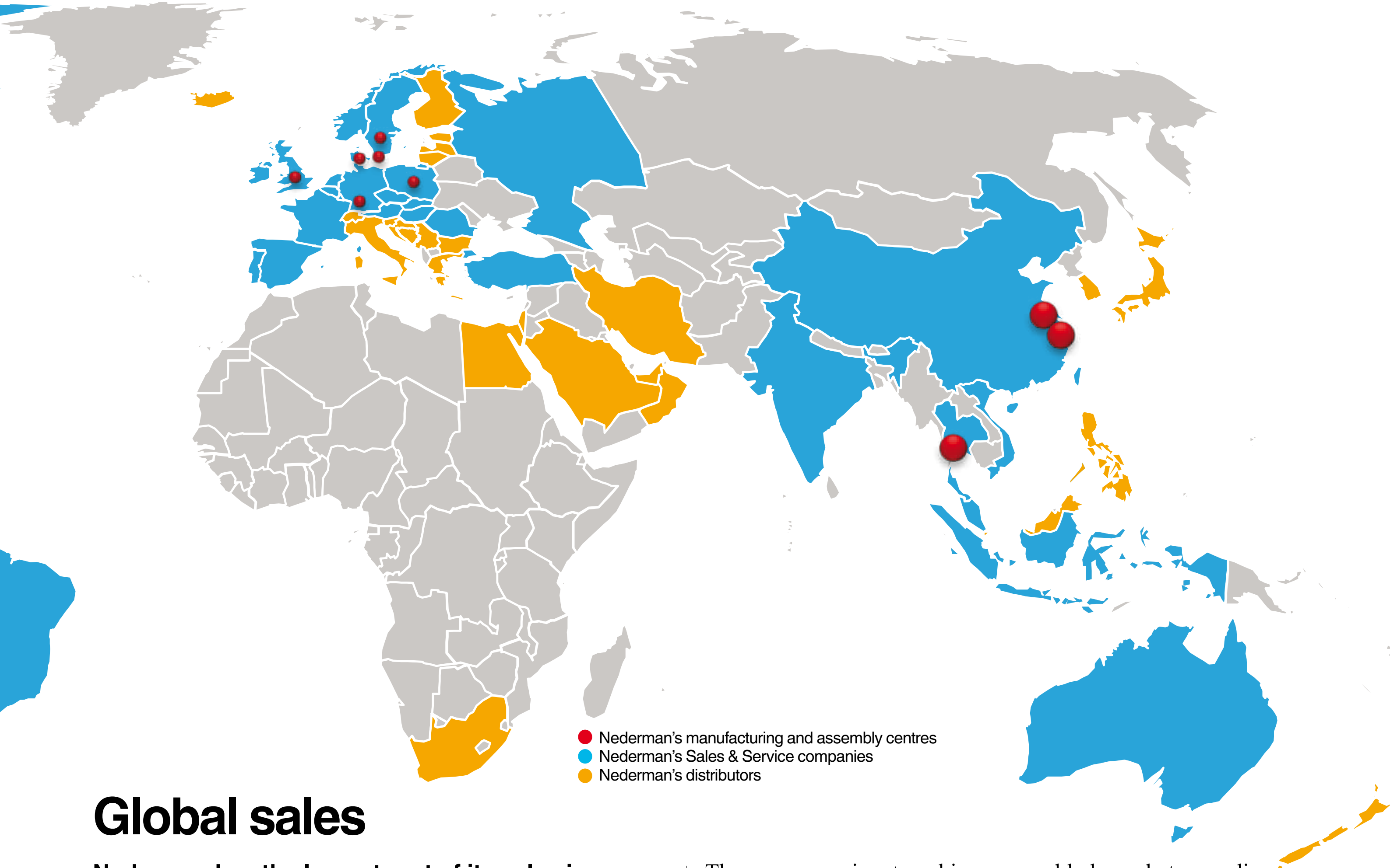
Business Development & Marketing

Marketing and communications, strategic product planning, training and strategic business development of the business segments.

Group-wide functions

The Group-wide functions are: Group Management, Finance and IT and Human Resources.

Nederman
www.nederman.com



Global sales

Nederman has the largest part of its sales in Europe. But the Group has a strong global presence and strives to expand in Asia and other growing markets. Over a five year period Nederman has established a strong presence in China, India and Brazil.

The company aims to achieve a good balance between direct sales and sales through distributors and retailers to reach customers with different needs.

The Group has its own sales companies in 29 countries, and distributors in additional 30 other countries. Through the sale of customised 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 importance of service has been strengthened in recent years as the Group has increasingly worked with larger plants where the access to quick service is a business-critical factor for customers. Meanwhile the installed base of equipment is expanding on all markets. To serve this base, Nederman has an established service organisation in many countries and is working on a wide scale to extend this organisation not least on the important growth markets.

A strong local presence is of great importance to Nederman to meet changes in market requirements and deliver comprehensive solutions. Sales through distributors give Nederman a high market coverage for individual products and smaller systems.

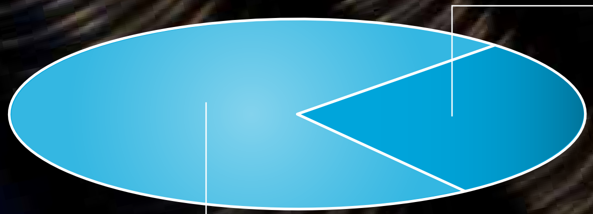
During the year, the company's own sales organisation was developed to strengthen performance on new markets. A regional structure was established for sales and technical support on developing markets and within specific application areas.

Operating segments

The two geographical operating segments, EMEA and International, are the Group's reporting units.

Operating segments' share of sales

International 29,5%



EMEA 70,5%

Operating segment

EMEA Europe, the Middle East and Africa

The EMEA operating segment comprises Nederman's activities in Europe, the Middle East and Africa. After a few meager years 2011 was characterised by cautious recovery mainly driven by a built-up need to invest within European industry.

Thanks to a broader product range and stronger market presence, Nederman was able to reinforce its positions in nearly all markets.

Nederman has established a strong position on the European market that was made even stronger through the integration of Dantherm Filtration's business and products. Meanwhile there is growing market interest in the concepts that Nederman is continuously developing and marketing towards selected business segments.

Nederman has 11 well-established sales companies in Europe and smaller sales companies and distributors in other countries within its EMEA operating segment. To achieve critical mass in growth markets, Nederman strengthened its regional structure and organisation during the year. Among other measures the support functions for the sales companies and resources were allocated to enable larger business activities.

Business performance

All amounts, unless otherwise stated are stated in SEK m	2011	2010*
Incoming orders	1,418.7	1,384.2
Net sales	1,410.8	1,424.2
Depreciations	-20.9	-23.9
EBIT*	140.2	120.8
EBIT margin %*	9.9	8.5
Average no. of employees	937	936

* Proforma, includes Dantherm Filtration as we had owned them for the whole 2010.

The year as a whole saw an increase in orders received due to the built-up investment requirement within European industry. Most geographic markets reported growth, with development especially strong in Poland, Sweden and Germany.

In the latter part of the year the debt crisis in the euro region and consequent uncertainty about economic development resulted in greater caution and drawn-out decision-making especially for customers in southern Europe.

Net sales reached SEK 1,410.8 million (1,424.2 m) adjusted for currrency, acqusition and divestments, a climb of 4.4 per cent compared with the previous year.

Orders received rose by 8.0 per cent to SEK 1,418,7 million (1,384.2 m), adjusted for currrency, acqusition and divestments.

The operating profit was SEK 140.2 m.

Europe

The key German market showed a positive trend in both invoicing and orders received. Nederman has its largest individual sales company in Germany with key customers in the engineering and car industries. In the Nordic region both Sweden and Norway reported good development, but the Danish market remained weak. A large order from Stena Aluminium in Sweden for solutions that filter flue gases that arise in the re-smelting of aluminium products, showed the strength of Nederman's expertise and its attractive offer in industrial air filtration.

Despite the weak economy in the UK, Nederman won market share and was able to report stable levels of invoicing and orders received during the year. Nederman has also been awarded the prestigious "Best Supplier Partnership" together with BAE Systems, an important customer in the aircraft industry.

Progress was also positive in Eastern Europe, not least in Poland where a high level of orders were received from several industries, including foundries, composite processors and smaller businesses in the automotive sector.

Countries in Southern Europe have been affected by the debt crisis and by high unemployment. In the latter part of the year a decline in orders received was noted in Spain and Portugal.

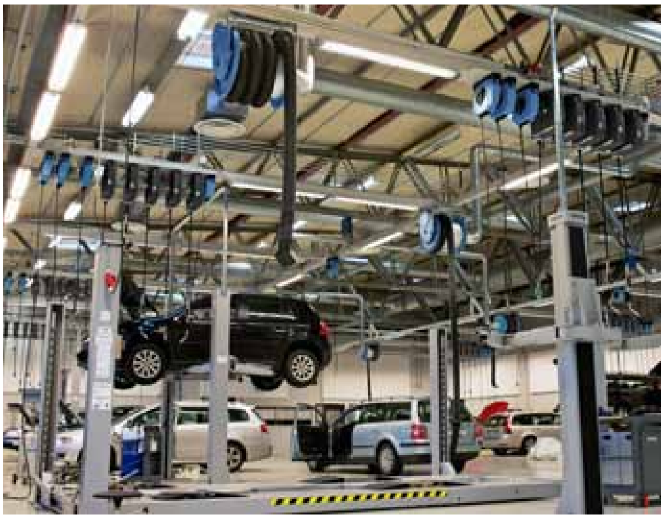
The Turkish market developed well, especially within vehicle repair workshops and emergency vehicle sectors.

Middle East and Africa

Nederman has a relatively small proportion of its business in this region, but the demand is expected to grow as the industrial development and awareness about environmental and working environmental issues increase. We are making ourselves ready to respond to an increasing demand in the region.

Continued development

Europe has accounted for a significant share of the Group's sales for some time, but there are still good prospects for future growth. This growth can occur by expanding market share on existing large markets and by establishing stronger representation in countries where Nederman's position is currently weaker. Nederman is also strengthening its presence in the Middle East and Africa, which are considered to be long term growth market.



South East Europe is an expanding market. Demand for equipment for vehicle repair shops is increasing in Turkey and other countries.

Operating segment
International

The operating segment International accounts for Nederman's business in Asia, the Pacific region and North and South America. Growth was good on most markets during the year. The performance was especially strong in growth markets in Asia and in Brazil, where Nederman continues to increase its presence.

The aim is to develop a regional structure with a competitive cost base that is reinforced by the high competence and broad product range of the Group's global organisation.

The Group has an established presence on mature markets like the USA, Canada and Australia, where we are currently increasing the range of products that we are offering. The growth rate is high on the markets in Asia and South America, where the Group makes considerable investments. The aim is to develop a regional structure with competitive cost base that is reinforced by the high competence and broad product range of the Group's global organisation.

Industrial progress in growth countries usually brings enhanced environmental awareness and stricter legal requirements regarding industrial emissions to air and water. This favours demand for Nederman's heavier products and industrial solutions.

Demands have also increased regarding the working environment, although this development is primarily driven by industry's growing need to attract and keep qualified personnel.

Business performance

All amounts, unless otherwise stated are stated in SEK m	2011	2010*
Incoming orders	605.8	545.6
Net sales	590.1	530.6
Depreciations	-12.8	-14.8
EBIT*	67.4	37.2
EBIT margin %*	11.4	7.0
Average no. of employees	467	346

* Proforma, includes Dantherm Filtration as we had owned them for the whole 2010.

During the year growth was high in most markets without any noticeable effects from the uncertainty about the global economy. Good growth in orders received was reported in China, India and Australia, where Nederman has further intensified its efforts and sales during the year.

Net sales for the International operating segment reached SEK 590.1 million (530.6 m) adjusted for currency differences, a climb of 19.1 per cent compared with the previous year. The operating profit was SEK 67.4 million (37.2 m).

Orders received rose by 18.6 per cent to SEK 605.8 million (545.6 m), adjusted for currency and acquisitions.

Asia

Demand remained good in China during the year and Nederman's business in China continues to develop according to plan. The geographic presence has been expanded through several local sales offices, retailers and distributors. One example of the Group's progress in China is the order for complete solutions for filtration of dust and hot gases in Komatsu's new foundry in Changzhou that Nederman received during the year. The solution has been designed and manufactured locally by Nederman in China, which illustrates the strength of developing a Chinese organisation with the competence and capacity for large projects and solutions.

Development on the Indian market also remained positive with a considerable rise in orders received compared with the previous year. Among other successes, important orders were awarded from the foundry and wind power industries. Nederman is also expanding local sales offices, distributors and retailers in India in order to boost product sales as well as larger projects within industrial air filtration.

Markets in South East Asia reported a positive trend in Indonesia, Malaysia, Thailand and Vietnam. During the autumn, however, Thailand was affected by flooding, which led to delays in some projects and lower orders received on this market.

Pacific region

Nederman has been established in Australia for over 20 years, primarily within applications for welding and the mineral industry. The company now has a wider business offer and is noting good growth and higher market shares within industries such as vehicle workshops and the market for filter solutions.

North and South America

The market in the US remained stable during the past year with some improvement in the investment climate noted towards the end of the year. The trend in Canada remained positive with good demand for products that extract welding fumes and vehicle gases as well as for filter solutions.

The Brazilian market, in which Nederman has had a presence with its own sales and service organisation since 2008, continues to develop positively, and the country's economy is reporting steady growth. To strengthen Nederman's position, a decision has been made to set up an assembly plant in Brazil, which is expected to be in operation in the first quarter of 2012.

Continued development

During the year the International segment has strengthened its ability to work in Asia as well as North and South America. The local organisations in the various regions have made progress while central resources for supporting larger, more complex business deals have been increased.

Capacity has been expanded at the plant in Suzhou, China, with a second phase due to start in the second quarter of 2012. A decision has also been made to increase production capacity with a new plant in Thailand. Due to delays caused by flooding in Thailand, it is not expected that this plant will be in operation until the first quarter of 2012 when it will then also be able to function as a distribution centre for South East Asia.

Business areas

During the year the Group has developed its organisation and now works with 19 Business Segments organised into four Business areas.

BA Metal fabrication

Offer
Products and solutions for the metal fabrication industry that create good working environments and contribute to efficiency and quality in connection with welding, flame cutting and other metal fabrication.

Leading customer industries
- Engineering industry
- Automotive industry
- Other metal-processing industry

Business Area
Metal fabrication

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. This creates a large market for Nederman in the engineering industry and other metal fabrication industries.

In the metal fabrication industry, an investment in Nederman's products produces a good return in the form of healthier employees and increased production efficiency and quality. In addition there are strong economic incentives for recycling of sand blasting material, metal chips and swarf.

For these situations Nederman has developed systems that capture welding fumes, oil mist and other particles directly at source along with filters and other accessories that are needed to facilitate recycling of waste products.

Market development

Demand has increased with a good level of orders received during the year. The main focus of sales is Europe, but North and South America are also important, and growth is considerable in Asia, the Pacific region and in Brazil.

Nederman's product range and market position have been strengthened significantly regarding filter solutions for large plants through the completed integration of solutions from Dantherm Filtration.

The Group's complete concepts for welding and flame cutting have been further developed. A joint concept for blasting will be launched on prioritised markets in 2012. Furthermore, an existing machining concept will be launched in new geographic markets.

Manual and automated welding processes

It is estimated that around one million people in the EU and around 400,000 in the US work as welders, while numbers are growing in other regions in line with industrialisation. Competition is growing for qualified workers, and a good working

environment is becoming an increasingly important factor in recruiting and keeping good welders.

In this segment Nederman has a comprehensive range of products and complete solutions for taking care of welding fumes. The Group has the products and solutions for varying requirements, from mobile units that can accompany the welder around a site, to stationary equipment for entire production lines and plants. Solutions are also available that protect welding robots and machines in automated manufacturing processes.

Thermal cutting and blasting

Thermal cutting produces larger amounts of smoke and dust than for example welding. For this purpose Nederman has

Nederman's products contribute to fresh and clean air in the metal machining industry, creating the right conditions for top performance.

Case

Complete concept for improving the working environment and boosting efficiency

Nederman is devoted to the development of complete solutions for production lines and plants in all types of industrial processes. One example is the Nederman Machining Concept that has been developed to meet the metal fabrication industry's current and future demands for a good working environment and high production efficiency.

BAE Systems in the UK was awarded the "Best Supplier Partnership" prize in 2011 by the Manufacturing Technologies Association for collaborating with a group that includes Nederman. BAE Systems won the award for producing a highly effective production system for the F-35 Lightning II aircraft. The Nederman Machining Concept was an integrated part of the production system.

The Nederman Machining Concept provides a complete solution of effective filters for cutting fluids, handling of metal chips and air filtration in the production plant. In addition to a good working environment, the concept helps to boost efficiency and reduce production costs.

developed ultra high capacity filters and systems for larger plasma, gas and laser cutting plants. Blasting operations generate large amounts of dust and particles from blasting media, metals and coatings that must be cleared up. Nederman's products can extract, filter and collect materials released through blasting. The equipment can recirculate blasting media, which boost production economy because a metal-based media can be recycled several hundred times.

Mechanical metal fabrication

Nederman offers products and systems for use in connection with turning, milling, drilling and cutting. Examples of products include conveyors, centrifuges, filtration systems, briquette presses and crushers that are provided in the form of turnkey solutions for complete production lines.

When metals are processed mechanically, waste products are produced in the form of metal chips mixed with cutting or cooling fluid. Nederman'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 and re-use cutting fluids. To further increase the value of waste products, metal waste can be formed into briquettes prior to recycling. This helps customers achieve cost savings while reducing the environmental impact.

Nederman also offers solutions for filtering oil mist out of the air, which would otherwise be a health risk if breathed, cause dirty surfaces or damage electronic components.

BA **Fibre-based industries, waste management and general industry**

Offer
Products and solutions for clean, safe handling of dust from processes and transport in both large and small plants, and from individual processing activities.

Main customer industries
- Wood and paper processing
- Waste management and recycling
- Composite processing
- Marine and offshore
- Food
- Chemicals and pharmaceuticals

Case

Complete solutions protect the environment when processing composites for wind turbines

Companies that process composite materials for aircraft, autos and wind turbines are a key customer group for Nederman. In 2011, Nederman was asked to supply SSP Technology in Denmark with complete solutions for extraction of grinding dust and welding fumes during the production of turbine blades for a wind park.

The solution for extraction of grinding dust

Business Area

Fibre-based industries, waste management and general industry

Process dust is a major problem in many industries. Particles and fibres can cause health problems when inhaled, while they may also damage product quality. Some types of dust also cause fire and explosion risks.

Meanwhile there is value in handling waste products such as sawdust. Nederman has developed a wide range of products and solutions to deal with these problems.

The business area markets Nederman's business offer to a number of industries that involve the handling of dust, mainly from organic materials such as wood, grain and composite materials. Customers are active in wood and paper processing, waste management and recycling, and composite processing.

Broad business offer

Nederman's products and solutions are often needed for safe and efficient operations by customers. They are also designed with consideration for fire and explosion risks (ATEX classifications). In larger plants the equipment is often fully integrated in the customer's processes where they contribute to efficient use of energy. The business area also offers the possibility to upgrade existing plants with more energy-efficient equipment.

For smaller plants and processing activities there are flexible applications that can be connected to individual tools so that particles can be collected directly at source. The range is complemented by a large collection of accessories to ensure simple and ergonomic use.

Customers also set high requirements for availability, which means that Nederman will provide regular service and maintenance based on a specified agreement.

Overall the business area has a relatively high proportion of product sales via different distribution channels. Complete solutions are also delivered to major projects.

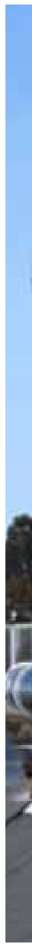
Fibre-based industries

The business area is a leading supplier to the international wood and paper processing industry. This includes sawmills and wood-planing plants as well as wood processing companies in the furniture, door, window and board sectors. Customers include printers and packaging producers.

These industries are found in many parts of the world and Nederman has high market shares in countries with significant wood industries, primarily in Scandinavia and Northern Europe. The business area is also growing in other regions, partly due to the expansion of the wood and paper industries in Eastern Europe and China.

In addition to increased awareness about the working environment, the market is being influenced by greater demand for wood-based products in buildings and interiors and for paper-based products. The use of wood is also increasing due to there being greater focus on renewable and recyclable materials.

For the international wood and paper processing industry the business area has developed an integrated and flexible concept based on the joint knowledge of the Group. This concept contributes to a better working environment and makes it possible to use waste products for recycling.



General industry

Alongside the wood and paper processing industry the business area also focuses on other industrial activities, including composite processing as well as the marine, offshore, food and pharmaceutical industries.

The composites industry is expanding rapidly as composites are increasingly used in cars and other vehicles due to their unique combination of low weight and high strength. In the production of rotor blades for wind turbines and aircraft bodies, composite materials provide a superior finish and minimal air resistance.

When composites are cut, ground, processed or finished, dust particles and fibres are produced that must be taken care of to avoid harming employee health, damaging product quality or causing stoppages for maintenance of processing equipment.

from composite materials is based on two stationary high vacuum units with filters and accessories. Nederman supplies a complete solution for extraction and filtration of welding fumes over several work stations.

These extraction and filtration systems are equipped with energy-saving devices that match power consumption to actual requirements.

A solution for the ventilation of production premises that includes economic heat recycling is also apart of the order.

SSP Technology A/S is an international company that develops and manufactures moulds, tools and patented components in composite materials for the wind turbine industry.

Nederman's solutions will be installed in connection with the rebuild and new build of four production halls in the first quarter of 2012.

Effective handling of dust and particles is essential in industries that use composites and other fiber-based materials.

Zero tolerance applies for faults in components used in aircraft, for example, while in the working environment no particles must be able to enter a worker's lungs or cause skin irritation.

Waste management and recycling

Waste management and recycling are fast-growing sectors driven by the desire to utilise the value in waste materials and reduce the amount of waste that goes to landfills. Examples of materials are wood, plastic, aluminium and other metals. Another important driving force alongside materials recycling is the wish to exploit the energy content in wood and paper waste as well as plastics.

In many recycling processes, handling is a major problem for the working environment, not least because large quantities of complex and dust-generating materials are being handled. This creates very interesting opportunities for Nederman, which has products and solutions that can collect hazardous dust and thus contribute to an improved working environment.

BA Process industry and Energy

Offer
Products and solutions for process industries and incineration plants. Our systems are designed to manage and cool down large amounts of hazardous or hot gases and to recycle energy from the processes. Our systems also secure a safer working environment and protect the outer environment.

Main customer industries
- Foundries
- Smelting plants
- Biofuel and incineration plants

Business Area
Process industry and Energy

Large flows of hot, hazardous gases are generated in many processing and incineration plants. To handle these gases and recycle valuable energy, Nederman has developed systems based on large-scale filters and heat exchangers.

Typical usage are foundries and smelters as well as combustion units at biomass and waste plants.

To meet the requirements of these markets, Nederman's Process industry and energy business area supplies various complete solutions. They include filter systems that can handle large quantities of hazardous or hot gases and heat exchangers that can recycle energy, as well as complementary products that include equipment for cleaning machine halls. The company takes responsibility for the design, assembly and start-up of complete plants and will supply continual service.

Our products meet the highest demands for performance while they also offer low energy consumption and low maintenance costs.

The process industry demands powerful filters to treat flue gases and hot air exchangers that recycle valuable energy.

Market development
An extensive and global expansion is occurring in the process industry among activities such as smelting plants, foundries, biofuel and incineration plants. For a smelting plant, the driving force is primarily the need to recycle materials, while foundries mainly meet the auto industry's growing demand for components made of steel and aluminium.

Expansion is especially strong in growth markets such as China, India and Brazil, while in other regions such as Europe there is primarily an upgrade of existing equipment taking place. New investment is still being made, however, in plants that recycle aluminium for example.

The market comprises a large number of companies, everything from smaller family businesses to major corporations. As a rule, many foundries are small businesses, while steel and aluminium smelting plants are often part of larger, global companies.

During the year there was recovery on the market following the downturn last year. There is a built-up investment requirement in Europe and orders received have been favourable while growth has continued in Asia.

Foundries
Foundries demand advanced equipment that safeguards a good working environment and reduces impact on the external environment. An important economic factor is limiting energy consumption and reusing foundry sand, which is enabled when Nederman equipment is used. Nederman has for some time been one of the leading suppliers to foundries on the European market. The company also operates in China and India, where

Case

Nederman delivers solution to unique aluminium smelting plant

During the year, Nederman received an order worth SEK 30 million in connection with the decision by Stena Aluminium to almost double production at its smelting plant in Älmhult, Sweden. Nederman will provide solutions for filtering the flue gases that arise during the resmelting of aluminium products.

This smelting plant is the only one in Sweden that produces aluminium from recycled material. Stena Aluminium is investing around SEK 200 million to upgrade the plant to provide both capacity and environmental improvements. The investment will mean that despite higher production the environmental impact will be reduced to below its current level, enabling the company to eliminate unpleasant aromas from production.

The treatment of flue gases will take place in different stages. Bicarbonate and active carbon are used first to react with acidic compounds and dioxins. The flue gases then pass through two filter systems supplied by Nederman that separate particles and reactive substances. The treated gases are then led through an afterburner chamber to a chimney.

Nederman's Swedish sales company supplied project management for the solution, while the filter system was manufactured by Nederman's production unit in Friesenheim, Germany.

sales are growing, and in other growth markets. During the year the company developed and launched a complete solution for foundries, the *Nederman Foundry Concept*.

Smelting plants

Within the smelting plant sector Nederman is established as a solution provider within so-called secondary smelting plants, mainly focused on recycling aluminium.

Smelting plants require systems that safeguard the working environment, reduce impact on the outer environment and improve the efficiency of energy consumption. Smelting plants also have specific requirements for advanced absorption systems that can handle toxic and unpleasant gases from production processes containing hydrogen chloride, dioxins, quicksilver, etc.

For this market Nederman offers a broad range of equipment and systems for dust separation, absorption, etc. This includes the advanced Rotosorp system that has patent protections in Europe, the US and several other countries.

Energy

Biomass together with wind power and hydropower are vital renewable sources of energy. An extensive expansion of combined heating and power plants powered solely or partly by biomass is taking place in many countries. Incineration plants for waste are also being expanded, and energy recycling is a vital feature of these projects.

Nederman offers solutions for extraction and filtration including heat recovery, focused on smaller sized incineration plants.

BA Services and automotive aftermarket

Offer *Services*
The business area aims to provide qualified servicing for all of Nederman's products and solutions for customers all over the world.

Offer *Automotive aftermarket*
Products and solutions that safeguard a good working environment and efficient work stations for vehicle workshops, fire and emergency stations and emergency vehicles, and vehicle testing centres.

Main application areas
- Vehicle workshops
- Fire and emergency stations

Nederman supplies a complete range of equipment for handling exhaust fumes in vehicle repair shops to ensure a clean and safe working environment.

Business Area
Services and automotive aftermarket

Being able to offer qualified service and maintenance on all markets is becoming increasingly important for Nederman. The Group has therefore gathered its service offer within a special business area and is currently building up representation in all its markets.

This business area also includes the Group's products and solutions for the automotive aftermarket as a separate unit.

Service

Service is a key factor for Nederman's customers as our products are often business critical for them. This is especially true when our installations are integrated in the customer's production line and fast access to service is essential to avoid production downtime and unnecessary costs. In some countries, there are legal requirements to ensure that equipment for ventilation of exhaust fumes is checked regularly, which is a service that Nederman offers.

The importance of service has grown in recent years as the Group has worked on larger plants and the base of installed projects is growing steadily.

To serve this need Nederman has previously established its own service organisation with the main emphasis in Europe, where many of the Group's customers have installed Nederman's equipment. Major efforts are being made to expand the service organisation on growth markets mainly in Eastern Europe and Asia.

The establishment has started of a regional service organisation for the EMEA and International operating segments with local service managers. Activities will be adapted in each country to meet the specific requirements of the local market and will be served by support functions in each region.

By increasing availability and the scope of the service offer the Group can create the conditions for greater efficiency and lower production costs for customers. The increase in the share of turnover coming from service is also beneficial for Nederman. Service sales usually have higher margins than sales of products and systems and they are also less sensitive to the business cycle.

Automotive aftermarket

Nederman is a world leader with its solutions for safeguarding a good working environment in vehicle workshops, fire and emergency stations, and MOT (vehicle inspection) centres. The products and solutions for these applications are an independent part of the services and automotive aftermarket.

The auto aftermarket is relatively immune to the business cycle, as cars need service and repairs even in bad economic

Case

Chinese auto technicians receive training from Nederman

During the year Nederman delivered a system for handling vehicle exhaust gases and equipment for ergonomic workplaces to a school for qualified auto technicians in Guangdong, China. The new school, run by Swedish truck maker Scania in collaboration with Guangdong Institute of Technology, is part of the institute's automotive programme.

As the transport industry develops in China there is a growing need for well-trained technicians who can support commercial vehicles. The school provides a three-year training course with both theory and practice that will raise competence levels in an industry that so far has mainly focused on service and repair of passenger cars.

Nederman has a very positive view of this school, which is expected to increase awareness of the need for safe and efficient workplaces at the many vehicle repair shops in the country.

Competition for qualified labour is fierce in China, so the working environment plays an important role in attracting and keeping staff. The training course will help to boost development towards greater safety.

times. Nederman already has an established position on markets in Europe and North America. Increased awareness of the importance of the working environment and growing car fleets mean that the market is growing in many countries and regions. This is especially true in Eastern Europe and the Middle East, where Turkey among other countries has emerged as an interesting market for vehicle repair shops and fire stations.

Vehicle repair shops

Nederman offers a wide range of solutions for both large and small vehicle repair shops serving all kinds of vehicles. These solutions provide a clean and safe working environment with workplaces that are ergonomic and more efficient.

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 paint jobs. The systems take care of fumes directly from exhaust pipes on the vehicles inside the repair shop and are suitable for all types of vehicles.

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.

Fire and emergency stations

Fire and emergency stations are an important application area for Nederman's systems for management of vehicle exhaust indoors. 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. To be used in connection with emergency vehicles, Nederman's systems must meet very high standards for reliability under heavy use.

Vehicle testing centres

In a similar way to fire and emergency stations, vehicle testing centres need to handle exhaust fumes in order to provide a good working environment In both cases, 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 area 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 which is ready for use again when the vehicle returns.

Operations

Operations have responsibility for Nederman's global purchasing, production, logistics and product development. During the year, work on developing the purchasing and production structure has continued with the aim of strengthening competitive strength across the Group's geographic markets.

A decision has been taken to establish new plants in Thailand and Brazil.

Long-term efforts are being made to increase purchasing and added value throughout the regions. This helps the Group achieve lower costs while offering a higher level of service and shorter lead times. This also means a lower environmental impact because transport can be reduced.

Greater procurement efficiency

The Group's purchasing organisation includes a strategic centre in Helsingborg and purchasing units in all regions and local sites. The organisation underwent major change during the year and was strengthened with global product group managers whose task is to generate benefits of scale and support regional and local purchasers.

Several projects have been carried out to reduce the number of suppliers and achieve more advantageous prices. Efforts continued to increase the share of components that is locally procured in the markets where we have our production plants.

Manufacturing in eight countries

Nederman's components are manufactured at the company's own plants and by subcontractors. 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.

During the year the Group continued to enhance the efficiency of production and expand capacity. Measures have been implemented to increase synergies between existing plants and move a larger part of assembly close to end customers, mainly in growth markets in Asia.

At the start of the year production in Arboga was moved to Poland where the Group intends to perform an increased share of labour-intensive production. Production at the unit in Sandefjord, Norway was also transferred to Helsingborg and Töredal, Sweden. Activities in North America have been rationalised and collaboration between the units has been intensified.

Following these changes the Group has ten production units. Five of these units are in Europe, of which two are in Sweden and the others in Denmark, Poland and Germany. In Asia there are two units in China and one in Thailand. There is one unit in the US and one in Canada. Product development is carried out at the plant in Helsingborg and at other plants within the Group.

An expansion of capacity has begun at the unit in Suzhou, China, and this will move into a second phase during the spring of 2012. A decision has also been taken to increase production capacity with a second factory in Thailand, which will also function as a distribution centre for South-East Asia.

Savings potential within transport

The Group's transport costs are considerable, which means there is great potential for making savings. During the year a survey of transport activities was made, which has led to an action plan that should lead to savings in 2012.

Savings will be made possible via a combination of increased transport coordination within the Group, shorter travelling distances, fewer vehicles and better transport terms.

Sustain-ability and quality

Nederman has an overall focus on developing and supplying products and solutions that contribute to a better inner and outer environment for the company's customers. Another important focus is to ensure that the Group's own activities are both environmentally and economically sustainable.

Nederman strives for continuous development and improvement of its products and of the environmental, safety and working environment aspects of its activities.

During the year the Group strengthened its environment and quality work and adopted a new environment and quality policy. A key assignment has been implementing this policy throughout the organisation. Following an independent survey, Nederman has been awarded a global certificate for its quality and environment management system. This means all of the Group's companies have been certified with ISO 14001:2004 for environment management and ISO 9001:2008 for quality management. The Nederman companies will continue in future to be subject to regular checks and audits in accordance with a planned schedule.

Life cycle analysis

Nederman's products and solutions are designed to give the lowest possible environmental impact during their life cycle from raw material via production and use through to recycling. Life Cycle Analyses show that most products are a burden on the environment during transportation in connection with production and delivery to the customer, and via energy consumption when used by the customer.

Products and product development

To reduce the environmental impact, the product development process includes a thorough analysis of the technical, environmental, user and market properties for each product. This might include, for example, choosing materials and processes in production with consideration for their impact on the inner and external environment as well as minimising the final product's energy consumption. Products are also designed so that they can be easily recycled after use.

As part of this work, an environmental analysis method for products and product components called MET (Material, Energy and Toxicity) was adopted during the year. This means that all products developed for launch from 2012 and onward will be analysed in terms of materials, energy consumption during production and any toxic properties.

All of the main versions of existing products will eventually be analysed in the same way in connection with product reviews.

Production

Nederman sets the same environment and quality demands on its suppliers that it sets for its own business, which means, among other things, that they should be certified in accordance with ISO 9001 and ISO 14001. During the procurement process suppliers undergo an assessment that includes regular evaluations and checks as well as an activity plan.

Nederman operates a system to ensure that no banned or dangerous substances are used during production, installation or servicing. When new components are bought or suppliers are changed, a series of tests, samples and zero series are performed to safeguard correct choice of functionality and materials.

Transport

Life Cycle Analyses show how important it is to minimise the environmental impact of transporting raw materials, components and finished products. The aim is that all transport assignments shall be performed by carriers that have ISO 9001 and ISO 14001 certification.

Transport can also be reduced by increasing local purchasing and through better coordination of the Group's units.

Continued development

In addition to the positive effects for the environment and health resulting from customers using our products and solutions, we work continuously to optimise our processes both internally and in the supplier network, and to minimise potentially negative impact on the environment, people and society.

To support this work during 2012, Nederman has decided to analyse in which areas the environmental and strategic benefits of improvements are greatest. This should form the starting point for setting targets in each improvement project and for choosing suitable indicators that can be measured and reported annually in accordance with the internationally recognised GRI reporting standard.

Human Resources

To achieve sustainable and profitable growth Nederman must employ people with the right skills and values.

The important assignment of attracting and developing staff and managers is performed by the Group's Human Resources team.

The HR team has identified the following three success factors in developing the Group's human capital:

- Strengthening leadership capabilities, and actively working with succession planning to respond to high organic growth and further acquisitions.
- Developing a performance management program to ensue 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.

Key issues and challenges for the HR team include developing sales skills within the Group in order to carry out our three types of sales – *products, solutions and services.*

It is also important to attract new colleagues and maintain good communication within the company and with the outside world. The future growth of the Group is linked with the ability to attract and keep staff in the Group's business in Asia.

Development of soft values

The practical projects aimed at integrating the acquired business within Dantherm Filtration were completed by the end of the year. Meanwhile the work aimed at developing the Group's values and corporate culture will continue.

Consequently the Human Resources team implemented a process during the year to define the Group's core values. These values emphasise a corporate culture characterised by profitable customer focus, respect for the environment and each other, and the courage to make changes.

These values will underpin the performance management process that Nederman will implement in 2012. The aim of this activity is to ensure a connection between Nederman's overall goals and strategies and its employees so that everyone knows what to focus on and what skills to develop so that performance matches expectations.

While last year's management conference dealt with integration, this year's conference focused on turning words into action and management's role in implementing strategy.

New training programme

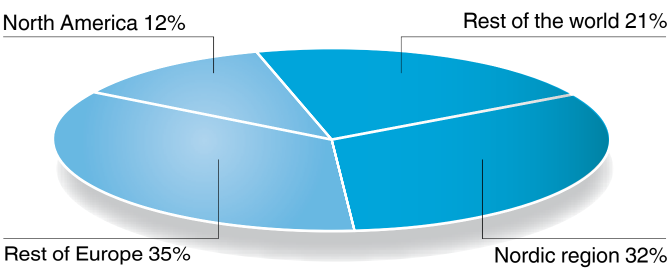
During the year, staff training programmes were developed and made more effective. Among other courses, a global e-learning program was implemented to introduce new employees to the company.

Training courses in communication and presentation techniques were carried out as well as a large number of product and business area training courses for both staff and customers.

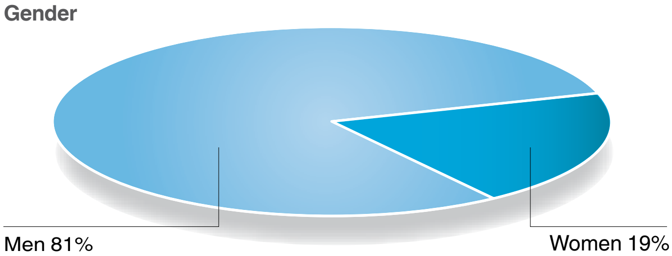
The number of employees

Nederman had 1,465 employees (1,455) at the year-end. The average number of employees during the year was 1,434 (1,309). The distribution of the number of employees by region and gender is shown in the diagrams below. Nederman has most employees in Europe, but the aim is to increase numbers in Asia, Brazil and other countries in line with financial growth.

Employees per region

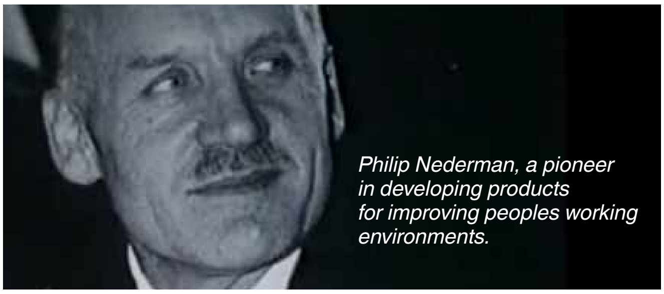


Gender



The Nederman share

Nederman shall 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.



Philip Nederman, a pioneer in developing products for improving peoples working environments.

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

The parent company's shareholders' equity at year-end was SEK 406.3 million (359.8 m).

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.

Printed 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 2,572 (2,915). Each share in Nederman gives entitlement to one vote.

The share of Swedish ownership was 96.7 per cent (88.1).

The ten largest shareholders accounted for 78.5 per cent (73.9) of the total shares. The largest individual shareholder is Investment AB Latour. The table to the right shows Nederman's ownership at December 31, 2011.

Dividend and dividend policy

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

For fiscal year 2011, the Board of Directors is proposing a dividend of SEK 3.25 per share (2010: SEK 1.50).

History

1944	Company founded by Phillip Nederman.
1983	Listing on the Stockholm Stock Exchange OTC list.
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.
2011	The acquired business is integrated.

Price performance (OMX Nordic EUR PI – Nederman Holding)

Shareholders December 31, 2011

	Number of shares	Share %
1 Investmentaktiebolaget Latour	3,512,829	29.98
2 Lannebo Fonder	1,297,000	11.07
3 Ernström Kapitalpartner AB	1,264,179	10.79
4 CBLDN-IF Skadeförsäkring AB	1,160,400	9.90
5 Swedbank Robur Fonder	543,706	4.64
6 Fondita Nordic Micro Cap SR	400,000	3.41
7 SHB NTC UN Joint Staff	339,605	2.90
8 Didner & Gerge Fonder Aktiebolag	337,209	2.88
9 Fjärde AP-fonden	182,546	1.56
10 Kristensson, Sven	164,881	1.41
Ten largest, total	**9,202,355**	**78.54**
Other shareholders	2,512,985	21.46
Total number of shares	**11,715,340**	**100.0**
Percent foreign ownership		3.30

Financial information in brief

SEK m	2011	2010	2009	2008	2007
Income statement					
Net sales	2,000.9	1,694.1	1,052.0	1,272.3	1,041.4
Operating profit before depreciation (EBITDA)	182.6	89.5	41.4	158.7	125.2
Operating profit (EBIT)	140.5	51.3	23.3	140.8	107.4
Profit before taxes	107.8	26.9	17.2	125.6	98.7
Net profit	**86.8**	**21.1**	**14.6**	**92.6**	**70.4**
Assets, equity and liabilities					
Fixed assets	740.1	761.5	493.2	483.9	448.9
Current assets	764.3	663.6	349.4	483.1	384.5
Cash and cash equivalents	149.1	228.0	90.9	90.8	76.4
Equity	556.8	498.1	514.7	529.1	451.8
Interest bearing liabilities	535.8	620.2	198.9	234.9	222.1
Non-interest bearing liabilities	560.9	534.8	219.9	293.8	235.9
Total assets	**1,653.5**	**1,653.1**	**933.5**	**1,057.8**	**909.8**
Profitability					
EBIT margin, %	7.0	3.0	2.2	11.1	10.3
Return on shareholders' equity, %	16.5	4.2	2.8	18.9	17.0
Capital turnover rate, multiple	2.2	2.2	1.6	2.0	1.8
Capital structure					
Net debt	386.7	392.2	108.0	144.1	145.6
Net debt/equity ratio, %	69.5	78.7	21.0	27.2	32.2
Equity/assets ratio, %	33.7	30.1	55.1	50.0	49.7
Operating capital	943.5	890.3	622.7	673.2	597.4

Operating key figures, Group

Excluding acquisition and restructuring costs, capital gain on disposal of subsidiaries and IPO costs SEK 6.7 m 2007.

Result and Profitability					
EBITDA	209.1	144.9	51.4	159.9	131.9
EBITDA margin, %	10.5	8.6	4.9	12.6	12.7
Operating profit	167.0	106.7	33.3	142.0	114.1
Operating margin, %	8.3	6.3	3.2	11.2	11.0
Return on operating capital, %	18.2	14.1	5.1	22.4	20.1
Net debt/EBITDA*)	1.8	2.7	2.1	0.9	1.1
EBITDA/net financial items, multiple	6.4	5.9	8.4	10.5	15.2
Operating cash flow					
Operating profit	167.0	106.7	33.3	142.0	114.1
Items not affecting cash flow	45.5	20.1	10.6	24.1	21.5
Cash flow from changes in working capital	-78.9	40.5	98.3	-30.3	-30.4
Capital expenditures, net	-20.8	-14.2	-20.5	-20.7	-16.7
Operating cash flow	**112.8**	**153.1**	**121.7**	**115.1**	**88.5**
Operating cash flow / EBIT, %	**67.5**	**143.5**	**365.5**	**81.1**	**77.6**
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	11,715,340
Average number of ordinary shares during the year, after dilution	11,715,340	11,715,340	11,715,340	11,715,340	11,715,340
Shareholders' equity per share before dilution, SEK	47.53	42.52	43.93	45.16	38.56
Shareholders' equity per share after dilution, SEK	47.53	42.52	43.93	45.16	38.56
Earnings per share before dilution, SEK	7.41	1.80	1.25	7.90	6.01
Earnings per share after dilution, SEK	7.41	1.80	1.25	7.90	6.01
Employees					
Average number of employees	1,434	1,309	672	710	568

Directors' report 2011

The Board and the CEO of Nederman Holding AB (publ) Reg. No. 556576-4205, hereby submit their annual report for the 2011 financial year.

Business

Nederman is a world-leading manufacturer of products and systems in environmental technology, focusing on air filtration and recycling. The company's solutions contribute to reducing the environmental impact from industrial manufacturing, creating clean, safe working environments and increasing production efficiency.

The business offer to customers covers a wide range, from pilot-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, Denmark, Germany, Poland, Canada, the US, China and Thailand.

Nederman's products and systems are marketed by its own subsidiaries in 29 countries, and via agents and distributors in a further 30 countries. The Group had 1,465 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.

Operationally, the Group works with two geographic operating segments. The two operating segments are EMEA (by definition, the same geographic area known before as Europe) and International. EMEA includes operations in Europe, the Middle East and Africa, while International includes operations in Asia, the Pacific region and the Americas. As mentioned above, the Group sells and markets its products, solutions and services in 29 countries via its subsidiaries. The organisation has developed in the year to reflect the integration made regarding the acquired Dantherm Filtration.

Operations are responsible for manufacturing, distribution, product maintenance, product development, logistics, purchasing and quality systems. Production, assembling and distribution are carried out in 8 countries today. In 2011, manufacturing units were closed in Arboga, Sweden and Sandefjord, Norway.

Business Development & Marketing is responsible for marketing and communications, strategic product planning, internal training and strategic business development.

Finance & IT and Human Resources are two group-wide functions with the task of supporting operational activities and taking responsibility for global coordination within each function.

Stock market listing

The company's shares are listed under the "NMAN" ticker on the NASDAQ OMX Nordic Exchange Small Cap list. As of 31 December 2011, there were 2,572 shareholders.

Disposals during the year

In early January 2011, an agreement was signed to divest all the shares in the Finnish company Dantherm Filtration Oy to Indutrade Oy. For the past 27 years, Indutrade's subsidiary, Tecalemit, has been a distributor of Nederman's products in Finland, where it has a strong market position. As a long-term, successful distributor of Nederman›s products Tecalemit has achieved a leading market position in Finland. This transaction further strengthens Tecalemit's and Nederman's joint competitiveness on the Finnish market.

Orders and sales

Group total

Incoming orders amounted to SEK 2,024.5 m (1,689.8), which adjusted for currency effects, acquisitions and divestments is an increase of 11.0 per cent.

Net sales amounted to SEK 2,000.9 m (1,694.1), which adjusted for currency effects, acquisitions and divestments is an increase of 8.4 per cent.

EMEA

Incoming orders for the full year rose by 8.0 per cent compared with last year and adjusted for currency effects.

Net sales for the full year rose by 4.4 per cent adjusted for currency effects.

International

Incoming orders for the full year rose by 18.6 per cent compared with last year and adjusted for currency effects.

Net sales for the full year rose by 19.1 per cent adjusted for currency effects.

Earnings

The operating profit for the period was SEK 140.5 m (51.3). The operating profit includes a gain of SEK 9.5m on the disposal of Dantherm Filtration in Finland. Adjusted for this and excluding acquisition and restructuring costs, the operating profit was SEK 167.0m (106.7), giving an operating margin of 8.3 per cent (6.3).

Earnings were impacted by charges of SEK 35.6 m in restructuring costs, all during the first quarter of the year.

The profit before tax rose to SEK 107.8 m (26.9).

The net profit was SEK 86.8 m (21.1), giving earnings per share of SEK 7.41 (1.80).

Operating segments

EMEA

EMEA includes Nederman's operations in Europe, the Middle East and Africa. After several lean years, 2011 was characterised by moderate recovery, mainly due to the pent-up need for investment in European industry. With a wider product range and stronger market presence, Nederman has been able to strengthen its positions on virtually all markets.

Nederman has had a strong position in the European market for a long time, which has been further strengthened by the integration of Dantherm Filtration's business and products. At the same time market interest has increased in the complete concept that Nederman continuously develops and markets focusing on business segments. Nederman has eleven well-established sales companies in Europe as well as smaller sales companies and distributors in a number of countries in EMEA. To achieve greater critical mass in developing its emerging markets, the operating segments strengthened their regional structure and organisation during the year, including expanding the support units for the sales companies and resources to pursue larger, complex transactions.

Europe

There were positive trends in both sales and orders in the key German market. Nederman has its single largest sales company in Germany, with major customers in the machinery production and automotive industries. In the Nordic region, Sweden and Norway showed good growth, while the Danish market remained weak. A large order from Stena Aluminium in Sweden – concerning solutions for the filtration of flue gases generated during the remelting of aluminium products – shows the strength of Nederman's expertise and offerings in industrial air filtration.

Despite the weak economy in the UK, Nederman has gained market shares and been able to maintain stable invoicing and orders over the year. Nederman was also awarded a prestigious prize for "Best Supplier Partnership" together with BAE Systems, an important customer in the aircraft industry. The performance in Eastern Europe was also positive, especially in Poland, where orders have been good in several industries such as foundries and composite material machining, as well as from smaller customers in automotive repair shops. The countries of Southern Europe have been weighed down by debt crises and high unemployment. In the latter part of the year, a slowdown in orders was seen in Spain and Portugal. The market in Turkey has developed well, especially in the areas of automotive repair shops and emergency vehicles.

Middle East and Africa

Nederman has a very small proportion of its sales in this region, but demand is expected to keep pace with industrial development and as awareness of the environment and working environment increases. We are currently working on how best to meet greater demand in the region.

Future development

EMEA already accounts for a significant portion of the Group's sales, but also offers good opportunities for continued growth. This growth can be achieved by increasing market shares in the already large markets, and by Nederman establishing a stronger presence in countries where the company's position is weaker. Turkey and Russia are examples of countries where Nederman sees good potential. Nederman is also reinforcing its presence in the Middle East and Africa, which are considered long-term growth markets.

International

The *International* operating segment accounts for Nederman's business in Asia, the Pacific region and North and South America. Growth during the year was good in most markets. Particularly strong growth was seen in emerging markets in Asia and Brazil, where the Group continues to increase its presence.

The Group is already established in mature markets like the US, Canada and Australia, where efforts have been made to widen the product range. The aim is to develop a regional structure with a competitive cost structure which is further boosted by the Group's high level of expertise and wide product range. Industrial growth in emerging markets normally fosters greater environmental awareness and stricter, legal requirements relating to industrial emissions into the air and water. This encourages demand for Nederman's heavier products and industrial solutions. Demands concerning the working environment are gradually increasing, but this trend is mainly driven by industry's growing need to attract and retain qualified employees.

Asia

Chinese demand remained strong over the year and Nederman's operations in the country continue to develop as planned. The geographical presence has been expanded by more local sales offices, retailers and distributors. An example of the Group's progress in China is the order for complete solutions for the filtration of dust and hot gases at Komatsu's recently built foundry in Changzhou that Nederman received during the year. The solution is designed and produced locally by Nederman in China, which shows the strength of developing a Chinese organisation with the competence and capacity for large projects and solutions.

Developments in the Indian market have also been positive with a significant increase in orders compared to last year. Significant orders were received from foundries and the wind power industry, among others. In India, there has been a substantial increase in the number of local sales offices and distributors to drive both product sales and major projects in industrial air filtration. The markets in South-east Asia are also showing a positive trend in Indonesia, Malaysia, Thailand and Vietnam. However, during the autumn, Thailand was affected by flooding that led to delays in projects and fewer orders from this market.

The Pacific region

Nederman has been firmly established in Australia for around twenty years, particularly in welding-related applications and in the mineral industry.

The company is now working with a wider offer and saw good growth and increasing market shares even in the automotive repair shops and major filtering solutions.

North and South America

In the US the market was stable during the year while growing optimism in the investment climate was noted towards the end of the year. In Canada the trend remains positive with good demand for products for extraction of welding fumes and vehicle exhaust fumes and for large filter solutions. The Brazilian market, where Nederman started its own sales and service organisation in 2008, continues to develop positively and the country's economy is growing stably. To strengthen Nederman's position, a decision has been made to establish an assembly plant in the country. This is expected to be in operation during Q1 2012.

Future development

During the year the International segment strengthened its capability to work in Asia, North and South America as home markets. The local organisations in these regions have developed while central resources for completing larger business deals have been expanded.

Capacity has been expanded at the unit in Suzhou, China, with a second stage of development planned for the spring 2012. A decision has also been made to increase production capacity with a new factory in Thailand. Due to delays caused by flooding in Thailand, this factory will not be in operation until Q1 2013, when it will also function as a distribution centre for South East Asia.

Product development

The Group's expenditures for development of the existing product range and new products amounted to SEK 25.0 m (18.4). Of this amount, SEK 4.6 m (3.4) was capitalized in the balance sheet.

Expenditures and depreciation

The Group's capital expenditures in intangible assets for the year amounted to SEK 9.9 m (5.7). Amortisation of intangible assets for the year was SEK 15.5 m (13.5). The Group's expenditures in tangible assets for the year amounted to SEK 15.0 m (9.3). Depreciation of tangible assets for the year was SEK 26.7 m (24.7).

Cash flow

The Group's operating cash flow was SEK 112.8 m (153.1), corresponding to 67.5 per cent (143.5) of the operating profit, after adjustments for acquisition and restructuring costs. Cash flow for the year was SEK -77.4 m (1.8). Cash flow was affected negatively by higher capital tied-up in inventories and operating receivables, an effect of increased project activities.

Liquidity and financial position

As of 31 December 2011, the Group's liquid funds were SEK 149.1 m (228.0). Unutilised credit was SEK 122.8 m (98.2). In addition there is a loan facility for a further SEK 311.1 m within the framework of Nederman's loan arrangements with Skandinaviska Enskilda Banken.

The net debt was SEK 386.7 m (392.3). As of 30 December 2011, Nederman has entered into a new financing agreement with SEB that runs for three years with a non-binding extension option of 1+1 years. This agreement has a credit framework of SEK 800 m and is fully revolving. Shareholders' equity was SEK 556.8 m (498.1), which meant an equity/assets ratio of 33.7 per cent (30.1) and a debt/equity ratio of 69.5 per cent (78.7).

Employees

The average number of employees during the year was 1,434 (1,309). 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 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	42,709,952
Profit for the year	64,036,185
Total, SEK	**112,612,837**
Allocated in such way that:	
to shareholders a dividend of SEK 3.25 per share	38,074,855
to the share premium reserve, transferred	5,866,700
to profits brought forward, transferred	68,671,282
Total, SEK	**112,612,837**

The dividend will be finally adopted at the Annual General Meeting on 23 April 2012.

Ownership

On 31 December 2011, Investment AB Latour owned 29.98 per cent of the company's shares, making it the largest shareholder. Lannebo Fonder owned 11.07 per cent and Ernström Kapi-talpartner AB had 10.79 per cent. No other shareholders have a holding higher than 10 per cent.

Risks and uncertainties

The company is exposed to both operational and financial risks.

Operational risks

Competition

Nederman does business on a competitive market that is fragmented in global terms. Competitors are made up of a large number of smaller local and regional companies and a limited number of global businesses. In this context Nederman currently has a relatively strong position, but it cannot be ruled out that changes in this competitive structure would put greater pressure on the company's price levels and its market shares. This might mean that Nederman would have to reduce its prices or increase its marketing efforts, which could have negative effects on the company's earnings and financial position.

Market risks

The company's products are mainly used in the manufacturing industry, although some are also used in the public sector. The market for products and complete projects normally follows a cyclical pattern, while aftermarket sales compensate for the cyclical effects. There are variations between quarters, but they are not considered significant. Naturally, the market is affected by the general economic situation, which in turn is affected by interest rate levels, inflation, political decisions and other factors.

Production plants and distribution centre

Nederman has a number of production plants and distribution centres around the world that are vital for supplying the company's products. If any of them were to be destroyed or damaged this would lead to more or less serious disruptions to distribution of the company's products. To counter these risks the company implements a programme of proactive measures to identify and manage risk areas. The company has also signed insurance policies to protect against damage to property and operational stoppages, which cover the amounts that the company considers to be sufficient to cover losses.

Product liability

Nederman has high ambitions regarding the development of products with consistent high quality and good safety. However, it cannot be ruled out that Nederman might sell products that do not mach specifications, which could lead to demands for compensation. The company has therefore signed a global product liability insurance that is considered sufficient to cover possible demands for compensation and damages.

Financial 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

Nederman's principal focus is the development and provision of products and solutions that contribute to an improved inner and outer environment for the company's customers. Another commitment is that the Group's own activities shall be both economically and environmentally sustainable. Nederman therefore pursues continuous development and improvement of its products as well as its environmental, safety and working environment aspects. During the year the Group has reinforced its environment and quality work and adopted a new environment and quality policy, a Life Cycle Assessment (LCA). A key assignment was to implement it throughout the organisation.

Following an independent audit during the year, Nederman received a global certificate for its environment and quality management system. This means that all of the Group's companies have received certification in accordance with ISO 14001:2004 for the environment management system and with ISO9001:2008 for the quality management system. Group companies will therefore be subject to regular reviews and audits in future according to a schedule.

Remuneration to the Board and senior executives

The 2011 AGM adopted a policy regarding remuneration and employment terms for 2011. 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% 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 annual base salary. Pension payments for other senior executives follow the ITP collective agreement, except for two executives for whom pension payments amount to 8 times the basic index amount per year for one executive and a maximum of 30% of basic salary for the other. 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 six individuals (including the CEO). See note 22 for further information.

The proposed remuneration in 2012 to the Board and senior executives will be in accordance with the guidelines established for 2011, with the exception that it is proposed that the CEO receive an annual premium for the pension plan increased from 30 per cent to 35 per cent of annual basic salary.

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, organisation and the management of urgent matters. 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 2011, special focus was placed on completing the integration of Dantherm Filtration, further adapting of the Group's capacity and costs levels to the current business climate, the Group's strategy for continued expansion, the financial framework and objectives. In 2011, the Board held six minuted meetings. To date, one minuted meeting has been held in 2012. Nederman's Board comprises six ordinary members elected by the 2011 AGM, including the CEO and one employee representative 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 2011 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 23 April 2012. 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.

The corporate governance report is on page 69.

Outlook

The outlook in Europe is difficult to predict due to the effects of the debt crisis. Several important markets however, such as Sweden, Norway, Poland and Germany continue to report sound levels of demand. Meanwhile there are doubts about economic development in markets such as Denmark and Spain. The market situation in the North and South America, Asia and the Pacific region continues to be positive.

Events after the closing date

On 5 January 2012, Nederman acquired Lebon & Gimbrair in the Netherlands. Nederman has collaborated with the company for over 40 years, with Lebon & Gimbrair distributing Nederman's products on the Dutch market. The company had sales in 2011 of around EUR 12 million and 53 employees. Lebon & Gimbrair complements Nederman's existing subsidiary in the Netherlands, which means that Nederman now has a fully comprehensive presence in the country. The deal forms a strong platform for marketing Nederman's complete offer of products, complete solutions and service.

On 10 January 2012 Nederman acquired a business in Turkey from Havak Endüstri Tesisleri Tic. Ltd. Sti. Havak has been a distributor of Nederman's products in Turkey for the past 20 years. In 2011 the business had sales of around SEK 4 million. Both acquisitions will contribute positively to the Group's operating earnings in 2012.

In February 2012 the mergers between AB Norclean and Nederman Holding AB and between Arboga Darenth AB and Nederman Holding AB were carried out.

Consolidated income statement

SEK m	Notes	2011	1 January – 31 December 2010	2009
Net sales	2, 3	2,000.9	1,694.1	1,052.0
Costs of goods sold		-1,170.8	-996.3	-545.6
Gross profit		**830.1**	**697.8**	**506.4**
Other operating income	5	16.0	14.2	8.9
Selling expenses		-509.3	-467.2	-369.4
Administrative expenses		-123.2	-110.6	-86.5
Research and development expenses		-25.4	-19.7	-16.7
Acquisition costs		-0.4	-11.8	
Restructuring and integration costs *)		-35.6	-43.6	-10.0
Other operating expenses	6	-11.7	-7.8	-9.4
Operating profit	3, 7, 8, 9, 22, 27	**140.5**	**51.3**	**23.3**
Financial income		3.7	4,2	1.7
Financial expenses		-36.4	-28.6	-7.8
Net financial income/expenses	10	**-32,7**	**-24,4**	**-6,1**
Profit before taxes		**107.8**	**26.9**	**17.2**
Taxes	12	-21.0	-5.8	-2.6
Net profit		**86.8**	**21.1**	**14.6**
Net profit attributable to:				
The parent company's shareholders		86.8	21.1	14.6
Earnings per share	19			
before dilution (SEK)		7.41	1.80	1.25
after dilution (SEK)		7.41	1.80	1.25

Consolidated statement of comprehensive income

SEK m	2011	1 January – 31 December 2010	2009
Net profit	**86.8**	**21.1**	**14.6**
Other comprehensive income			
Translation differences	-10.6	-37.7	0.3
Other comprehensive income	**-10.6**	**-37.7**	**0.3**
Total other comprehensive income	**76.2**	**-16.6**	**14.9**
Total comprehensive income attributable to:			
The parent company's shareholders	76.2	-16.6	14.9

Consolidated statement of financial position

SEK m	Notes	2011	2010	2009
			1 January – 31 December	
Assets	4, 28			
Intangible fixed assets	13	512.8	523.6	428.8
Tangible fixed assets	14	170.5	191.0	40.2
Long-term receivables	15	0.8	0.9	0.8
Deferred tax assets	12	56.0	46.0	23.4
Total fixed assets		**740.1**	**761.5**	**493.2**
Inventories	16	232.9	208.9	126.0
Current tax receivable	12	14.8	12.1	6.5
Accounts receivable		398.6	351.9	178.3
Prepaid expenses and accrued income	17	34.1	29.4	22.8
Other receivables	15	83.9	61.3	15.8
Cash and cash equivalents	31	149.1	228.0	90.9
Total current assets		**913.4**	**891.6**	**440.3**
Total assets		**1,653.5**	**1,653.1**	**933.5**
Equity	18			
Share capital		1.2	1.2	1.2
Other capital contribution		345.9	345.9	345.9
Reserves		-28.7	-18.1	19.6
Profit brought forward, including net profit		238.4	169.1	148.0
Shareholders' equity		**556.8**	**498.1**	**514.7**
Total equity		**556.8**	**498.1**	**514.7**
Liabilities	4, 28			
Long-term interest bearing liabilities	20, 26	490.6	507.0	151.3
Other long-term liabilities	24	0.1	0.3	0.2
Provision for pensions	22	41.8	41.4	34.0
Other provisions	23	15.0	16.3	0.2
Deferred tax liabilities	12	17.4	24.4	6.2
Total long-term liabilities		**564.9**	**589.4**	**191.9**
Current interest bearing liabilities	20, 26	3.4	71.8	13.6
Accounts payable		129.9	121.8	91.6
Current tax liabilities	12	28.4	13.5	8.0
Other liabilities	24	215.8	208.5	55.6
Accrued expenses and prepaid income	25	104.4	90.2	53.2
Provisions	23	49.9	59.8	4.9
Total current liabilities		**531.8**	**565.6**	**226.9**
Total liabilities		**1,096.7**	**1,155.0**	**418.8**
Total equity and liabilities		**1,653.5**	**1,653.1**	**933.5**

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

Consolidated statement 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 2009-01-01	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 2009-12-31	**1,2**	**345.9**	**19.6**	**148.0**	**514.7**
Opening balance 2010-01-01	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 2010-12-31	**1,2**	**345.9**	**-18.1**	**169.1**	**498.1**
Opening balance 2011-01-01	1,2	345.9	-18.1	169.1	498.1
Net profit for the year				86.8	86.8
Other comprehensive income					
Change in translation reserve			-10.6		-10.6
Total other comprehensive income			-10.6		-10.6
Total comprehensive income			-10.6	86.8	76.2
Dividend				-17.5	-17.5
Closing balance 2011-12-31	**1,2**	**345.9**	**-28.7**	**238.4**	**556.8**

Consolidated cash flow statement

	Notes	2011	1 January – 31 December 2010	2009
Operating activities	31			
Operating profit		140.5	51.3	23.3
Adjustment for:				
Depreciation of fixed assets		42.1	38.2	18.1
Other adjustments		-14.8	12.3	-6.4
Interest received and other financial items		2.7	4.2	1.7
Interest paid and other financial items		-36.2	-23.7	-6.4
Income tax paid		-25.7	-25.0	-34.9
Cash flow from operating activities before changes in working capital		**108.6**	**57.3**	**-4.6**
Cash flow from changes in working capital				
Increase (-)/Decrease(+) of inventories		-28.6	20.9	46.1
Increase (-)/Decrease(+) of operating receivables		-78.0	-29.2	96.9
Increase (+)/Decrease (-) of operating liabilities		27.7	48.8	-44.7
Cash flow from operating activities		**29.7**	**97.8**	**93.7**
Investing activities				
Capital expenditure for tangible fixed assets		-13.2	-8.5	-15.7
Sale of tangible fixed assets		2.2		0.6
Capital expenditure for Capitalised research and development costs		-4.6	-2.2	-3.1
Capital expenditure for other intangible fixed assets		-5.3	-3.5	-2.3
Acquired/Divested units, net of cash	4	16.9	-138.2	-2.1
Cash flow from investing activities		**-4.0**	**-152.4**	**-22.6**
Financial activities				
New loans			565.0	30.0
Repayment of loans/Change in interest-bearing liabilities		-85.6	-355.7	-70.0
Dividend paid to parent company shareholders		-17.5		-29.3
Cash flow from financing activities		**-103.1**	**209.3**	**-69.3**
Cash flow for the year		**-77.4**	**154.7**	**1.8**
Cash and cash equivalents at the beginning of the year		228.0	90.9	90.8
Translation differences		-1.5	-17.6	-1.7
Cash and cash equivalents at the end of the year		**149.1**	**228.0**	**90.9**

Operating cash flow

	2011	2010	2009
Operating profit	140.5	51.3	23.3
Adjustment for:			
Depreciations of fixed assets	42.1	38.2	18.1
Restructuring and integration costs	44.4	13.2	8.9
Acquisition costs	0.4	11.8	
Other adjustments	-14.8	12.3	-6.4
Cash flow from changes in working capital	-78.9	40.5	98.3
Net investment in fixed assets	-20.9	-14.2	-20.5
Operating cash flow	**112.8**	**153.1**	**121.7**

Income statement for the parent company

SEK m	Notes	2011	2010	2009
			1 January – 31 December	
Other operating income	5	9.9	7.5	10.0
Administrative expenses		-45.7	-33.3	-33.5
Acquisition costs			-0.3	
Restructuring and integration costs		-8.0	-7.1	
Other operating expenses	6			-0.3
Operating result	7, 8, 22	**-43.8**	**-33.2**	**-23.8**
Result from investments in subsidiaries	10, 29	109.4	22.2	-9.9
Interest income and similar financial items	10	17.2	13.8	6.7
Interest expenses and similar financial items	10	-31.3	-21.2	-4.2
Result after financial items		**51.5**	**-18.4**	**-31.2**
Appropriations	11			18.5
Result before tax		**51.5**	**-18.4**	**-12.7**
Tax	12	12.5	7.1	2.7
Net result		**64.0**	**-11.3**	**-10.0**

Statement of comprehensive income for the parent company

SEK m	Notes	2011	2010	2009
			1 January – 31 December	
Net result		**64.0**	**-11.3**	**-10.0**
Other comprehensive income				
Total comprehensive income		**64.0**	**-11.3**	**-10.0**

Cash flow statement for the parent company

SEK m	Notes	2011	2010	2009
			1 January – 31 December	
Operating activities				
Operating result		-43.8	-33.2	-23.8
Adjustments for items not included in the cash flow	31	1.6	1.0	0.3
Dividends received		89.2		35.3
Interest received and other financial items		16.3	13.8	6.7
Interest paid and other financial items		-30.2	-21.5	-4.8
Income tax paid		2.0	0.4	-14.4
Cash flow from operating activities before changes in working capital		**35.1**	**-39.5**	**-0.7**
Cash flow from changes in working capital				
Increase (-)/Decrease (+) of operating receivables		-5,2	-4.6	1.3
Increase (+)/Decrease (-) of operating liabilities		2,8	1.8	-2.2
Cash flow from operating activities		**32.7**	**-42.3**	**-1.6**
Investing activities				
Capital expenditure for tangible fixed assets		-1.3	-0.5	-0.4
Capital expenditure for intangible fixed assets		-4.4	-1.3	-0.3
Acquisition of subsidiaries/reduction of share capital		-147.0	-207.7	-0.3
Cash flow from investing activities		**-152.7**	**-209.5**	**-1.0**
Financing activities				
New loans			565.0	30.0
Repayment of loans / Changes in interest-bearing liabilities		148.0	-332.4	2.6
Dividend paid to shareholders		-17.5		-29.3
Cash flow from financing activities		**130.5**	**232.6**	**3.3**
Cash flow for the year		10.5	-19.2	0.7
Cash and cash equivalents at the beginning of the year		0.0	19.2	18.5
Cash and cash equivalents at the end of the year		**10.5**	**0.0**	**19.2**

Balance sheet for the parent company

SEK m	Notes	2011	31 December 2010	2009
Assets				
Intangible fixed assets	13	6.0	2.8	2.1
Tangible fixed assets	14	1.6	0.8	0.4
Longterm receivables from group companies	29	102.0	180.1	0.1
Shares in subsidiaries	30	848.1	701.1	493.3
Deferred tax asset	12	19.6	7.1	
Total fixed assets		**977.3**	**891.9**	**495.9**
Receivables from group companies	29	72.0	93.2	48.0
Current tax receivables	12	1.0	3.1	3.5
Other receivables	15	0.7	1.4	0.8
Prepaid expenses and accrued income	17	2.4	5.3	1.2
Cash and cash equivalents		10.5		19.2
Total current assets		**86.6**	**103.0**	**72.7**
Total assets		**1,063.9**	**994.9**	**568.6**
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		42.7	71.5	81.5
Net result		64.0	-11.3	-10.0
Total shareholders' equity		**406.3**	**359.8**	**371.1**
Liabilities				
Long-term liabilities to credit insitutions	21, 26	488.9	504.5	150.0
Total long-term liabilities		**488.9**	**504.5**	**150.0**
Current liabilities to credit institutions	21, 26		61.9	
Accounts payable		3.1	4.7	2.8
Liabilities to group companies	29	153.8	55.9	37.3
Other liabilities	24	1.5	0.9	1.7
Accrued expenses and prepaid income	25	10.3	7.2	5.7
Total current liabilities		**168.7**	**130.6**	**47.5**
Total shareholders' equity och liabilities		**1,063.9**	**994.9**	**568.6**

Pledged assets and contingent liabilities, parent company

SEK m	Notes	2011	31 December 2010	2009
Pledged assets	28	none	none	none
Contingent liabilities	28	129.9	133.0	39.0

Statement of changes in shareholders' equity

SEK m	Restricted Equtiy: Share capital	Restricted Equtiy: Statutory reserve	Non-Restricted Equity: Share premium reserve	Non-Restricted Equity: Profit/loss brought forward	Total share-holders' equity
Opening balance 2009-01-01	1.2	292.5	5.9	110.8	410.4
Net result for the year				-10.0	-10.0
Other comprehensive income					
Total other comprehensive income					
Total comprehensive income				-10.0	-10.0
Dividend				-29.3	-29.3
Closing balance 2009-12-31	**1.2**	**292.5**	**5.9**	**71.5**	**371.1**
Opening balance 2010-01-01	1.2	292.5	5.9	71.5	371.1
Net result for the year				-11.3	-11.3
Other comprehensive income					
Total other comprehensive income					
Total comprehensive income				-11.3	-11.3
Closing balance 2010-12-31	**1.2**	**292.5**	**5.9**	**60.2**	**359.8**
Opening balance 2011-01-01	1.2	292.5	5.9	60.2	359.8
Net result for the year				64.0	64.0
Other comprehensive income					
Total other comprehensive income					
Total comprehensive income				64.0	64.0
Dividend				-17.5	-17.5
Closing balance 2011-12-31	**1.2**	**292.5**	**5.9**	**106.7**	**406.3**

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, Supplementary Accounting Principles for Groups, issued by the Swedish Council 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 on the parent company's accounting principles. The differences between the parent company's and the consolidated policies are due to restrictions in applying 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.

Nederman Holding AB's annual report was approved and signed by the Board of Directors for publication on 14 February, 2012. The income statement, balance sheet and statement of comprehensive income for the parent company, along with the consolidated income statement, consolidated statement of comprehensive income and the financial position of the Group will be subject to adoption at the Annual General Meeting on April 23, 2012.

Changes of standards and interpretations that came into effect in 2011 have not significantly affected the Group's financial accounting.

Changes that come into effect in 2012

The amendment to IFRS 7 adopted by the EU Commission is not expected to affect the Group's financial reporting.

Valuation principles applied during 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 assessments

The company management and board of directors make assessments, estimates and assumptions about the future 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. Changes in estimates and assessments are reported during the period when the change is made if the change only affects that period, or in the period when the change is made and future periods if the change affects both the current period and future periods. Assessments that have a significant impact on the Group's earnings and financial position are described in Note 33.

Segment reporting

The Group's business is managed and reported by operating segment, based on geographic distribution. These segments form the basis for the chief operating decision maker's allocation of the Group's resources. The segments are evaluated and consolidated according to the same principles as the Group as a whole. Intra-Group sales within segments are performed on market terms. No intra-Group sales took place between the operating segments. The results of the operating segments include results up to the level of operating profit. Assets and liabilities include directly attributable items as well as items that can be divided in a reasonable way.

The Group's operating segments are:

– *EMEA (Europe, Middle East and Africa)*

– *International (Asia, Pacific region and North and South America)*

Descriptions of the operating segments are shown on pages 15–16.

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 acquiring an activity or business is measured as the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition, irrespective of the extent of non controlling interest. 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. Transferred remuneration is made up of the fair value of assets paid as remuneration and arisen or assumed liabilities on the transfer date. Deferred tax is calculated as the difference between the fair value and the taxable residual value. From 1 January 2010 acquisition-reltated costs, such as fees for legal advice, legal aid, due diligence etc. are reported as a cost in the period they arise. Financial reports from the acquired activities are included in the consolidated accounts from the time of the acquisition. Divested activities are included in the consolidated accounts until the date the definitive influence ceases.

Transactions eliminated during consolidation

Intra-Group receivables and liabilities, income or expenses and unrealised 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 reported at historical acquisition values. Non-monetary assets and liabilities reported at their fair values are re-valued according to the exchange rate prevailing on the transaction date.

Translation of foreign group companies

Assets and liabilities in foreign group companies (of which none have high inflation currencies), including goodwill and other consolidated surpluses and deficits 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. The income and expenses of foreign companies are translated to SEK at an average exchange rate for the applicable year. Translation differences arising from translation are reported in the consolidated statement of comprehensive income. 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 directly in the consolidated comprehensive income. are realised in the consolidated income statement during the same period as the gain or loss of the divestment.

Revenue recognition

Revenue from sale of goods is recognised in the income statement when significant risks and benefits associated with the ownership of the goods have been transferred to the buyer. Revenue recognition of services takes place as the services are carried out.

Revenue and costs from project activities are reported as the project progresses. This principle is referred to as the percentage-of-completion method. Revenue and costs are reported in the income statement in relation to the percentage of the contract that has been completed. The percentage-of-completion of the contract is determined based on the incurred project costs compared to the project costs corresponding to the project revenue for the whole contract. A precondition for the percentage-of-completion method is that the outcome can be measured reliably. Revenue is not reported if it is not probable that the company will obtain the financial benefits. Anticipated losses are expensed immediately.

In the balance sheet the installation projects are reported project by project either under current assets as recognized non-invoiced income or under current liabilities as invoiced income not yet recognized. Projects with higher accumulated income than invoiced are recognised as assets, while projects invoiced in access of accumulated income are recognised as liabilities.

If there is any significant doubt concerning payment, related expenses or risk of return, no revenue is recognised.

Amounts are reported excluding VAT and discount and after eliminations of intra-Group sales.

Leasing costs

Financial leasing agreements

Leasing fixed assets where the Group essentially has the same legal position as with direct ownership of the asset it is classified as financial leasing. Financial leasing is Capitalised at the inception of the lease period. Lease payments are split into interest expenses and amortisation 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 fixed assets where the financial risks and benefits of ownership remain with the lessor 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 interest-bearing financial assets, 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
Borrowing costs directly attributable to the assembly or production of a qualified asset shall be Capitalised in the asset's reported value. A qualified asset is an asset that takes a substantial period of time to complete. The Group and the parent company do not have any such assets. Borrowing costs are Capitalised in the period they relate to. Transaction costs for established loans are reported over the period of the loan using the effective interest rate method.

Eter method
The Group and parent company do not have any such assets.

Financial instruments
Financial instruments recorded among assets in the balance sheet 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 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 recognised when invoice has been received. A financial asset, or part of financial asset, is derecognised from the balance sheet when the right of the contract are realised, fall due or the company loses control of them. A financial liability, or part of liability, is derecognised 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 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 depends on the purpose for which the instrument was acquired. The classification of a financial asset is determined on the initial recording of the instrument. Classification is then crucial for how the financial instrument is valued. 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 categorised as financial assets at fair value through the income statement, which are reported at fair value excluding transaction costs. Financial instruments are divided into financial assets or liabilities assessed at fair value through the income statement, loan receivables and accounts receivable as well as financial liabilities assessed at accrued acquisition value.

Financial assets at fair value through the income statement
Assets in this category are measured continually at fair value with changes recorded in the income statement. This category consists of financial assets, which are held for trade and other financial assets designated into this category. Independent derivatives and embedded derivatives are classified as being held 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. Financial assets assessed at fair value in the income statement are assessed both initially and after the date of acquisition at fair value. Realised and urealized gains and losses are included in the income statement for the period when they occur.

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 amortised 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 profit/loss.

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 the income statement
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 recognised in the income statement.

Other financial liabilities
Financial liabilities not held for trading, such as accounts payable and other liabilities are recognised at accrued acquisition value. Accounts payable have short expected maturities and are assessed without discount at a nominal amount. Loans and other financial liabilities are reported initially at received loan amount with deductions for transaction costs. Subsequently the loans are measured according to the effective interest rate method.

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 reported in the result. 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 is valued at cost less any accumulated impairments. 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.

Research and 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. In the balance sheet, reported development costs are reported at cost less accumulated Amortisation and any impairments.

Costs for research aimed at acquiring new scientific or technical knowledge are reported in the income statement as costs as they arise.

Other intangible assets
Other intangible assets are reported at cost less accumulated amortisation and impairments. Accrued expenses for internally generated goodwill and internally generated brands are reported in the income statement as they arise.

Subsequent expenditures
Subsequent expenditures for capitalised 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.

Amortisation
Amortisation is recorded linearly in the income statement 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:

– Capitalised 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 impairments. 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. 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 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 the asset's reported value 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 classed 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 amortisation 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 capitalised. 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
– machinery and other technical fixed assets	3–8 years
– equipment, tools and fixtures	3–10 years
– land	Not depreciated

Depreciations 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.

Impairments and reversal of impairments
Impairments are charged to the income statement. The impairment of tangible and intangible fixed assets affects the operating profit/loss, while the impairment of financial assets affects the net financial items. Previously recorded impairments are reversed if reasons for the former impairment no longer exist. The increased carrying amount attributable to a reversal of an impairment shall not exceed the carrying amount that would have determined if no impairment had been recorded in previous years. Goodwill is not impaired.

Test of need for an impairment of tangible and intangible assets, and for shares in subsidiaries
The test of need for an impairment 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 areas. For goodwill, other intangible assets with an indefinite useful life, and intangible assets not yet ready for use, the recoverable value is calculated annually. An impairment 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.

An impairment of assets belonging to a cash-generating unit is primarily allocated to goodwill. Then other assets are written down on a proportional basis.

An impairment is reversed of there has been a positive change in the recoverable value with an exception for goodwill.

Test of the need for an impairment of financial assets
An impairment 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. An impairment 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 impairments shall be reversed, if reasons for the former impairment no more exist.

Inventories
Inventories are measured at the lower of cost and net realisable value, that 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. Loan costs are not included. The net realisable 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. Deferred tax is calculated for internal profits.

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. There were no dilution effects, so earnings per share before and after dilution were the same.

Cash flow statement
The cash flow statement is drawn up according to 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 company obligations concerning payments to defined contribution pension plans are reported as an expense as they are earned. The part of the Swedish ITP plan financed through Alecta is a defined-benefit pension plan. Alecta has currently no possibility of providing the requisite information, which is why the aforementioned pension plan is reported as a defined-contribution pension plan, meaning that the premiums paid to Alecta will be reported in the period they refer to.

Defined-benefit pension plans
Defined-benefit pension plans indicate an amount of pension benefit the employee will receive upon retirement based on factors such as age, length of service and salary.

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 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 recognised over the expected average remaining working life of the employees, participating in the plan.

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 are assessed at the end of every year. Provisions are divided between long-term and current provisions.

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, whereupon the associated tax effect is reported under equity or comprehensive income. 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 liability or tax receivable is reported for the estimated tax that will be paid or received for the current year or previous years.

Deferred tax is calculated according to the balance sheet method based on the temporary difference between the tax-related values for assets and liabilities, and the values reported for the Group. Temporary differences arise mainly through the depreciation of fixed assets, pension provisions and other measures.

Temporary differences that arise on initial recognition of an asset or liability and are not attributable to business acquisitions or other acquisition and have not affected reported or taxable earnings, do not entail a deferred tax asset or liability.

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. Income tax arising in the event of a dividend is reported at the same time as the dividend is reported as a liability for the company issuing the dividend.

Temporary differences are not recognised in participations 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. Temporary differences are not considered for goodwill.

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 derecognised when they probably can not be utilised.

Contingent liabilities

A contingent liability is recorded when there are commitments arising from events that have occurred and the liability is not reported, 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 Act (Årsredovisningslagen 1995:1554) and RFR 2.2. 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 must submit a separate statement of comprehensive income immediately following the income statement. The statement of comprehensive income, changes in shareholders' equity and the cash flow statement must be drawn up in accordance with IAS.

Subsidiaries

Shares in subsidiaries are reported in the parent company according to the purchase method. All expenses connected with business acquisitions, i.e. including acquisition-related costs, are Capitalised in the parent company's financial statements. Dividend income is reported when there is a legal authority to receive the dividend. Received dividends are reported as income irrespective of whether the dividends are linked to profit earned before the acquisition date.

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 made from subsidiary to parent company are reported as financial income.

Group contributions made from parent company to subsidiary are reported as investment.

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	2011	2010	2009
Net sales			
Net sales of goods	2,000.9	1,694.1	1,052.0
	2,000.9	**1,694.1**	**1,052.0**

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 which are sold and marketed through the Group's operating segments. 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.

The Group markets a cohesive product range on each of its markets. Group management therefore follows up the results of the business and makes decisions on the allocation of resources based upon the markets in which the Group's products are sold. The Group's internal reporting is therefore organized so that Group management can monitor performance and results per region. The Group's segments have been identified based upon this internal reporting.

Operating segments

The Group operating segments:
– EMEA *(Europe, Middle East and Africa)*
– International *(Asia, Pacific region and North and South America)*
The operating segments are presented on pages 15–16.

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 five geographic regions: Sweden, 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.

Consolidated operating segments

2009

SEK m	EMEA	International	Not allocated	Total
Net sales	780.7	271.3		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	EMEA	International	Not allocated	Total
Net sales	1,227.3	466.8		1,694.1
Operating profit by operating segment*)	119.2	35.2	-47.7	106.7
Acquisition costs			-11.8	-11.8
Restructuring and integration costs			-43.6	-43.6
Operating profit	119.2	35.2	-103.1	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	824.1	327.6	215.3	1,367.0
Other assets			286.1	286.1
Total assets	**824.1**	**327.6**	**501.4**	**1,653.1**
Operating liabilities	407.4	168.7	-79.2	496.9
Other liabilities			658.1	658.1
Total liabilities	**407.4**	**168.7**	**578.9**	**1,155.0**
Capital expenditures	4.6	2.4	8.0	15.0
Depreciation	-20.0	-11.8	-6.4	-38.2

2010

Operating Profit Pro forma including Dantherm Filtration from 1 Jan 2010.

SEK m	EMEA	International	Not allocated	Total
Net sales	1,424.2	530.6		1,954.8
Operating profit by operating segment*)	120.8	37.2	-56.2	101.8

cont. note 3

2011

SEK m	EMEA	International	Not allocated	Total
Net sales	1,410.8	590.1		2,000.9
Operating profit by operating segment*)	140.2	67.4	-40.6	167.0
Acquisition costs			-0.4	-0.4
Restructuring and integration costs			-35.6	-35.6
Rearesultat avyttring dotterbolag			9.5	9.5
Operating profit	140.2	67.4	-67.1	140.5
Financial income			3.7	3.7
Financial expenses			-36.4	-36.4
Tax expenses			-21.0	-21.0
Net profit				**86.8**
Capital expenditures	965.1	309.3	159.2	1,433.6
Other assets			219.9	219.9
Total assets	**965.1**	**309.3**	**379.1**	**1,653.5**
Operating liabilities	224.6	63.6	226.9	515.1
Other liabilities			581.6	581.6
Total liabilities	**224.6**	**63.6**	**808.5**	**1,096.7**
Capital expenditures	11.9	6.0	7.0	24.9
Depreciation	-20.9	-12.8	-8.4	-42.1

*) excluding acquisition and restructuring costs and gain on disposal of subsidiaries.

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**
2011							
Net sales	209.6	244.2	893.9	323.8	329.4		**2,000.9**
Operating asset	548.9	137.6	334.7	86.7	115.0	210.7	**1,433.6**
Capital expenditures	6.3	0.1	5.5	4.3	1.7	7.0	**24.9**

Note 4 Acquisition of business units

Acquisition 2009

Vanhassel BVBA, Belgien.

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

	Vanhassel BVBA		Other	Totalt
SEK m	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			
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.

	Dantherm Filtration	
SEK m	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

cont. note 4

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

Disposal 2011

Dantherm Filtration Oy was disposed on 3 January 2011. The disposal generated a cash flow of SEK 16.9m and a gain of SEK 9.5. The annual turnover of the sold company amounted to approximately EUR 3m.

Note 5 Other operating income

Consolidated

SEK m	2011	2010	2009
Grants			0.5
Damages	9.5		
Capital gain sold fixed assets	0.6	0.3	
Recovered bad debt losses	4.6	4.5	1.2
Foreign exchange gains on operating receivables/liabilities		8.1	4.9
Other	1.3	1.3	2.3
	16.0	**14.2**	**8.9**

Parent company

	2011	2010	2009
Management charges, subsidiaries	8.8	7.7	10.0
Foreign exchange gains on operating receivables/liabilities	1.1	-0.2	
	9.9	**7.5**	**10.0**

Note 6 Other operating expenses

Consolidated

SEK m	2011	2010	2009
Capital loss sold fixed assets	-0.5	-0.3	
Bad debt losses	-5.6	-5.3	-8.3
Foreign exchange losses on operating receivables/liabilities	-2.3		
Severance costs			-0.6
Other	-3.3	-2.2	-0.5
	-11.7	**-7.8**	**-9.4**

Parent company

	2011	2010	2009
Foreign exchange losses on operating receivables/liabilities			-0.3
			-0.3

Note 7 Employees and employee benefits

Average number of employees	2011			2010			2009		
	Women	Men	**Total**	Women	Men	**Total**	Women	Men	**Total**
Parent company									
Sweden	12	9	**21**	11	10	**21**	6	10	**16**
Total parent company	12	9	**21**	11	10	**21**	6	10	**16**
Subsidiaries									
Sweden	52	193	**245**	52	200	**252**	53	207	**260**
Denmark	23	138	**161**	25	145	**170**	4	15	**19**
Norway	6	30	**36**	6	42	**48**	6	44	**50**
Belgium	4	17	**21**	5	15	**20**	4	14	**18**
UK	7	76	**83**	13	64	**77**	13	56	**69**
France	4	9	**13**	4	8	**12**	4	9	**13**
The Netherlands	2	4	**6**	2	4	**6**	2	4	**6**
Poland	26	152	**178**	19	109	**128**	4	23	**27**
Portugal					1	**1**		3	**3**
Romania	1	3	**4**	1	3	**4**	1	3	**4**
Spain	3	15	**18**	3	15	**18**	3	15	**18**
Czech Republic	2	15	**17**	2	13	**15**	2	14	**16**
Germany	41	113	**154**	44	129	**173**	9	24	**33**
Hungary		2	**2**		2	**2**		4	**4**
Austria	1	2	**3**	1	2	**3**	1	3	**4**
Canada	5	25	**30**	5	24	**29**	7	23	**30**
US	25	121	**146**	16	71	**87**	6	20	**26**
Brazil	2	10	**12**	2	9	**11**	1	7	**8**
China	29	116	**145**	23	76	**99**	9	21	**30**
Australia	1	8	**9**	1	8	**9**	1	7	**8**
Turkey		2	**2**		2	**2**		2	**2**
India		25	**25**	1	19	**20**		8	**8**
Finland				1	9	**10**			
Russia	1	2	**3**		1	**1**			
Malaysia	1	2	**3**		2	**2**			
Thailand	30	67	**97**	23	66	**89**			
Total in subsidiaries	266	1,147	**1,413**	249	1,039	**1,288**	130	526	**656**
Consolidated total	278	1,156	**1,434**	260	1,049	**1,309**	136	536	**672**
Of which senior executives	14	78	**92**	18	76	**94**	12	49	**61**

cont. note 7

Distribution according to gender in senior management

	2011	2010	2009
	Percentage women	Percentage women	Percentage women
Parent company			
Board of Directors	29%	11%	
Other senior executives	33%	33%	
Consolidated			
Board of Directors	29%	11%	
Other senior executives	15%	19%	20%

Consolidated

Expenses for remuneration to employees

SEK m	2011	2010	2009
Wages. salaries and other remuneration	458.7	420.1	288.9
Pensions expenses, defined-benefit pension plans (see also note 22)	2.3	1.5	1.2
Pensions expenses, defined contribution pension plans	28.7 [1)]	20.9 [1)]	19.2 [1)]
Social security expenses	84.4	86.0	68.6
	574.1	**528.5**	**377.9**

Parent company

Wages, salaries and other renumerations and social security expenses

SEK m	2011	2010	2009
Wages. salaries and other compensation	21.0	17.2	14.7
Social security expenses	10.2	8.1	5.6
(of which, pension costs)	(1.7) [1)]	(1.7) [1)]	(1.7) [1)]

[1)] Of the parent company's pension costs SEK 0.9m (0.8 and 0.8) 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	2011	2010	2009
Koncernen			
Board of Directors. CEO and Senior executives	40.2	42.5	34.9
(of which variable compensation)	(7.9)	(4.1)	(2.1)
Other employees	418.5	377.6	254.0
	458.7	**420.1**	**288.9**

SEK m	2011	2010	2009
Parent company			
Board of Directors. CEO and Senior executives	10.2	6.8	6.4
(of which variable compensation)	(3.0)	(1.1)	(0.5)
Other employees	10.8	10.4	8.3
	21.0	**17.2**	**14.7**

Note 8 Auditor's fees and compensation

Consolidated

SEK m	2011	2010	2009
KPMG			
Audit assignment	3.9	3.5	2.9
Audit related services	0.3	0.2	0.2
Tax advise	0.4	0.7	
Other assignment	0.6	0.4	0.6
Other auditors			
Audit assignment	0.8	1.1	0.4
Tax advise	1.0	0.2	
Other assignment	0.4	0.5	

Parent company

SEK m	2011	2010	2009
KPMG			
Audit assignment	0.6	0.6	0.5
Audit related services	0.3	0.2	0.2
Tax advise	0.0	0.2	
Other assignment	0.1	0.3	0.1

Note 9 Cost of operations allocated on cost type

Koncernen

SEK m	2011	2010	2009
Cost of material	-851.4	-639.5	-417.7
Cost of personnel	-574.1	-528.5	-377.9
Other external costs	-364.7	-391.4	-204.5
Acquisition costs	-0.4	-11.8	
Restructuring and integration costs *)	-32.0	-39.8	-10.0
Depreciations	-42.1	-38.2	-18.1
Other costs of operations	-11.7	-7.8	-9.4
	-1,876.4	**-1,657.0**	**-1,037.6**
*) excl cost of personnel	-3.6	-3.8	

Note 10 Finacial income and expenses

Consolidated

SEK m	2011	2010	2009
Interest income bank deposits	2.5	1.3	0.7
Other interest income	0.2	2.9	0.4
Exchange rate gains, net	1.0		0.6
Financial income	**3.7**	**4.2**	**1.7**
Interest expenses, credit institutions	-34.8	-21.6	-5.8
Interest expenses, other	-1.6	-3.9	-2.0
Exchange rate losses, net		-3.1	
Financial expenses	**-36.4**	**-28.6**	**-7.8**
Net financial income/expenses	**-32.7**	**-24.4**	**-6.1**

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

Parent company

SEK m	2011	2010	2009
Dividends	89.2		35.3
Group Contribution received	20.2	22.2	9.5
Write down of shares in subsidaries			-54.7
Result from shares in Group companies	**109.4**	**22.2**	**-9.9**
Interest income, other	0.3	0.1	0.0
Other financial income, group companies	16.0	13.7	6.7
Exchange rate gains, (net)	0.9		
Interest income and similar income	**17.2**	**13.8**	**6.7**
Interest expenses, other	-30.7	-18.3	-4.0
Other financial expenses, group companies	-0.6	-0.1	-0.2
Exchange rate losses		-2.8	
Interest costs and similar costs	**-31.3**	**-21.2**	**-4.2**

Note 11 Appropriations

Parent company

SEK m	2011	2010	2009
Tax allocation reserve, reversal for the year			18.5
			18.5

Note 12 Taxes

Reported in Consolidated income statement

SEK m	2011	2010	2009
Current tax expense (-)			
Tax expense for the period	-35.7	-24.1	-13.8
Adjustment of tax relating to previous years	-2.2	0.8	2.7
	-37.9	**-23.3**	**-11.1**
Deferred tax expense (-) /tax income (+)			
Deferred tax concerning temporary differences	-3.7	11.2	8.5
Utilisation of loss carryforwards	0.0	-6.9	-1.4
Revaluation of loss carryforwards	-1.0	2.5	1.4
Deferred tax income in the year capitalised in loss carry forwards	21.6	10.7	
	16.9	**17.5**	**8.5**
Total consolidated tax expenses	**-21.0**	**-5.8**	**-2.6**

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	2011 (%)	2011	2010 (%)	2010	2009 (%)	2009
Profit before tax		**107.8**		**26.9**		**17.2**
Tax according to the applicable tax rate for the Parent company	26.3	-28.3	26.3	-7.1	26.3	-4.5
Effect of other tax rates for foreign subsidiaries	-2.2	2.4	3.5	-0.9	7.0	-1.2
Non-tax deductible expenses	0.2	-0.2	10.4	-2.8	13.4	-2.3
Non-taxable income	-1.1	1.2	-10.0	2.7	-4.7	0.8
Increase of loss carryforwards without corresponding capitalisation of deferred tax			10.4	-2.8	2.9	-0.5
Utilisation of loss carryforwards not recognised as deferred tax	-6.5	7.0	-5.9	1.6		
Tax relating to the previous year	2.0	-2.2	-3.0	0.8	-15.7	2.7
Effect of changes in tax rates/ and tax rules	0.0	0.0			0.6	-0.1
Valuation of deferred tax	0.9	-1.0	-9.3	2.5	-8.1	1.4
Other	-0.1	0.1	-0.7	0.2	-6.4	1.1
Effective tax	**19.5**	**-21.0**	**21.6**	**-5.8**	**15.3**	**-2.6**

Current tax receivables amount to SEK 14.8m (12.1 resp 6.5) and representing the recoverable amount of current tax on the result for the year.

cont. note 12

Reported in consolidated statement of financial position

Deferred tax assets and deferred tax liabilities relate to:

	2011			2010			2009		
SEK m	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Tangible fixed assets	8.3	10.0	-1.7	5.4	12.0	-6.6	0.2	6.0	-5.8
Intangible assets	0.2	2.0	-1.8	0.1		0.1			
Inventories	7.7	8.1	-0.4	8.6	9.4	-0.8	5.1	0.1	5.0
Accounts receivable	2.5	1.0	1.5	1.9	1.4	0.5	1.8	0.4	1.4
Provisions for pensions	0.7		0.7	0.5		0.5	0.5	0.2	0.3
Provisions	7.4		7.4	10.4		10.4	0.7	0.1	0.6
Tax allocation reserves									
Loss carryforwards	41.8		41.8	21.9	0.7	21.2	15.1		15.1
Other	1.8	10.7	-8.9	3.2	6.9	-3.7	1.1	0.5	0.6
Tax receivables/liabilities	70.4	31.8	38.6	52.0	30.4	21.6	24.5	7.3	17.2
Netting	-14.4	-14.4		-6.0	-6.0		-1.1	-1.1	
Deferred tax assets/liabilities according to consolidated statement of financial position	56.0	17.4	38.6	46.0	24.4	21.6	23.4	6.2	17.2

Recognised 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 recognised loss carryforwards

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

SEK m	**2011**	**2010**	**2009**
Temporary differences/Loss carryforwards	65.8	70.1	28.8

Loss carryforwards not recognised are due to loss carryforwards in Germany and Sweden 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 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**

SEK m	**Balance 1 Jan 2011**	**Recorded via consolidated income statement**	**Translation difference**	**Acquired**	**Balance 31 Dec 2011**
Tangible fixed assets	-6.6	4.9			-1.7
Intangible assets	0.1	-1.9			-1.8
Inventories	-0.8	0.4			-0.4
Accounts receivable	0.5	1.0			1.5
Provisions for pensions	0.5	0.1	0.1		0.7
Provisions, other	10.4	-2.9	-0.1		7.4
Loss carryforwards	21.2	20.6			41.8
Other	-3.7	-5.3	0.1		-8.9
	21.6	**16.9**	**0.1**		**38.6**

cont. note 12

Parent company

Reported in income statement

SEK m	2011	2010	2009
Current tax expense (-) / tax income (+)			
Current tax income			-0.3
Adjustment tax relating to previous years			3.0
			2.7
Deferred tax expense (-) / income (+)			
Deferred tax income on capitalised tax value in loss carry forwards	12.5	7.1	
Total reported tax in parent company	**12.5**	**7.1**	**2.7**

Reconciliation of effective tax

SEK m	2011	2010	2009
Result before tax	**51.5**	**-18.4**	**-12.7**
Tax according to current tax rate	-13.6	4.8	3.3
Non-tax deductible expenses	-0.1	-0.1	-14.5
Non-taxable income	26.2	2.4	11.0
Tax relaing to previous years			3.0
Other			-0.1
Reported effective tax	**12.5**	**7.1**	**2.7**

Note 13 Intangible fixed assets

Consolidated

	2011				2010				2009			
SEK m	Development expenditures	Goodwill	IT program.	Total	Development expenditures	Goodwill	IT program.	Total	Development expenditures	Goodwill	IT program.	Total
Accumulated cost												
Opening 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
Acquisitions		-4.0		-4.0	31.3	86.5	16.6	134.4		1.3		1.3
Internally developed assets	3.9			3.9	2.2			2.2	3.1			3.1
Other capital expenditures	0.7		5.3	6.0	1.2		2.3	3.5	1.7		0.6	2.3
Sold and scrapped			-0.1	-0.1			-0.7	-0.7			-0.1	-0.1
Reclassifications	-0.6		2.9	2.3	1.2		-1.2	0.0			-0.2	-0.2
Translation differences	0.1	-1.3	-0.4	-1.6	-2.2	-16.7	-1.3	-20.2		2.1	-0.1	2.0
Closing balance	85.8	464.5	49.1	599.4	81.7	469.8	41.4	592.9	48.0	400.0	25.7	473.7
Accumulated amortisation and impairment												
Opening balance	-39.9		-29.4	-69.3	-22.4		-22.5	-44.9	-18.5		-21.4	-39.9
Acquisitions					-8.4		-4.8	-13.2				
Sold and scrapped			0.1	0.1			0.5	0.5				
Reclassifications	0.4		-2.7	-2.3								
Amortisation for the year	-10.9		-4.6	-15.5	-10.3		-3.2	-13.5	-3.9		-1.3	-5.2
Translation differences	0.1		0.3	0.4	1.2		0.6	1.8			0.2	0.2
Closing balance	-50.3		-36.3	-86.6	-39.9		-29.4	-69.3	-22.4		-22.5	-44.9
Book value												
January 1	41.8	469.8	12.0	523.6	25.6	400.0	3.2	428.8	24.7	396.6	4.1	425.4
December 31	**35.5**	**464.5**	**12.8**	**512.8**	**41.8**	**469.8**	**12.0**	**523.6**	**25.6**	**400.0**	**3.2**	**428.8**

The Group's expenses for development of the existing product range and new products amounted to SEK 25.0m.
Of this amount, SEK 4.6m was capitalised in the consolidated statement of financial position.

cont. note 13

Parent company

SEK m	2011 IT program	2011 Total	2010 IT program	2010 Total	2009 IT program	2009 Total
Accumulated cost						
Opening balance	5.7	5.7	4.4	4.4	4.1	4.1
Capital expenditures	4.4	4.4	1.3	1.3	0.3	0.3
Closing balance	10.1	10.1	5.7	5.7	4.4	4.4
Accumulated amortisation and impairments						
Opening balance	-2.9	-2.9	-2.3	-2.3	-2.0	-2.0
Amortisation for the year	-1.2	-1.2	-0.6	-0.6	-0.3	-0.3
Closing balance	-4.1	-4.1	-2.9	-2.9	-2.3	-2.3
Book value						
January 1	2.8	2.8	2.1	2.1	2.1	2.1
December 31	**6.0**	**6.0**	**2.8**	**2.8**	**2.1**	**2.1**

Amortisation and impairments

Depreciation is included in the following lines in the income statement

	Consolidated			Parent company		
SEK m	2011	2010	2009	2011	2010	2009
Cost of goods sold	-0.5	-0.4	-0.8			
Selling expenses	-4.0	-3.2	-1.4			
Administrative expenses	-6.0	-5.2	-1.6	-1.2	-0.6	-0.3
Research and development expenses	-5.0	-4.7	-1.4			
	-15.5	**-13.5**	**-5.2**	**-1.2**	**-0.6**	**-0.3**

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 organisation. The goodwill is split per operating segment.

Goodwill	2011
EMEA	329,7
International	134,8

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.

EMEA is based on an annual growth of 3 per cent and thereafter an annual growth of 3 per cent. The discount rate before tax was 10.42 per cent. International is based on an annual growth of 9 per cent and thereafter an annual growth of 3 per cent. The discount rate before tax was 9.60 per cent

The recoverable amount exceeds the book value of assets by a wide margin for both operating segments. 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 these assumptions which are in line with growth in the area and that no impairment need exists.

Sensitivity analysis

Sensitivity analysis has shown that even with 0% growth and higher discount factors, the book value of goodwill is justified. The company's management 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 14 Tangible fixed assets

Consolidated

SEK m	2011 Buidings and land	2011 Plant and machinery	2011 Equip., tools, and fixtures	2011 Total	2010 Buidings and land	2010 Plant and machinery	2010 Equip., tools, and fixtures	2010 Total	2009 Buidings and land	2009 Plant and machinery	2009 Equip., tools, and fixtures	2009 Total
Accumulated cost												
Opening 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
Acquisitions	-3.7	-2.7	-1.5	-7.9	262.5	126.2	50.5	439.2			0.1	0.1
Capital expenditures	1.5	2.5	11.0	15.0		2.1	7.2	9.3	3.8	0.6	12.4	16.8
Sold and scrapped	-0.2	-4.2	-13.7	-18.1	-29.2		-2.3	-31.5		-0.7	-4.7	-5.4
Reclassifications	0.3	1.0	-1.7	-0.4		-1.3	1.0	-0.3		-0.3	0.5	0.2
Translation difference	-4.0	1.2	-6.3	-9.1	-12.7	-8.2	-7.3	-28.2			-0.5	-0.5
Closing balance	252.7	118.6	270.4	641.7	258.8	120.8	282.6	662.2	38.2	2.0	233.5	273.7
Accumulated depreciation and impairments												
Opening 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
Acquisitions	3.0	2.5	1.5	7.0	-123.8	-93.7	-43.0	-260.5				
Depreciation for the year	-8.6	-6.8	-11.3	-26.7	-7.0	-7.5	-10.2	-24.7	-0.9	-0.5	-11.5	-12.9
Sold and scrapped	0.0	3.5	11.1	14.6	29.2	1.2	2.1	32.5		0.7	4.2	4.9
Reclassifications	-0.1	0.6	-0.2	0.3			-1.2	-1.2		0.3	-0.3	0.0
Translation differences	0.6	-1.3	5.5	4.8	3.8	7.0	5.4	16.2			0.2	0.2
Closing balance	-134.1	-95.1	-242.0	-471.2	-129.0	-93.6	-248.6	-471.2	-31.2	-0.6	-201.7	-233.5
Book value												
January 1	129.8	27.2	34.0	191.0	7.0	1.4	31.8	40.2	4.1	1.3	31.4	36.8
December 31	**118.6**	**23.5**	**28.4**	**170.5**	**129.8**	**27.2**	**34.0**	**191.0**	**7.0**	**1.4**	**31.8**	**40.2**

Financial leasing

Consolidated

Recognised value for assets under financial leasing contracts.

SEK m	2011	2010	2009
Equipment, tools and fixtures	5.1	4.7	2.1

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.

Parent company

SEK m	2011 Equipment, tools and fixtures	2011 Total	2010 Equipment, tools and fixtures	2010 Total	2009 Equipment, tools and fixtures	2009 Total
Accumulated cost						
Opening balance	1.7	1.7	1.2	1.2	0.8	0.8
Capital expenditures	1.3	1.3	0.5	0.5	0.4	0.4
Closing balance	3.0	3.0	1.7	1.7	1.2	1.2
Accumulated depreciation and impairments						
Opening balance	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8
Depreciation for the year	-0.5	-0.5	-0.1	-0.1	0.0	0.0
Closing balance	-1.4	-1.4	-0.9	-0.9	-0.8	-0.8
Book value						
January 1	0.8	0.8	0.4	0.4	0.0	0.0
December 31	**1.6**	**1.6**	**0.8**	**0.8**	**0.4**	**0.4**

Depreciation and impairment

Depreciation is included in the following lines in the income statement.

SEK m	Consolidated 2011	Consolidated 2010	Consolidated 2009	Parent company 2011	Parent company 2010	Parent company 2009
Costs of goods sold	-11.9	-11.8	-3.9			
Selling expenses	-7.4	-5.5	-5.6			
Administrative expenses	-7.3	-7.4	-1.5	0.5	-0.1	0.0
Research and development expenses			-1.9			
	-26.6	**-24.7**	**-12.9**	**0.5**	**-0.1**	**0.0**

Note 15 Long-term receivables and other receivables

Consolidated

SEK m	2011	2010	2009
Long term receivables which are fixed assets			
Plan assets for pension	0.1	0.1	0.1
Other	0.7	0.8	0.7
	0.8	**0.9**	**0.8**
Other receivables which are current assets			
VAT receivables	15.3	10.8	11.9
Recognised non-invoiced income, projects	32.3	23.3	
Fair value of currency derivatives	1.9	5.3	
Other receivables	34.4	21.9	3.9
	83.9	**61.3**	**15.8**

Parent company

SEK m	2011	2010	2009
Other receivables which are current assets			
VAT receivables	0.0	1.4	0.7
Other receivables	0.7		0.1
	0.7	**1.4**	**0.8**

Note 16 Inventories

Consolidated

SEK m	2011	2010	2009
Raw material	108.7	99.5	35.0
Goods in progress	45.2	27.1	8.6
Finished products and goods for resale	79.0	82.3	82.4
	232.9	**208.9**	**126.0**
Impairment of obsolete inventory amounted to	62.0	62.3	23.9

Note 17 Prepaid expenses and accrued income

Consolidated

SEK m	2011	2010	2009
Rent/leases	3.1	4.6	2.9
Computer software/license payments	0.6	0.7	1.8
Insurance	2.1	2.0	1.3
Bank charges	1.2	4.3	0.1
Other	27.1	17.8	16.7
	34.1	**29.4**	**22.8**

Parent company

Rent/leases	0.5	0.4	0.7
Computer software/license payments	0.2	0.1	0.2
Insurance	1.2	4.3	0.1
Bank charges	0.5	0.5	0.2
Other	**2.4**	**5.3**	**1.2**

Note 18 Equity

Consolidated

Share capital and number of shares

	2011	2010	2009
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 3.25 per share (1.50), in total SEK 38.1m (17.5). The dividend amount will be adopted by the AGM on 23 April 2012.

Capital management
The Group's capital corresponds to the total amount of equity, SEK 556.8m. 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	2011	2010	2009
Earnings per share	7.41	1.80	1.25
Earnings per share after dilution	7.41	1.80	1.25

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

SEK m	2011	2010	2009
Net profit, before dilution	86.8	21.1	14.6
Net profit, after dilution	86.8	21.1	14.6

Weighted average number of outstanding shares

Number of shares	2011	2010	2009
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	2011	2010	2009
Long-term liabilities			
Bank loans	489.1	504.9	150.5
Financial leasing liabilities	1.5	2.1	0.8
	490.6	**507.0**	**151.3**
Current liabilities			
Bank overdraft	1.2	2.0	0.0
Bank loans	0.0	68.1	12.7
Financial leasing liabilities	2.2	1.7	0.9
	3.4	**71.8**	**13.6**

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
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**
2011			
Within one year	2.4	0.2	2.2
Between one and five years	1.7	0.2	1.5
Later than five years	-	-	-
	4.1	**0.4**	**3.7**

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	8.0	8.1
Bank overdraft					2.0
Financial leasing liabilities					3.8
Total interest bearing liabilities					**578.8**

2011

SEK m	Currency	Nom. interest rate	Due date	Nominal value	Book value
Bank loans, (revolving)	SEK	4.035%	2014-12-31	315.0	315.0
Bank loans, (revolving)	EUR	2.724%	2014-12-31	19.5	174.1
Bank overdraft					1.2
Financial leasing liabilities					3.7
Total interest bearing liabilities					**494.0**

Note 21 Long-term liabilities to credit institutions

Moderbolaget

SEK m	2011	2010	2009
Long-term liabilities			
Bank loans	488.9	504.5	150.0

SEK m	2011	2010	2009
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	2011	2010	2009
Present value of unfunded obligations	53.7	49.9	41.8
Present value of entirely or partially funded obligations	12.7	11.6	11.7
Total present value of obligations	66.4	61.5	53.5
Fair value of plan assets	-9.4	-8.7	-7.5
Present value of net obligations	57.0	52.8	46.0
Unrecorded actuarial gains (+) and losses (-)	-15.4	-11.5	-12.1
Defined-benefit pension plans, net (see below)	41.6	41.3	33.9
Net obligations to employees	41.6	41.3	33.9

The net amount is reported in the following items in the balance sheet.

Defined-benefit pension plan, net	41.6	41.3	33.9
Other pension	0.1		
Provision for pensions, net	41.7	41.3	33.9
Long term recievables	0.1	0.1	0.1
December 31, Provision for pensions	**41.8**	**41.4**	**34.0**

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	2011	2010	2009
Defined-benefit plans. as of January 1	61.5	53.5	47.7
Benefit payments	-2.6	-1.3	-0.8
Regulations		-0.1	
Operating / interest expenses	4.5	3.8	3.0
Actuarial gain or loss	3.5	-0.4	2.6
Acquisitions		7.6	
Translation differences	-0.5	-1.6	1.0
Defined-benefit pension plans, December 31	**66.4**	**61.5**	**53.5**

Changes in plan assets

SEK m	2011	2010	2009
Fair value of plan assets, Januari 1	8.7	7.5	6.2
Payment of pension benefits	-0.2	-0.1	-0.1
Anticipated returns	1.5	2.0	0.9
Acturial gains or losses	-0.6	-0.2	-0.2
Translation differences		-0.5	0.7
Fair value of plan assets, 31 December	**9.4**	**8.7**	**7.5**

Specification of pension costs in the income statement

SEK m	2011	2010	2009
Costs for services during the year	2.3	1.2	1.1
Interest on the obligation	2.2	2.3	2.0
Anticipated returns on plan assets	-0.2	-0.3	-0.3
Actuarial gains or losses	0.4	0.5	0.4
Effects of curtailments and regulations	-0.2	0.1	
Total cost, net of defined benefit plans	**4.5**	**3.8**	**3.2**
Of which amount charged against operating result	2.3	1.5	1.2
Of which amount charged against financial expenses	2.2	2.3	2.0
Total net cost	**4.5**	**3.8**	**3.2**

Actual returns on plan assets	**0.1**	**0.1**	**0.1**

Expected returns on plan assets 2012 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	2011	2010	2009
Discount rate at December 31	3.7%	3.7%	4.0%
Anticipated returns on plan assets at 31 December	4.8%*)	5.8%*)	6.3%*)
Future salary increases	3.6%*)	4.0%*)	4.5%*)
Future increases in pensions	2.0%	2.8%	2.0%

**) Relates to Norway*

Historical information

SEK m	2011	2010	2009
Present value of defined-benefit plan obligations	66.4	61.5	53.5
Fair value of plan assets	-9.4	-8.7	-7.5
Deficit in the plan	**57.0**	**52.8**	**46.0**

Expected payments in 2012

Expected payments in 2012 for defined benifit pension plans amount to SEK 1.9m.

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 2011, 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 6.4m (6.1 and 4.7). Alecta's surplus can be distributed to the holders of the insurance policies and/or the ensured parties. At the end of 2011, Alecta's surpluses, in the form of the collective consolidation level, amounted to 113 per cent (146 resp 141). 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.

cont. note 22

Expenses for defined-contribution plans

SEK m	2011	2010	2009
Consolidated	28.7	20.9	19.2
Parent company	1.8	1.7	1.7

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 2011 decided that fees to the board of directors for the work during 2011 would be paid in the amount of SEK 350,000 to the Chairman of the board of directors, and SEK 175,000 each to Per Borgvall, Eric Hielte, Lotta Stalin, Ylva Hammargren och Gunnar Gremlin.

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 2011, the base salary was SEK 2,924,000. 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 2011, compensation to the CEO and Group President was SEK 5,104,000 of which SEK 1,440,000 consisted of a variable compensation for the 2011 financial year and SEK 740,000 was adjustment for previous 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 2011 the premium expenses were SEK 877,000 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 payment of 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 2011, remuneration to other members of the group management amounted to SEK 8,353,000, of which SEK 1,652,000 consisted of variable compentsation for the financial year 2011 and SEK 390,000 was adjustment for previous year.

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 respectively at the most 30 per cent of base salary. 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 2011

SEK 000	Base salary, director's fees	Variable remuneration	Other benefits	Pension expenses	Total
Chairman of the board Jan Svensson	350				350
Member of the board Per Borgvall	175				175
Member of the board Eric Hielte	175				175
Member of the board Lotta Stalin	175				175
Member of the board Gunnar Gremlin	175				175
Member of the board Ylva Hammargren	175				175
CEO Sven Kristensson	2,924	2,180	138	877	6,119
Other senior executives (5 individuals)	6,311	2,042	450	1,641	10,444
Total	**10,460**	**4,222**	**588**	**2,518**	**17,788**
of which subsidaries (3 individuals)	3,666	1,181	216	1,039	6,102

Compensation and other benefits during 2010

SEK 000	Base salary, director's fees	Variable remuneration	Other benefits	Pension expenses	Total
Chairman of the board Jan Svensson	150				150
Member of the board Per Borgvall	100				100
Member of the board Eric Hielte	100				100
Member of the board Lotta Stalin	100				100
Member of the board Gunnar Gremlin	100				100
CEO Sven Kristensson	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

Note 23 Provisions

Consolidated

SEK m	2011	2010	2009
Provisions, which are long-term liabilities			
Warranty exposure	13.0	15.9	0.2
Other	2.0	0.4	
	15.0	**16.3**	**0.2**

Provisions which are current liabilities			
Restructuring severance pay, redundancy payments	19.2	31.5	2.3
Warranty exposure	24.3	23.5	2.3
Onerous contracts		0.5	
Other	6.4	4.3	0.3
	49.9	**59.8**	**4.9**

Severance pay, redundancy payments			
Book value, January 1	31.5	2.3	1.2
Provisions during the period	37.9	45.6	2.6
Amount used during the period	-49.8	-17.8	-1.6
Acquisitions		0.9	
Reclassifications		1.2	
Unutilised amount which has been regained during the period	-0.4		
Translation differences	0.0	-0.7	0.1
Book value, December 31	**19.2**	**31.5**	**2.3**

Warranty exposure			
Book value, January 1	39.4	2.5	3.1
Provisions during the period	11.5	12.9	1.3
Amount used during the period	-8.3	-28.2	-1.5
Acquisitions		40.3	
Reclassifications	-3.1	15.4	
Unutilised amount which has been regained during the period	-3.2	-1.6	-0.3
Translation differences	1.0	-1.9	-0.1
Book value, December 31	**37.3**	**39.4**	**2.5**

SEK m	2011	2010	2009
Onerous contracts			
Book value, January 1	0.5	0.0	0.0
Provisions during the period			
Amount used during the period	-0.5		
Acquisitions		0.5	
Translation differences		0.0	
Book value, December 31	**0.0**	**0.5**	**0.0**

Other			
Book value, January 1	4.7	0.3	0.0
Provisions during the period	12.4	22.3	0.3
Amount used during the period	-7.8	-26.2	
Acquisitions		15.3	
Reclassifications	0.7	-4.2	
Unutilised amount which has been regained during the period	-1.7	-2.7	
Translation differences	0.1	-0.1	
Book value, December 31	**8.4**	**4.7**	**0.3**

Total provisions			
Book value, January 1	76.1	5.1	4.3
Provisions during the period	61.8	80.8	4.2
Amount used during the period	-66.4	-72.2	-3.1
Acquisitions		57.0	
Reclassifications	-2.4	12.4	
Unutilised amount which has been regained during the period	-5.3	-4.3	-0.3
Translation differences	1.1	-2.7	0.0
Book value, December 31	**64.9**	**76.1**	**5.1**

Warranties

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

Note 24 Other liabilities

Consolidated

SEK m	2011	2010	2009
Other current liabilities			
Other liabilities	0.1	0.3	0.2
	0.1	**0.3**	**0.2**
Other short-term liabilities			
Personnel-related liabilities	50.3	48.1	12.5
VAT payable	26.3	29.8	20.2
Fair value of currency derivatives	1.3	0.6	8.5
Advance payments from customers	64.6	85.4	7.8
Invoiced income not yet recognised, projects	42.6	12.0	
Purchase price not paid		4.5	1.7
Other liabilities	30.7	28.1	4.9
	215.8	**208.5**	**55.6**

Parent company

SEK m	2011	2010	2009
Personnel-related liabilities	1.2	0.9	1.0
VAT payable	0.2		
Purchase price not paid			0.7
Other liabilities	0.1		
	1.5	**0.9**	**1.7**

Note 25 Accrued expenses and prepaid income

Consolidated

SEK m	2011	2010	2009
Personnel-related expenses	60.4	48.6	39.3
Auditing fees	4.2	2.2	1.8
Selling expenses	8.9	7.6	3.1
Shipping costs and customs charges	0.3	0.2	0.0
Other	30.6	31.6	9.0
	104.4	**90.2**	**53.2**

Parent company

SEK m	2011	2010	2009
Personnel-related expenses	8.4	6.1	4.9
Auditing fees	0.7	0.2	0.2
Other	1.2	0.9	0.6
	10.3	**7.2**	**5.7**

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 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 December 2014. At the end of the year this had been utilised to the amount of SEK 488,9m in 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 2011 by SEK 4.1m 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

2009 SEK m	Interest rate	Interest fixing period	Currency	Nominal amount in original currency	Total	Within 1 year	Between 1 and 5 years	5 years and longer
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	
Accounts payable				91.6	91.6	91.6		
Derivatives				8.5	8.5	8.5		

2010 SEK m	Interest rate	Interest fixing period	Currency	Nominal amount in original currency	Total	Within 1 year	Between 1 and 5 years	5 years and longer
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	8.0	8.1	8.1		
Bank overdraft				2.0	2.0	2.0		
Financial leasing liabilities				3.8	3.8	1.7	2.1	
Accounts payable				121.8	121.8	121.8	121.8	
Derivatives				0.6	0.6	0.6	0.6	

2011 SEK m	Interest rate	Interest fixing period	Currency	Nominal amount in original currency	Total	Within 1 year	Between 1 and 5 years	5 years and longer
Bank loan (revolving)	4.035%	2012-03-30	SEK	315.0	353.1		353.1	
Bank loan (revolving)	2.724%	2012-03-30	EUR	19.5	188.2		188.2	
Bank overdraft				1.2	1.2	1.2		
Financial leasing liabilities				3.7	3.7	2.2	1.5	
Accounts payable				129.9	129.9	129.9		
Derivatives				1.3	1.3	1.3		

cont. note 26

In the Group's agreements with Skandinaviska Enskilda Banken (SEB) on bank loans there are net debt covenants where the net debt/EBITDA may amount at the highest to no more than 3.5 times.

Interest on the loan is variable, but is normally sext for three months. 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 494.0m of which SEK 489,1m was for a revolving amortisation free loan, SEK 3.7m financial leasing liabilities and SEK 1.2m in utilised overdraft.

The Group had SEK 149.1m in liquid funds and SEK 122.8m in unutilised credit. In addition there was a credit facility of SEK 311.1m, which is a part of Nederman's loan agreement with SEB. 31 December 2011 the disposable amount of funds was SEK 583.0m.

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 and carefully monitored in order to limit the risks. The Group's largest individual customer accounted for 3.3 per cent of sales. The five largest customers accounted for 7.7 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 5.6m 2011. Of the Group's total accounts receivable of SEK 398.6m, around 11 per cent (8) 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 2011, the provisions for credit losses amounted to SEK 22.2m (21.2) corresponding to 5.3 per cent of total customer receivables.

In certain cases, credit insurance is used to secure the payments from 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.

Consolidated

SEK m	**2011-12-31**
Overdue customer receivables:	
1–30 days	60.1
31–60 days	30.6
61–90 days	20.2
91–180 days	21.0
181–360 days	11.1
>360 days	11.1
Total overdue customer receivables:	**154.1**

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

Opening balance	-21.2
Acquisitions	0.0
Provisions set off during the year	-5.6
Receivables. written off and not recoverable	2.4
Reversed reservations	2.2
Translation differences	0.0
Closing balance	**-22.2**

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 -2.3m (8.1) in the operating profit and SEK 1.0m (-3.1) in financial items.

Transaction exposure

Transaction exposure arises when 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 64 per cent of the purchases are conducted in SEK and the rest primarily in EUR and to a minor extent in USD, DKK and PLN. 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 2011 was:

EUR	30.0%
USD	13.0%
SEK	11.0%
DKK	11.0%
GBP	7.0%
CNY	6.0%
PLN	5.0%
NOK	5.0%
Other	12.0%

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 0.6m as 31 December, 2011. 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 affected operating result by:

EUR	SEK m	1.8
USD	SEK m	0.3
DKK	SEK m	0.1
GBP	SEK m	0.3
CNY	SEK m	0.1
PLN	SEK m	0.3
NOK	SEK m	0.2

based on the Groups net flows in these currencies as well as the translation impact on the Groups Income Statement

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 amortised 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 income statement, 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.

Calculation of fair value

Instruments assessed at fair value are divided across the following three levels:

1. Fair value of listed financial instruments based on current market values on the closing date.
2. For unlisted financial instruments, or inactive markets, the value is acquired using assessment methods and the Group makes assumptions based on market conditions on the closing date. Market interest rates are used to calculate the fair value of long-term loans.
3. For financial instruments whose value is not based on observable data, i.e. the market value is not indicated, fair value is considered to be the same as reported value.

The market value used to determine fair value was established using directly observable market data not listed on an active market (level 2).

Foreign exchange forward contracts entered

31 December 2011				**Book value**	**Fair value**
Amount to sell		**Amount to retain**		**SEK m**	**SEK m**
MEUR	9.6	SEK m	87.4	1.3	1.3
MGBP	2.0	SEK m	20.9	-0.4	-0.4
MUSD	2.4	SEK m	15.8	-0.8	-0.8
MPLN	3.8	SEK m	8.1	0.5	0.5
Total			**132.2**	**0.6**	**0.6**

cont. note 26

Translation exposure

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

Consolidated

SEK m

Currency	**2011**		**2010**		**2009**	
SEK	111.8	20%	198.9	40%	324.2	63%
EUR	157.7	28%	178.7	36%	53.3	10%
GBP	28.9	5%	48.5	10%	27.7	5%
USD	57.8	11%	45.5	9%	8.1	2%
CAD	35.4	7%	44.4	9%	33.8	7%
NOK	29.5	5%	24.1	5%	22.0	4%
PLN	59.2	11%	55.7	11%	11.1	2%
CNY	35.5	6%	31.7	6%	4.9	1%
DKK	-25.4	-5%	-195.1	-39%		
Other	66.4	12%	65.7	13%	29.6	6%
	556.8	100%	498.1	100%	514.7	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 minimise 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.

Note 27 Operational leasing

Leasing contracts where the company is the lessee
Future payments for non-cancellable leasing contract amounts to:

Consolidated

SEK m	**2011**	**2010**	**2009**
Within one year	44.4	47.7	34.8
Between one and five years	94.6	87.4	76.6
More than five years	19.2	11.5	2.9
	158.2	**146.6**	**114.3**

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.
The variable expenses are not significant.

Parent company

SEK m	**2011**	**2010**	**2009**
Within one year	0.7	0.3	0.4
Between one and five years	0.9	0.3	0.2
More than five years	-	-	-
	1.6	**0.6**	**0.6**

Expenses for operational leasing contracts amount to:

Consolidated

SEK m	**2011**	**2010**	**2009**
Total leasing expenses	36.1	46.8	40.4

Parent company

SEK m	**2011**	**2010**	**2009**
Total leasing expenses	0.7	0.5	0.5

Note 28 Pledged assets and contingent liabilities

Consolidated

SEK m	**2011**	**2010**	**2009**
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)	5.1	4.7	2.1
	5.1	**4.7**	**2.1**
Contingent liabilities			
Guarantee commitments, FPG/PRI	0.7	0.7	0.7
Other	83.0	83.6	
	83.7	**84.3**	**0.7**

Parent company

SEK m	**2011**	**2010**	**2009**
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	0.7
Securities provided for the benefit of subsidiaries	129.2	132.3	38.3
	129.9	**133.0**	**39.0**

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	**2011**	**2010**	**2009**
Other operating income	8.8	7.7	10.0
Dividends received	89.2		35.3
Group contribution received	20.2	22.2	9.5
Financial income and expenses	15.4	13.6	6.5
Receivables December 31	174.0	273.3	48.1
Liabilities December 31	153.8	55.9	37.2

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

2011 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 z o.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%	
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 Danmark A/S	29223815	Fredrikssund, Denmark		100.0%	37.0
Nederman Magyarorszag Kft	01-09-874950	Budapest, Hungary	0	100.0%	0.2
Nederman Sverige AB	556426-7358	Helsingborg, Sweden	2,000	100.0%	35.6
Nederman A/S	858741882	Oslo, Norway	2,200	100.0%	31.6
Nederman Services AS		Tønsberg, Norway		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%	
Nederman N.V.	428727	Brussels, Belgium	4,000	100.0%	30.4
LEDA bvba		Schoten Antwerp, Belgium		100.0%	
Nederman GmbH	HRB43352	Nürtingen, Germany	0	100.0%	19.2
Nederman GmbH (Austria)		Vienna, Austria		100.0%	
Nederman Ltd	1393492	Preston, UK	10,000	100.0%	49.3
Dantherm Filtration Limitied.		Leeds, UK		100.0%	
Nederman CR s.r.o.	25634364	Prague, Czech Republic	1	100.0%	0.0
Nederman Holding USA Inc	465-416	Thomasville, USA		100.0%	106.5
Nederman Manufacturing and Logistic USA LLC		Thomasville, USA		100.0%	
Nederman USA LLC		Thomasville, USA		100.0%	
Nordfab LLC		Thomasville, USA		100.0%	
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	50.0%*	0.5
Nederman Holding Danmark A/S	28301650	Mariager, Denmark	60,500	100.0%	208.1
Nederman Manufacturing Denmark A/S		Mariager, Denmark		100.0%	
Nederman Filtration GmbH		Freiburg, Germany		100.0%	
Nederman Holding Germany GmbH		Freiburg, Germany		100.0%	
Nederman OOO		Moscow, Russia		100.0%	
Nederman Manufacturing Poland Sp z o.o.		Marki, Poland		100.0%	
Nederman SEA Co Ltd		Nonthaburi, Thailand		100.0%	
Nederman (Malaysia) Sdn Bhd.		Selangor, Malaysia		100.0%	
Nordfab Ducting Co Ltd		Nonthaburi, Thailand		100.0%	
Nederman Filtration AB		Malmö, Sweden		100.0%	
Nederman Manufacturing (Suzhou) Co Ltd		Suzhou, China		100.0%	
Total parent company					**848.1**

**) 100% owned by the Group*

Parent company

SEK m	2011	2010	2009
Accumulated acquisition value			
January 1	701.1	493.3	550.3
Acquisition		207.8	0.3
Restructuring in the Group	81.0		
Capital contribution	66.0		
Write down book value			-54.7
Book value December 1	**848.1**	**701.1**	**493.3**

Note 31 Cash Flow Statement

Cash and cash equlvalents

Consolidated

SEK m	2011	2010	2009
Cash and cash equivalents	149.1	228.0	90.9
	149.1	**228.0**	**90.9**

Parent Company

SEK m	2011	2010	2009
Cash and cash equivalents	10.5		19.2
	10.5		**19.2**

Note 32 Adjustment for items not included in the cash flow

Consolidated

SEK m	2011	2010	2009
Unrealised currency differenses	0.7	-0.8	1.5
Change in fair value of financial instruments	4.7	-5.0	-8.0
Provisions	-11.8	17.7	2.1
Gain on disposal of subsidiary	-9.5		
Other items	1.1	0.4	-2.0
	-14.8	**12.3**	**-6.4**

Parent company

SEK m	2011	2010	2009
Depreciations	1.7	0.7	0.3
Unrealised currency differences	-0.1	0.3	
	1.6	**1.0**	**0.3**

Transactions which do not result in payments

Consolidated

SEK m	2011	2010	2009
Capital expenditures of assets via financial leasing	1.8	0.8	1.1

Unutilised credit

SEK m	2011	2010	2009
Consolidated	433.9	249.9	83.4
Parent company	431.3	244.7	50.0

Note 32 Events after the closing date

On 5 January 2012 Nederman acquired Lebon & Gimbrair in the Netherlands. Acquisition price EUR 2.1m. Nederman has had a collaboration with the company for over 40 years with Lebon & Gimbrair distributing Nederman's products on the Dutch market. The company had sales in 2011 of around EUR 12 million and 53 employees. Lebon & Gimbrair complements Nederman's existing subsidiary in the Netherlands, which means that Nederman now has a fully comprehensive presence in the country. The deal forms a strong platform for marketing Nederman's complete offer of products, complete solutions and service.

On 10 January 2012 Nederman acquired a business in Turkey from Havak Endüstri Tesisleri Tic. Ltd. Sti. Acquisition price EUR 0.2m. Havak has been a distributor of Nederman's products in Turkey for the past 20 years. In 2011 the business had sales for appr. SEK 4 million. Both acquisitions will contribute positively to the Group´s result in 2012.

At the time when the annual report was approved, the Group had not performed a PPA because the accounts for the acquisition object were not drawn up in accordance with IFRS.

Note 33 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 2011 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 34 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 2011 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	42,709,952
Profit for the year	64,036,185
Total, SEK	**112,612,837**
Allocated in such a way that:	
to Shareholders a dividend of SEK 3.25 per share	38,074,855
to the share premium reserve, transferred	5,866,700
to profits brought forward, transferred	68,671,282
Total SEK	**112,612,837**

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 23 April 2012.

Helsingborg, Sweden, 14 February 2012

Jan Svensson
Chairman

Per Borgvall

Ylva Hammargren

Gunnar Gremlin

Eric Hielte

Lotta Stalin

Sven Kristensson
CEO

Jonas Svensson
Employee representative

Our audit was issued on 5 March 2012
KPMG AB

Dan Kjellqvist
Authorised public accountant

Auditor's report

To the annual meeting of the shareholders
of Nederman Holding AB,
Corporate identity number 556576-4205

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Nederman Holding AB for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 31–67.

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

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Nederman Holding for the year 2011.

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

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

Opinions

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

Malmö, Sweden on 5 March 2012
KPMG AB
Dan Kjellqvist
Authorized/Approved Public Accountant

Corporate governance report

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

Governance of the Nederman Group is carried out through shareholders via the Annual General Meeting, the board of directors, the Chief Executive Officer and Nederman's executive management team in accordance with, amongst others, the Swedish Companies Act, Swedish Code of Corporate Governance, other rules and regulations, the Articles of Association, and the rules of procedure for the board of directors. 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 2011 the company had 2,572 shareholders. Investment AB Latour was the largest shareholder with 29.98 per cent of the shares, Lannebo Microcap owned 11.07 per cent and Ernström Kapitalpartner AB owned 10.79 per cent. The ten largest shareholders had a total holding corresponding to 78.54 per cent of the shares. Foreign investors held 3.3 per cent of the shares. For further information about the share and shareholders, see page 29.

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 26 April 2011. At the meeting 45 shareholders were in attendance, representing 66.5 per cent of shares and votes.

- The AGM adopted the income statement and balance sheet for the parent company as well as the consolidated income statement of comprehensive income and financial position, decided that the profit be dealt with in accordance with the proposed appropriation of profits, and that the dividend to be paid for the 2010 financial year be SEK 1.50 per share. The AGM 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 1,225,000, of which SEK 350,000 to the Chairman of the board SEK 175,000 to other regular members, with exception to the CEO, that Jan Svensson, Gunnar Gremlin, Lotta Stalin, Eric Hielte, Per Borgvall and Sven Kristensson should be re-elected as board members, new election of Ylva Hammargren and that Jan Svensson should be re-elected Chairman of the board.

Nominations committee

The 2011 AGM adopted instructions for the nomination committee concerning its composition and assignments. According 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, Ernström & C:o AB and Göran Espelund, Lannebo Fonder (chairman), have been appointed members of the nominations committee before the 2012 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 2011 special focus was placed on completing the integration of Dantherm Filtration, adapting the Group's capacity and cost levels to the current business climate, the strategy and continued expansion of the Group and the financial framework and objectives. In 2011 the Board held six minuted meetings. To date, one minuted meeting has been held in 2012. The 2011 AGM resolved that SEK 350,000 would be paid as directors' fees to the Chairman of the board and SEK 175,000 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 2011 AGM and one employee representative. 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.

Presence at board meetings

Jan Svensson	6 of 6 possible
Gunnar Gremlin	5 of 6 possible
Eric Hielte	6 of 6 possible
Peter Möller	2 of 2 possible
Per Borgvall	5 of 6 possible
Lotta Stalin	5 of 6 possible
Ylva Hammargren	4 of 4 possible
Sven Kristensson	6 of 6 possible
Jonas Svensson	6 of 6 possible
Rolf Rånes	2 of 2 possible

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 providing additional information including statements of the financial position and a 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 halfway through the year. Work on 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 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 assigned to draft 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 2011 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 systems without anyone from the management being present. Nederman thereby 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. From 2011, the AGM appoints an auditor for a period of one year. At the AGM on 26 April 2011, KPMG AB with Dan Kjellqvist as lead auditor, was elected for a period of one year. A new auditor will therefore be elected at the 2012 AGM.

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, Dan Kjellqvist does not have any assignments in companies over which Nederman's principal shareholders, board members or Chief Executive Officer have any material influence. Dan Kjellqvist 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 1.0 m in 2011 and related mainly to specific reviews and assignments in connection with acquisitions.

Remuneration to the board of directors and senior executives

The 2011 AGM adopted a policy relating to remuneration and terms of employment for 2011, 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 two executives for whom pension payments amount to 8 times the basic index amount per year and 30 per cent of basic salary, respectively. If the CEO resigns, the term of notice is six months. 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 six 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, for exampel financial manuals, ethics policy (Code of Conduct), communication policy, IT policy, financial policy and authorisation lists.

Control activities

To safeguard the internal controls there are both automated controls, such as authorisation 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 26 April 2011, and can be found on the company's website at www.nederman.com and in the annual report for 2011 on page 74.

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 2011 on pages 69-71 and that it has been prepared in accordance with the Annual Accounts Act.

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

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

Malmö 5 March 2012
KPMG AB

Dan Kjellqvist
Authorised Public Accountant

Board of directors

Jan Svensson

Born 1956.
Chairman of the board.
President and member of the board of Investment AB Latour.
Chairman of the board of AB Fagerhult och Oxeon AB.
Member of the board of Loomis AB, Tomra Systems ASA.
Owns 5,000 Nederman shares.

Sven Kristensson

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

Gunnar Gremlin

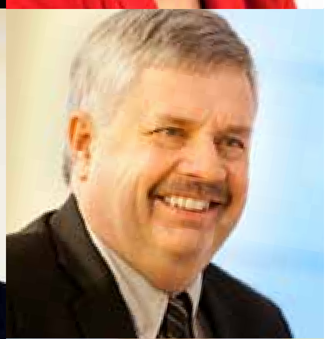
Born 1945.
Chairman of the board of Dyckerhoff AG, Leybold Optics GmbH, PSM Holding Ltd and TitanX Holding AB.
Member of the board of Lonestar Inc.
Owns 43,939 Nederman shares.

Lotta Stalin

Born 1954.
Management Consultant in own company.
Member of the board of Nobia AB.
Member of the board of Partnertech.
Chairman of the board of Skrotfrag AB.
Owns 7,061 Nederman shares.

Eric Hielte

Born 1948.
Chairman of the board of Platzer Fastigheter Holding AB.
Chairman of the board of Ernström & C:o AB.
Owns no Nederman shares.



Jonas Svensson

Born 1958.
Chairman of the local union, Nederman
Owns100 Nederman shares.
Board member since 2009.

Ylva Hammargren

Born 1966.
President of SKF Eurotrade AB.
Member of the board of Specma Group AB.
Owns no Nederman shares.

Per Borgvall

Born 1958.
President and Chief Executive Officer of Gunnebo AB.
Owns no Nederman shares.

Senior executives

Sven Kristensson

President and CEO.
Born 1962.
Employed ni Nederman
since 2001.
Owns 164,881 Nederman shares.

Anders Franzén

Operations.
Born 1961.
Employed ni Nederman
since 2009.
Owns 1,000 Nederman shares.

Per-Ove Eriksson

Sales International.
Born 1956.
Employed ni Nederman
since 1996.
Owns 30,399 Nederman shares.

Stefan Fristedt

CFO.
Born 1966.
Employed ni Nederman
since 2010.
Owns no Nederman shares.

Per Lind

Sales EMEA.
Born 1957.
Employed ni Nederman
since 2007.
Owns 2,000 Nederman shares.

Eva Carin Svensson

Human Resources-HR.
Born 1964.
Employed ni Nederman
since 2009.
Owns no Nederman shares.

Torbjörn Bäck

Business Development & Marketing.
Born 1971.
Employed ni Nederman
since 2012.
Owns no Nederman shares.

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 Annual General Meeting shall be given in Post- och Inrikes Tidningar as well as on the company's website. It shall be advertised in Svenska Dagbladet or, if publication is cancelled, in Dagens Industri instead, that notice of the meeting has been given.

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 and gain/loss on divestment of subsidiaries 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.

Eventuellt flyttas kallelse till Årsstämman hit från omslaget sid3

Notification to attend the Annual General Meeting

The Annual General Meeting of Nederman Holding AB (publ) will be held at Marina Plaza,
Kungstorget 6, 251 10 Helsingborg,
on Monday, 23 April 2012.

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 Tuesday 17 April 2012 and must notify the company of their intention to attend the meeting no later than Tuesday 17 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 2011 financial year of SEK 3.25 per share.

Reports

Q1 report: January–March 2012	23 April 2012
Q2 report: January–June 2012	17 July 2012
Q3 report: January –September 2012	19 October 2012

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www.nederman.com

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