Annual report 2012

"With its strong offer in environmental technology, Nederman has good opportunities to continue its profitable growth, both organically and through acquisitions."

Nederman

Contents 2012

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Company values

Profitable customer focus.

Respect, for the environment and for each other.

Courage to do.

No1

World-leader in environmental technology with focus on

clean air

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

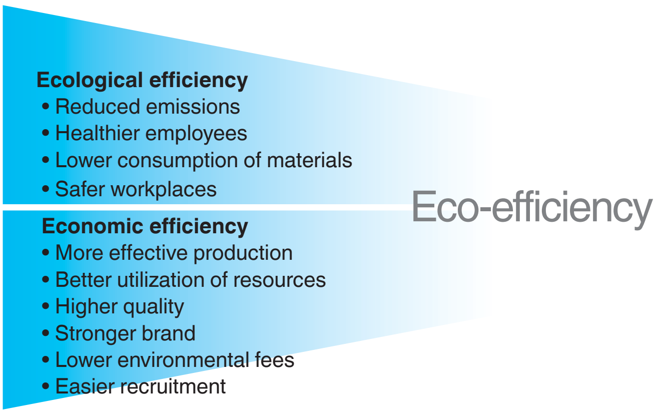
The Group's solutions combine caring for staff and the environment with good production economics, process efficiency and quality for our customers.

We call this connection between economics and ecology *Eco-Efficiency*.

This is Nederman

Nedermans offer of products and solutions in environment technology focus on air filtration and recycling. The offer covers everything from engineering design to installation, commissioning and service of complete systems. These solutions contribute to a better working environment and reduced ecological impact while also increasing efficiency, boosting production economics and raising quality across a wide range of industries. In many instances these solutions are production critical.

The advantages for customers are improvements in ecological and economic effectiveness.



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 from customers' activities. It also means promoting better health and safety for employees.

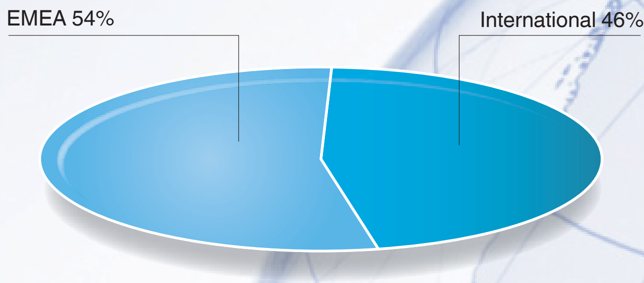
Economic efficiency

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.

A growing and global business

Nederman's market offer covers everything from engineering design to installation, commissioning and service.

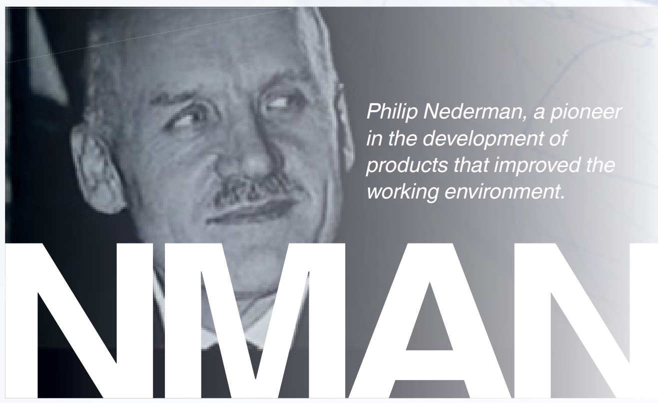
Invoicing per operating segment (incl EFT pro forma Jan-Sept 2012)



Two operating segments

The Group's operational organization comprises two operating segments, *EMEA* (Europe, Middle East and Africa) and *International* (North and South America, Asia and the Pacific region), which have responsibility for activities in these regions.

On the acquisition of EFT it was decided that this unit would be reported as a separate segment in 2012.



Philip Nederman, a pioneer in the development of products that improved the working environment.

Listed on Nasdaq OMX

Nederman's shares are listed under the NMAN ticker. The company has around 2,500 shareholders.

Sales and marketing via subsidiaries in

30

countries

Agents and distributors in a further

30

countries

Production and assembly units in

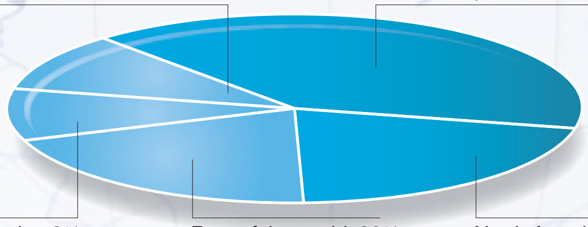
11

countries

Our solutions are found in a wealth of different industries and applications

- Manual and robotic welding
- Thermal cutting, blasting and others
- Machining
- Primary wood
- Secondary wood
- Composites
- Food
- Pharmaceutical
- Waste management
- Minerals
- Agriculture
- Textiles
- Chemicals
- Others
- Foundry
- Smelters
- Incineration
- Crematories
- Asphalt
- Energy
- Vehicle repair shops
- Emergency stations

Invoicing per region (incl EFT Oct–Dec 2012)



Sales 2012 (SEK billion)

2,3

Average no. of employees 2012

1,613

History in brief

1944 Company founded by Philip Nederman
1983 Listing on the Stockholm Stock Exchange
1985 Active becomes the new majority owner. The company is delisted
2007 Listing on the OMX Stockholm Small Cap list
2010 Nederman acquires Dantherm Filtration
2012 Nederman acquires Environmental Filtration Technologies

Year in brief

- **Orders received** amounted to SEK 2,230.0 million (2,024.5 m), a decrease of 2.1%* after adjustments.
- **Sales** amounted to SEK 2,272.6 million (2,000.9 m), a decrease of 0.5%* after adjustments.
- **Operating profit excluding acquisition costs, restructuring costs and the sale of a subsidiary** amounted to SEK 191.8 million (167.0 m), giving an adjusted operating margin of 8.4% (8.3).
- **Operating profit** amounted to SEK 175.6 million (140.5 m), giving an operating margin of 7.7% (7.0).
- **Profit after tax** was SEK 117.1 million (86.8 m).
- **Earnings per share** were SEK 10.00 (7.41).
- **The Board proposes a dividend of** SEK 4.00 per share (3.25).

**) adjusted for currency effects and acquisitions.*

During the year the development of the third generation Filterbox was completed. Filterbox is a modern and user-friendly product based on proven technology. Product launch will be in the spring 2013.

Key events

Q1

- **Nederman acquires Lebon & Gimbrair in the Netherlands.** The two companies have cooperated for over 40 years and Lebon & Gimbrair has been a distributor of Nederman products on the Dutch market.
- **Nederman buys the Nederman business of Havak Endüstri Tesisleri Tic. Ltd. Sti. in Turkey.** Havak has for 20 years been a distributor of Nederman products on the Turkish market.

MikroPul cyclone with bag filter at a plant producing fiber cement sheets in Australia.

Annual General Meeting of Nederman Holding AB

Nederman receives order worth over SEK 25 million from YANMAR CO., Ltd Nederman will supply YANMAR's foundry in Indonesia with a complete solution for extraction and filtration at all stages in the foundry process. The foundry manufactures components to diesel engines.

Nederman receives order worth over SEK 17 million from Aisin Takaoka Co., Ltd Nederman will supply three foundries in China and Thailand, owned by the Japanese company Aisin Takaoka, with comprehensive solutions for extraction and filtration.

Nederman receives order worth SEK 10 million from Mostostal Warszawa SA Nederman will supply Mostostal Warszawa SA Poland with a solution for dust extraction and filtration for mineral coal handling.

Nederman receives order from Sandvik worth over SEK 11 million. Nederman will supply Sandvik Materials Technology with a complete solution for filtration and recycling of cutting fluids.

Nederman acquires US group Environmental Filtration Technologies.

Nederman completes acquisition of Environmental Filtration Technologies (EFT)

Events after the end of the year

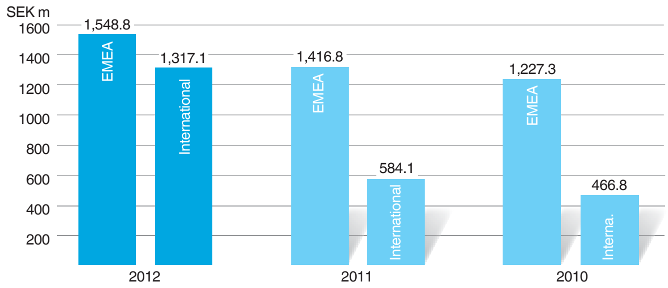
After the end of the financial year, negotiations began regarding discontinuation of the production site Nederman Manufacturing A/S in Assens, Mariager, Denmark The goal is to optimize the production structure by transferring production to other Nederman plants in Europe.

Nederman receives order worth over SEK 30 million from Bradken® in Queensland, Australia. Nederman has entered into an agreement to supply one of Bradken's foundries in Queensland, Australia with a complete solution for fume mitigation for their electric arc furnaces. Nederman will develop a solution to further reduce the level of emissions from the electric arc furnaces in their Queensland foundry.

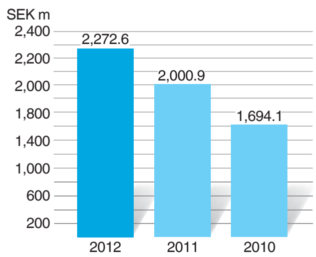
MikroPul hose filter at a plant producing cement in the US.

Key indicators

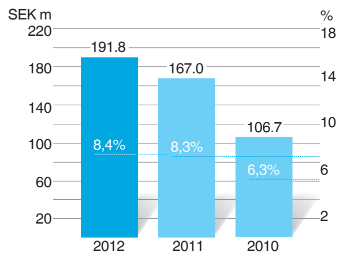
Sales per operating segment including EFT pro forma January–September 2012.



Sales

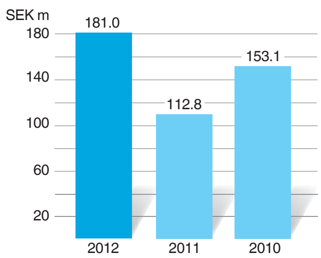


Operating profit (EBIT) and operating margin*



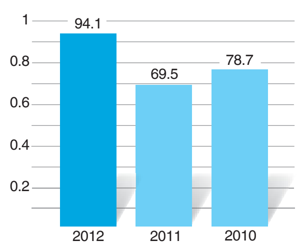
* Excluding acquisition costs, restructuring costs and earnings from the sale of subsidiary.

Operating cash flow*



* Excluding acquisition costs, restructuring costs and earnings from the sale of subsidiary.

Net debt/equity ratio



Operating indicators

Excluding restructuring/integration costs, acquisition costs, and capital gains from the sale of subsidiary.

SEK m	2012	2011	2010
Net sales	2,272.6	2,000.9	1,694.1
EBITDA	235.8	209.1	144.9
EBITDA-margin, %	10.8	10.5	8.6
Operating profit	191.8	167.0	106.7
Operating margin, %	8.4	8.3	6.3
Operating cash flow	181.0	112.8	153.1
Return on operating capital, %	17.9	18.2	14.1
EBITDA(financial net, multiple	10.3	6.4	5.9
Net debt/EBITDA*	2.25	1.8	2.7

* Including EFT pro forma Jan–Sep 2012.

Pro forma including Dantherm Filtration from January 1, 2010 (excluding divested subsidiaries) and including EFT from January 1, 2012.

	2012	2011	2010
Net sales	2,865.9	2,000.9	1,954.8
Operating profit	206.3	167.0	101.8
Operating margin, %	7.2	8.3	5.2

Financial indicators

Including restructuring/integration costs, acquisition costs, and capital gains from the sale of subsidiary.

SEK m	2012	2011	2010
Net sales	175.6	140.5	51.3
Operating margin, %	7.7	7.0	3.0
Profit before tax	152.8	107.8	26.9
Net profit	117.1	86.8	21.1
Earnings per share, SEK	10.00	7.41	1.80
Return on shareholders' equity, %	19.9	16.5	4.2
Net debt	582.0	386.7	392.2
Net debt/equity ratio, %	94.1	69.5	78.7

CEO's statement

"Being able to successfully integrate small and large acquisitions is an important capability for our long-term growth and profitability".

I can state with pride that Nederman continued to develop well in 2012 despite the uncertain macroeconomic situation in large parts of the world. We have reinforced our positions across global markets while working hard to improve the efficiency of our sales process, purchasing and production. Acquired businesses have been integrated and benefits of scale have been achieved.

The successful integration of the acquired Dantherm Filtration gave us good experience and strength to continue acquiring. In 2012 three more businesses were acquired and integrated in Nederman: Havak in Turkey, Lebon & Gimbrair in the Netherlands and Environmental Filtration Technologies (EFT) in the US. This latter acquisition is yet another important step in strengthening Nederman's position as a global leader in industrial air filtration. EFT has contributed growth, improved geographic spread, new customer groups and major product and process know how. Being able to successfully integrate small and large acquisitions is an important capability for our long-term growth and profitability. The acquisitions of 2012, like the acquisition in 2010 of Dantherm Filtration, have enabled the Group to have a strong cash flow, and we have not required any contribution from shareholders.

In a Group with a wide geographic spread and employees with different backgrounds and cultures, it is important for us to make the values of the company well understood throughout the Group. Nederman's values define clearly the expectations we have regarding our employees, and they help us all pull in the same direction. We have a well-developed intranet and a platform for e-learning which help us to bring the different parts of the Group together. These tools are also very useful in integrating new staff after acquisitions.

The core of our offer is to help industry to achieve more eco-efficient production. Fundamental to this is that we run a sustainable business ourselves. We therefore work continuously to improve our own business in this regard.

Economic uncertainty, often linked with political uncertainty, has naturally affected Nederman, especially in the form of great variations in order bookings and the strength of the Swedish currency. We expect sluggish development to continue in the current year, and we are prepared for that. I would like to emphasize that the global market, despite quarterly variations, has significant and fundamental need of solutions that protect the environment, improve workplace conditions and boost production. With its strong offer in environmental technology, Nederman therefore has good prospects to continue profitable growth, both organically and through acquisitions. Our increasingly broader geographic spread also makes us less sensitive over the long term for regional economic fluctuations.

Overall we look forward to the challenges of the new year with confidence.

Sven Kristensson, President and CEO

Goals and strategies

Because our products and system create a clean and safe working environment while reducing environmental impacts 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 will 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 servicing 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

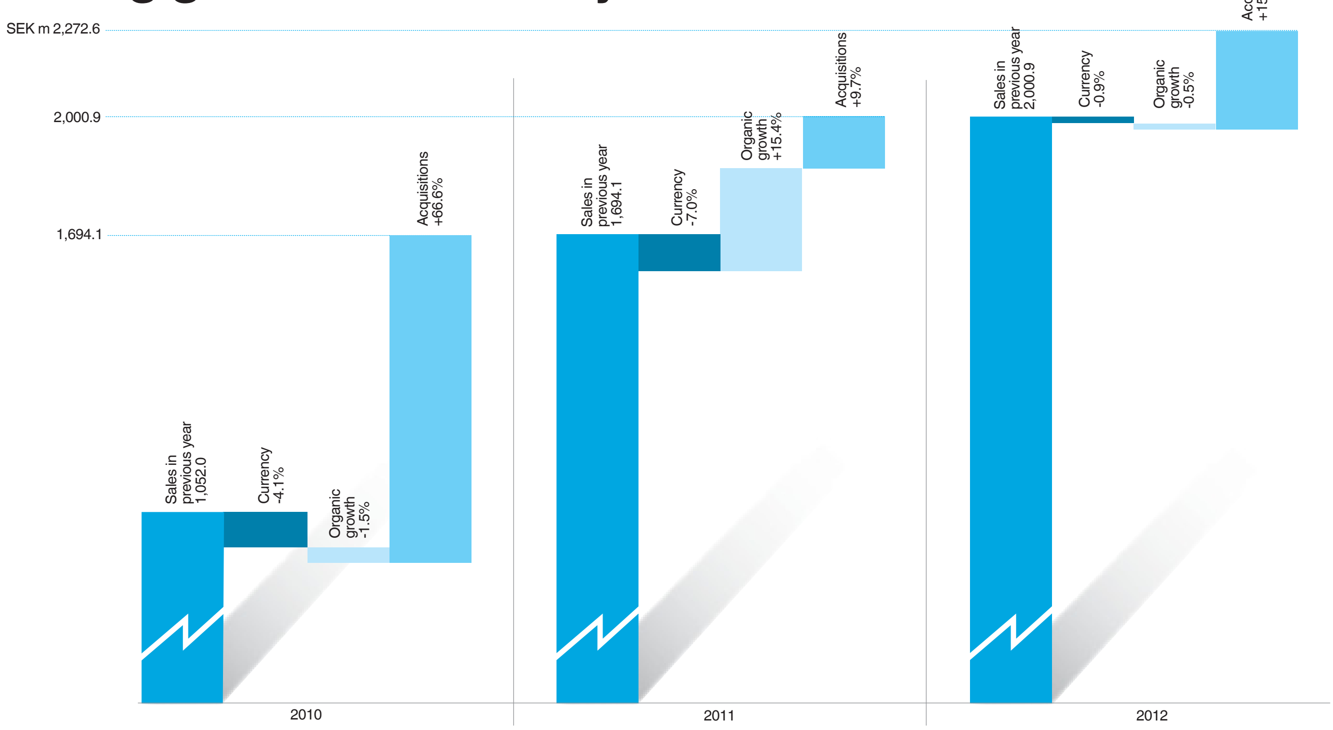
- Annual sales growth of 8–10 per cent over a business cycle, of which at least half shall be organic growth.
- EBIT margin of at least 10 per cent over a business cycle.
- A dividend policy of 30–50 per cent of net profit being paid to shareholders, with consideration for the capital structure and acquisition plans.

Achieving 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 servicing
- …expanding geographically, primarily through growth markets
- … developing new products and concepts.

Strong growth over three years

Sales growth



Business offer and segments

Leading positions in industrial air filtration

Nederman works within a broad area in environmental technology with a focus on clean air. The Group is world-leading in industrial air filtration with strong positions mainly in Europe and North America, and a growing presence on several growth markets.

Business offer

Nederman meets customers' requirements for solutions in industrial air filtration by offering the broadest range of equipment on the market. Solutions are primarily based on filter technology that combines high and low vacuum technology and which is used to capture, transport and filter contaminated air and waste products.

In addition there are complementary solutions for handling fluids, recycling of consumable materials, waste products and energy recycling, plus hose and cable reels, etc.

Solutions are designed to reduce the external environment impact from industrial production, to create a clean and safe working environment and to increase production efficiency.

Solutions can be adapted with great flexibility for specific processes and work assignments in a wide range of industries, with the Nederman offer covering everything from engineering design to installation, commissioning and service.

Primary business focus

Nederman works in selected business segments, based on specific industries or on applications that occur across a number of industries.

Markets and competitors

The global market that Nederman can serve is estimated to be worth around EUR 4 billion and it is growing around 1% faster than global GNP growth.

The key concentration of Nederman's sales remains Europe and North America, but the Group is now growing fast in East Europe, Asia, the Pacific region and Brazil.

Selected business segments

Metal fabrication	• Manual and robotic welding • Thermal cutting, blasting and others • Machining
Fibre-based industries, waste and general industries	• Primary wood • Secondary wood • Composites • Food • Pharmaceutical • Waste management • Minerals • Agriculture • Textiles • Chemicals • Others
Process industries and energy	• Foundry • Smelters • Incineration • Crematories • Asphalt • Energy
Automotive aftermarket	• Vehicle repair shops • Emergency stations

Competitors generally have a narrower product range and more limited geographic coverage. Within specific application and product areas competition comes from regional or national businesses.

Reasons for success

Nederman was formed in 1944 and has nearly 70 years' experience of solutions for industrial air filtration. The Group's market success is mainly due to the following factors:

- Having the market's broadest range for industrial air filtration with solutions for both the inner and outer environment.
- The offer covers individual products as well as complete solutions for entire product lines.
- Competence across the entire chain from product development to service and the aftermarket.
- Strong market presence through own companies in many countries and a well-developed distribution network.

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 commissioning to continual service and maintenance of the finished installation.

Strong forces driving growth

All industrial businesses require a good work environment and need to protect the external environment. Clean, healthy air creates the right conditions for good performance and in many cases is directly decisive for quality and efficiency. Knowledge about the significance of environmental effects is growing globally, leading to stringent legislation and greater regulatory control.

Stricter requirements connected with health, environment and efficient production are driving demand for Nederman's products and solutions:

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 globalization means that companies are increasingly more international, which leads to a distribution of technology, corporate culture and customer requirements.

Stricter laws

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

Increased demands for good and safe working environment

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

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.

Higher incentives to save energy and recycle materials

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

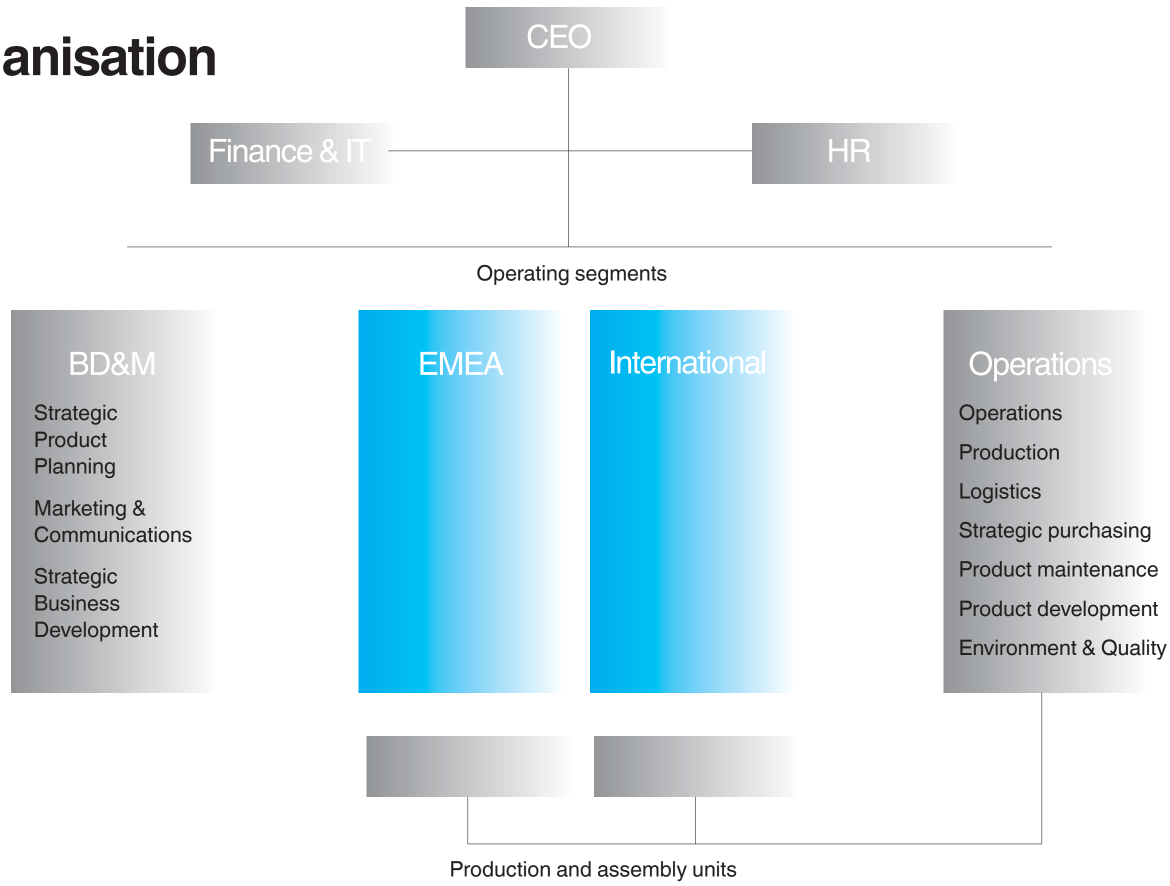
Greater emphasis on strong brands and sustainable business management

The way that a business deals with its responsibilities affects its brand image. Corporate sustainability contributes to a sharper focus on environmental and health related issues.

Nozzle for exhaust extractionlinked to motor vehicle exhaust.

Global presence

Organisation



The Group's operational organisation where comprised of two operating segments, EMEA and International, which where also the Group's reporting units. On the acquisition of EFT it was decided that this unit would be reported as a separate segment in 2012.

Three operating segments from 2013

As a part of the integration of EFT the organization is being adapted from 2013. The business will be divided into three operating segments, EMEA, Asia-Pacific and Americas. These will be the Group's reporting units and will each include a part of the acquired business.

EMEA

The EMEA operating segment covers the business in Europe, the Middle East and Africa.

International

The International operating segment comprises the business in North and South America, Asia and the Pacific region.

Operations

Has responsibility for manufacturing, distribution, product maintenance, product development, logistics, procurement, environment and quality.

Business Development & Marketing (BD&M)

Has responsibility for marketing and communication, strategic product planning, internal training and strategic business development of Nederman's business segments.

Group-wide functions

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

Service

Service is included within each operating segment.

Active sales via variety of channels

Nederman has a global presence via sales companies and distribution in a large number of countries. A large portion of sales takes place in Europe and North America, but Nederman is active in several growth markets and is expanding swiftly in Eastern Europe, Asia and Brazil.

Three types of sales

Nederman has three principal business offers for the market: products, solutions and service.

- Sales of **products** and components are mainly directed through indirect channels such as distributors, OEMs and various types of engineering companies.
- **Solutions** and systems are marketed by Nederman directly to end-customers in the form of customised solutions for entire production lines or plants. This also means that the Group has responsibility for engineering design, delivery, installation and commissioning.
- **Service** covers all maintenance of completed installations with spare parts, service, consumable materials and upgrades.

Sales organisation

The group has its own sales companies in 30 countries, and distributors in more than 30 other countries. The company aims to maintain a good balance between direct sales and sales via distributors in order to reach customers with varying demands. A strong local presence is of great importance to Nederman to meet changes in market requirements and deliver comprehensive solutions. Sales through distributors meanwhile give Nederman a high market coverage for individual products and smaller systems.

During recent years the company's own sales organization was developed to strengthen performance on new and existing markets. A regional structure has been established for sales and technical support on developing markets within specific application areas.

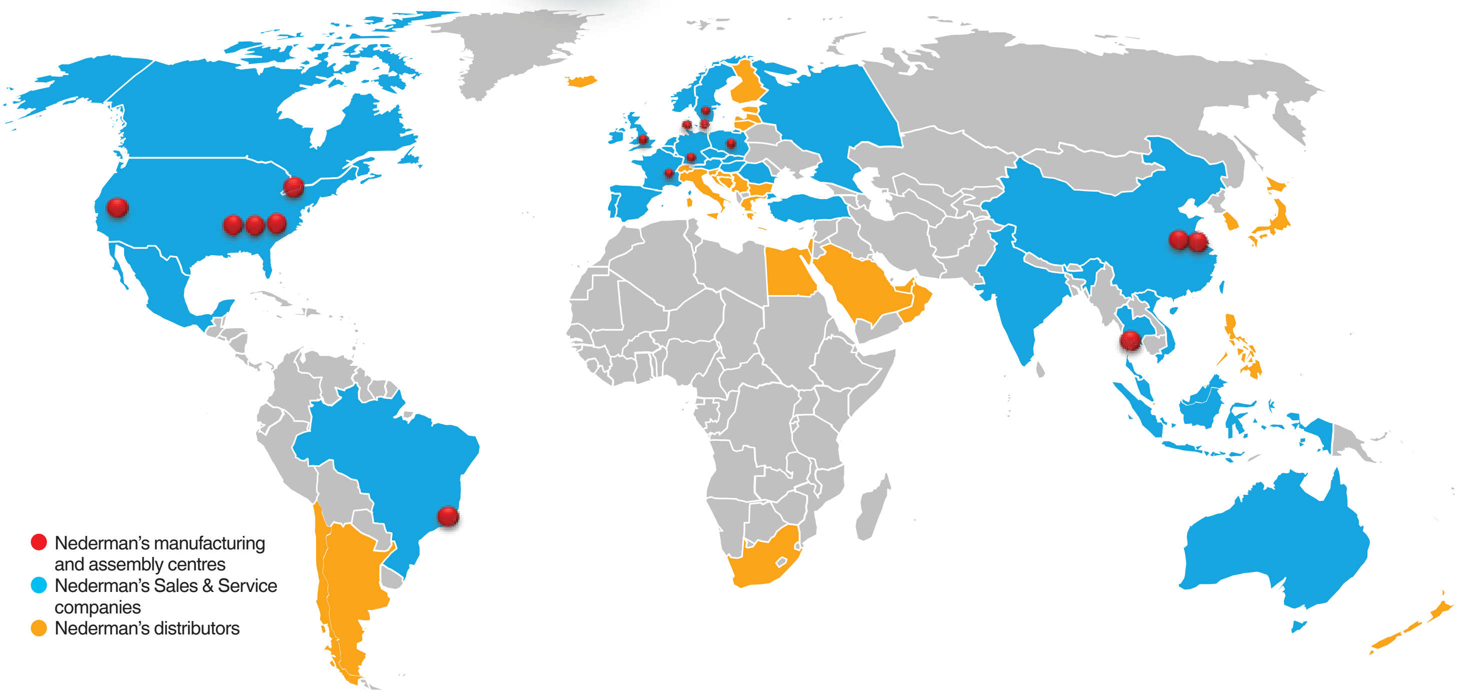
Service

The importance of service has grown stronger. By offering advanced service with high availability, Nederman helps its customers to secure continuous, optimized production. This applies with special significance as the Group increasingly supplies complete solutions to large plants that are often business-critical for customers. The demand for good service is also increasing as the installed base of Nederman equipment is expanding on all markets. To serve this base, Nederman has an established service organization in many countries. This organisation is being expanded to meet demand from Asia and East Europe, among other growth markets.

Production

During the year the Group operated production- and assembly units in eleven countries including the units acquired in Q4 through the acquisition of Environmental Filtration Technologies (see next page).

There were seven units in Europe, of which two in Sweden and one each in Denmark, United Kingdom, Poland, France and Germany. There were also units in the US, Brazil, Canada, China and in Thailand.



Acquisition of EFT

Strengthening Nederman in North America and generating possibilities for further global expansion

During Q3 2012 Nederman further strengthened its world-leading position in industrial air filtration by acquiring Environmental Filtration Technologies (EFT) of the US. This acquisition suits Nederman well, providing a good platform for further growth and strengthening the Group on all four of its strategic cornerstones.

1

Geographic expansion. EFT gives the Group a significant boost on the important North American market and means that Nederman now has leading market positions in both Europe and the Americas. The acquisition also strengthens positions in other significant markets such as Australia, Germany and France.

2

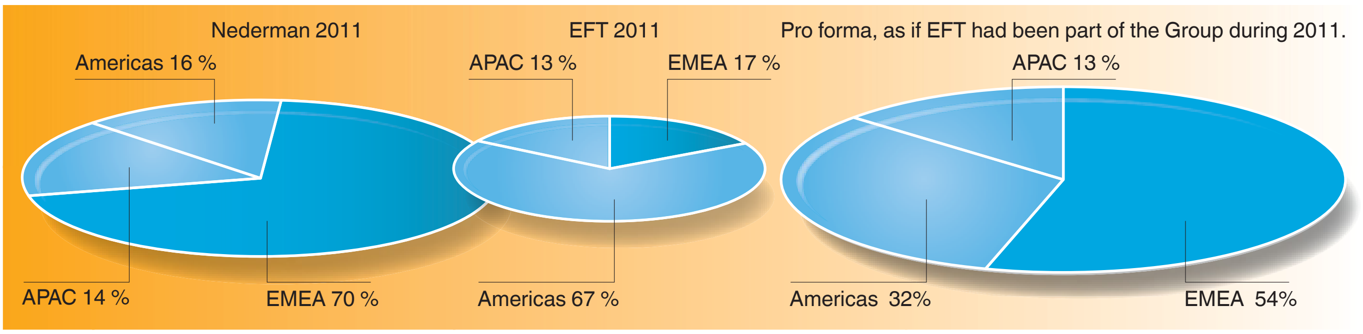
New customer and market segments. EFT's solutions and competence complement Nederman's existing business offer. The deal expands Nederman's customer base, adds valuable competence and strengthens sales of solutions with new positions in the steel and metal, mining and chemicals industries, among others.

3

Developing positions along the chain of value. EFT's sales of consumable materials, such as replaceable filters, strengthen Nederman's position on the aftermarket. EFT's extensive base in North America especially has major potential both for extra sales and for service and aftermarket sales.

4

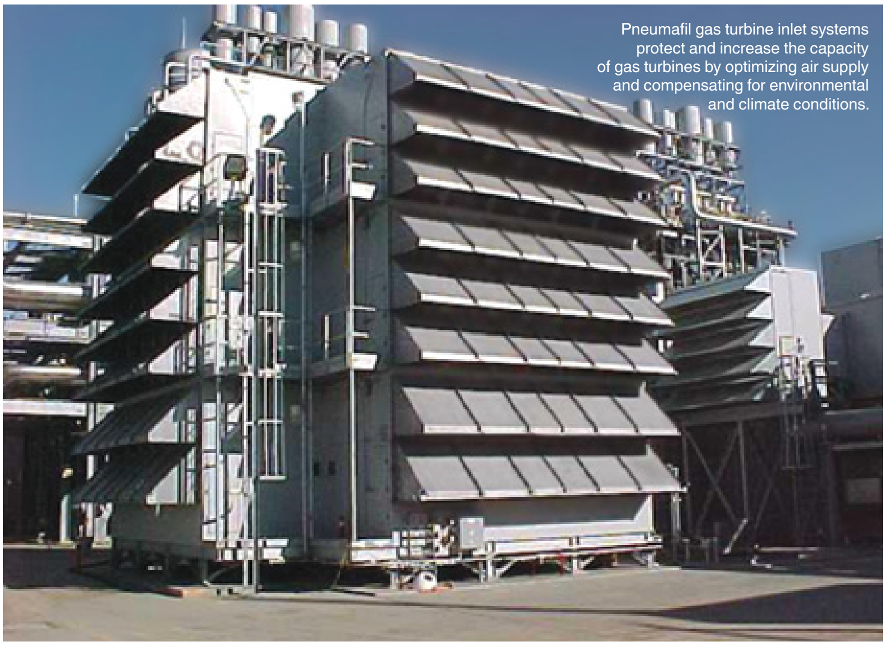
Development of new products. EFT's engineering capacity, products and solutions expand Nederman's offer within, for example, wet filtration (scrubbers) and inlet filters.



Nederman MSEK 2001(MUSD 295) | EFT MSEK 834 (MUSD 123) | Nederman + EFT MSEK 2835 (MUSD 418)

ENVIRONMENTAL FILTRATION TECHNOLOGIES | MIKROPUL | MENARDI | PNEUMAFIL | LCI

Mikropul: Founded 1929. Invented Puls Jet Cleaning, now the industrial standard. Leading engineering capacity in industrial air filtration. Menardi: Founded in 1913. Leading manufacturer of filter cartridges in various materials and coatings. *Pneumafil:* Founded in 1946. Invented filter solutions that meant that waste material from the textile industry, such as cotton spinning, could be recycled. *LCI:* Founded in 1961, a leader in granulation, technology and evaporation equipment for refinery processes.



Pneumafil gas turbine inlet systems protect and increase the capacity of gas turbines by optimizing air supply and compensating for environmental and climate conditions.

Mikropul has long experience of wet filtering/scrubbing, where liquids are used to clean particles out of process gases. This technology is used in mineral-based processing and aluminium smelting.

EFT has business activities in four product areas, of which two account for around 85% of sales. One of the two major businesses is air filtration solutions for various types of industrial applications, with EFT's MikroPul and Pneumafil brands complementing Nederman especially in large installations as well as introducing sales to associated industries. EFT's other major business, Menardi, manufactures filter cartridges and bags in advanced materials. EFT also has a smaller business, LCI, which is a leader in granulation and evaporation equipment for the chemicals and pharmaceutical industries.

In 2011 EFT had sales of SEK 834 million and 385 employees. The company's is one of the leading companies in the US in industrial air filtration, marketing highly reputable brands such as MikroPul, Filtrex, LCI and Pneumafil. The company has its largest market in North America and its head office is in Charlotte, North Carolina. EFT has subsidiaries in Australia, Germany and France. The company has three production plants, of which two are in the US (South and North Carolina) and one in France (Pontcharra).

Positive cost synergies

The acquisition will mean positive cost synergies thanks to widespread use of Nederman's global purchasing structure. EFT has significant purchasing volumes, which increases opportunities for cost-effective purchasing. EFT can also use Nederman's global structure for production of products that EFT formerly acquired from third parties. Nederman's experience of modulized products can contribute to increased profitability in EFT's offer. Cost synergies will also in the integration and merger of management and administration functions.

The acquisition of EFT was completed on 25 September 2012 and is expected to be fully integrated during Q4 2013.

Summary of acquisition

Facts about Environmental Filtration Technologies, EFT

- Sales (2012) SEK 803.3 million (pro forma Jan–Sep 2012)
- Employees: 372
- Head office: Charlotte, North Carolina, USA
- Offices in the US, Canada, Mexico, France, Germany and Australia
- One of the leading companies in the US in industrial air filtration

Geographic coverage

- Increased geographic presence in North America, meaning that Nederman has leading positions in Europe and the Americas.
- Strong positions on significant markets in Australia, Germany and France
- New opportunities for expansion in fast-growing markets such as Turkey, Brazil, China, India and in countries in South East Asia.

Sales synergies

- EFT's business segments and know how complement Nederman's current portfolio.
- Cross-fertilization between EFT's and Nederman's products.
- use of Nederman's global sales organisation to market EFT's solutions.
- Extensive installed base, especially in North America, creating new opportunities for aftermarket sales.
- Increased engineering capacity.
- Improved scope in chain of value though increased sales and aftermarket activities.

Cost synergies

- Use of Nederman's existing global purchasing structure will reduce EFT's costs.
- Combined and thereby increased purchasing volumes mean cost-effective purchasing.
- Use of Nederman's global production structure to enable production of parts for EFT projects currently purchased from third party.
- Cost synergies on integration and merger of management and administration functions.

Financial impact

- Purchase price of SEK 249 million (cash-free/debt-free enterprise value).
- Integration and restructuring costs not expected to exceed SEK 40 million.
- Transaction costs affected Nederman's earnings negatively by around SEK 8,6 million in 2012.
- Integration of both companies expected to produce positive annual cost synergies of around SEK 45 million.

Key indicators, Nederman and EFT

	Nederman 2012 incl EFT Oct–Dec 2012	Nederman and EFT, 2012 proforma
Sales, SEK m	2,272.6	2,865.9
EBIT (SEK m)	191.8	206.3
EBIT* marginal (SEK m)	8.4	7.2

* excluding aquisition-, restructuring and integration cost.

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

Operating segment EMEA

Europe, the Middle East and Africa

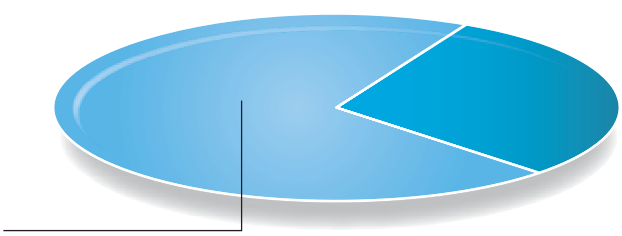
Nederman has a strong position on the European market for industrial air filtration. The major portion of EMEA's sales has for some time been in Northern and Western Europe and good opportunities for further growth still exist on these markets. Meanwhile the main opportunities for growth are considered to lie in Eastern Europe and the Middle East.

Business performance

(SEK million unless otherwise stated)	2012	2011*
Orders received	1,388.5	1,421.5
External net sales	1,418.9	1,416.8
Depreciation	-21.5	-22.8
Operating profit	142.1	147.8
Operating margin, %	10.0	10.4
Employees, 31 Dec.	1,023	937

*Comparative figures for 2011 are adjusted according to organisational changes between EMEA and International.

Operating segment's share of sales (excluding EFT)



The EMEA operating segment comprises Nederman's activities in Europe, the Middle East and Africa. The business comprises 13 sales companies focused on Western Europe with a presence in Russia and Turkey as well.

A key focus during the year has been developing and strengthening the sales and service organisations within EMEA. Efforts were also channelled into launching and marketing on additional markets the Group's complete concepts for mechanical metal fabrication, the timber industry and foundries.

During the year Nederman acquired two companies, one in the Netherlands and one in Turkey, which have been integrated in the operating segment. The acquisition of the US group, Environmental Filtration Technologies (EFT), included subsidiaries in Germany and France, although they were not consolidated in EMEA in 2012.

Performance during 2012

In general the market was affected by economic uncertainty in the euro region. However, there were major variations between different countries. Development was strong in Germany and the UK, but due to the weak economy in several countries, overall net sales amounted to SEK 1,418.9 million (1,416.8 m). Adjusted for currency differences, sales and acquisitions, net sales decreased 3.6 per cent compared with the previous year. Lower net sales meant an operating profit of SEK 142.1 million (147.8 m).

Due to the economic uncertainty, a number of larger investment decisions were postponed by customers, which affected order bookings negatively, especially towards the end of the year. Orders received fell by 5.6 per cent to SEK 1,388.5 million (1,421.5 m), adjusted for currency differences, sales and acquisitions.

Europe

In terms of sales value, Nederman's largest markets in Europe are the Nordic region, Germany and the UK. In Germany, where Nederman has its largest sales company, invoicing and orders received were good during the year, with decent demand from the metal and machine processing industries.

Performance in the UK was relatively good for Nederman despite the country's weak economy. Orders received from the automotive and aircraft industries, among others, were good, and Nederman strengthened its positions during the year. The market in Ireland, which is served by the same sales company, also reported a good performance.

Development in the Nordic region was more mixed. Sales in Sweden developed weakly compared to 2011, a year that produced a number of major orders. Demand from machining companies and vehicle repair shops was good however, and large orders for recycling systems for cutting fluids were received from Sandvik Material Technology and Scania.

In Denmark demand for solutions for the wood processing sector saw a recovery with increased orders received, although demand from the key wind power industry remained weak. In Norway meanwhile, the market was stable with favourable trends in orders received relating to investment in the offshore industry and vehicle repair shops.

Invoicing was stable in France even though somewhat weaker orders were noted in the autumn. Belgium reported lower orders than 2011, but market activity increased successively with positive signals from the metal and wood processing industries and from vehicle repair shops.

In early January, Nederman acquired Lebon & Gimbrair, which has been a distributor of Nederman's products in the Netherlands for over 40 years. The acquired company complements Nederman's subsidiary in the Netherlands. Lebon & Gimbrair, which reported sales of around EUR 12 million in 2011 with around 50 employees, made a positive contribution to the Group's earnings in 2012.

Performance in Russia and other Eastern European countries was positive, not least in Poland where good orders were received in several sectors, including foundries, composites processing and smaller vehicle repair shops.

Nederman won an order from Mostostal Warzawa in Poland for a solution for extraction and filtration for coal handling. Nederman's equipment will enable a good working environment at six new production lines at one of Poland's leading coal processors. Nederman was also the supplier chosen for the first expansion phase in 2010.

Another major order in Eastern Europe during the year was received for equipment for treating emissions from a steel mill in the Ukraine. Countries in Southern Europe that account for a small portion of Nederman's sales reported generally weak development during the year mainly due to the debt crisis.

In Turkey, organic growth in orders received was very strong with good demand for solutions for the metal and machining industries, foundries and vehicle repair shops. Nederman is growing from a relatively low level, but this market is growing in importance for the Group. At the start of January 2012 Nederman acquired a small business from Havak Endüstri Tesisieri, which has been distributing Nederman's products in Turkey over the past 20 years. This business is now the base for the marketing of the Group's complete offer in Turkey and is expected to continue contributing to good growth in this market.

Middle East and Africa

Sales in the Middle East and Africa account for only a small share of Nederman's overall sales, but the assessment is that demand will grow in line with industrial development, and as awareness of ecological and working environment issues increases in these regions. Nederman is therefore successively reinforcing its presence in several countries in these regions, especially in the Middle East.

Continued development

Nederman has a strong position on the European market for industrial air filtration, which still offers good prospects for future growth. As previously, the EMEA operating segment has its major sales region in Northern and Western Europe, where Nederman can grow by increasing its market share and expanding its offer. Good growth opportunities have been identified in Eastern Europe and the Middle East and also in countries such as Russia, the Ukraine and Turkey.

The acquisition of EFT also included its subsidiaries in Germany and France, which will be integrated into Nederman's operational organisation in 2013. These businesses complement the EMEA offer and will reinforce Nederman's leading market position in industrial air filtration.

Operating segment International

North and South America, Asia and the Pacific region

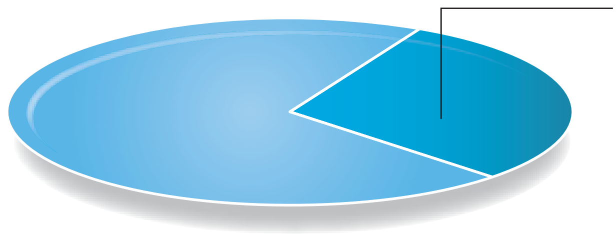
The International operating segment accounts for Nederman's business in North and South America, Asia and the Pacific region. The sales performance during the year was good on most of the growth markets while the recovery in North America continued.

Business performance

(SEK million unless otherwise stated)	2012	2011*
Orders received	656.8	603.1
External net sales	643.7	584.1
Depreciation	-11.3	-10.9
Operating profit	80.0	59.8
Operating margin, %	12.4	10.2
Employees, 31 Dec.	497	467

*Comparative figures for 2011 are adjusted according to organisational changes between EMEA and International.

Operating segment's share of sales (excluding EFT)



Nederman has for some time been established on the mature markets in the US and Canada and in Australia. The Group's positions in these markets were strengthened further during the year through the acquisition of EFT, which will be integrated in the Group's operational organisation during 2013.

In growth markets in Asia and South America, industrial progress has meant enhanced environmental awareness and stricter legal requirements regarding industrial emissions to air and water. Demands have also increased regarding the working environment, and this development is further driven by a growing need to attract and keep qualified personnel.

In 2012 Nederman continued to strengthen its own organisation in all regions and to extend the retailer network in growth markets. A key focus was also continued efforts to standardize the product offer on these markets to enhance sales efficiency and boost competitiveness.

Performance during 2012

The International operating segment reported mixed progress over the year. The Chinese market was disrupted by financial uncertainty and a political shift in leadership, which mainly meant that major investment decisions were delayed. The market developed positively in South East Asia and Oceania over the year. The North American market reported continued strong recovery and through the acquisition of EFT Nederman has been able to significantly improve its positioning. Demand remained strong in South America.

Net sales for the International operating segment reached

SEK 643.7 million (584.1m). Adjusted for currency differences, sales and acquisitions, this meant an increase of 6.9 per cent compared with the previous year.

The operating profit increased to reach SEK 80.0 million (59.8 m). Margins were positively affected by an increased share of local production and assembly and local purchasing, mainly in Asia and Australia.

Orders received fell during the second half of the year mainly due to longer decision making processes by customers regarding major investment decisions. The orderbook at the end of the year was SEK 656.8 million (603.1m), adjusted for currency differences, sales and acquisitions this corresponds to a 5.9 per cent increase.

North and South America

Nederman has a good, long-established organisation in the US. The acquisition of EFT means that the US will be the Group's largest single market in terms of sales value. The US market recovered gradually throughout the year and trends were favourable for Nederman. A large part of Nederman's sales in the US are solutions for stations for emergency vehicles and for welding and composites equipment. The patented Nordfab ducting system is a key product. Nordfab manufactures and markets fast-fit, flexible ducting systems for ventilation and transport of dust, mist, fumes and smoke. The systems manufactured in Thomasville, North Carolina, have a leading position on the US market and are also sold internationally.

Nederman also has a strong and well-established position in Canada, which is further boosted by the acquisition of EFT. At the start of 2012 the market was in a recovery phase and sales improved successively throughout the year.

Nederman has had a presence in Brazil with its own sales and service organization since 2008. The potential here is massive and the Group's sales and orders continued to grow during the year. An assembly and distribution centre was opened in São Paolo during the year. This will reduce delivery times and cut costs through the local purchase of components.

Manufactured in North Carolina, Quick-Fit Nordfab ducting systems have a leading position on the US market and are also sold internationally.

Asia-Pacific

China is considered to offer good, long-term potential for Nederman and the Group continued to expand its presence during the year through more local sales offices, retailers and distributors. The second phase of capacity expansion was completed at the production site in Suzhou.

An extended range of filters for welding and grinding dust applications has been launched while the sales organisation has been boosted with competence and capacity to work on larger projects and more types of processing plants. Sales of products and standard solutions were stable compared with the previous year while sales of larger solutions were weaker, especially in the second half of the year.

The markets in South East Asia reported continued strength in general. Demand in Thailand for solutions stabilised and thanks to the strong base of installed products there are good opportunities for growth within servicing.

After the end of the year, a new, larger factory was completed in Thailand, and production at the previous Thai plant will move to the new one in the spring of 2013. An assembly and distribution centre for South East Asia has been established at the new plant.

Sales in Indonesia progressed well and Nederman established a subsidiary in this country during the year with the capacity and competence to work on larger projects. This has resulted is several orders for major projects for foundries from, among others, Japanese companies such as Yanmar and Komatsu. The number of inquiries increased in both Indonesia and Malaysia in 2012 and Nederman's opportunities are considered to be good among foundries, cereal handling and the mining industry.

The market in India also progressed positively with greater willingness to invest in industry following a weak first quarter. Nederman continued to strengthen its sales offices and retailer network in order to drive both product sales and larger projects within foundries and other industries.

Nederman is well-established in Australia, primarily within applications for welding and the mineral industry. During the year the country's economy was affected by reduced demand for raw materials, which weakened the key mining sector. For Nederman this meant a protracted decision-making process among customers concerning major investments. However, other sales developed in a stable fashion.

The great potential in Australia remains within larger filter solutions, where the company's position has also been strengthened through the acquisition of EFT, which has extensive business in the country.

Continued development

The acquisition of EFT strengthens Nederman's positions in industrial air filtration and specifically the significant North American market and in Australia.

The further development of the organisation and the retailer network in combination with boosting capacity for larger projects indicate continued good growth on most markets.

Nederman is active in a total of 22 selected business segments that can be divided into four categories: metal fabrication, fibre-based industries, process industry and energy, and the automotive aftermarket. These business segments are described in greater detail on the following eight pages.

Metal fabrication

Contaminated air is a common problem during welding and other metal fabrication activities. Welding smoke and oil mist can harm human health and affect product quality. There are also strong economic incentives for recycling used materials from processes.

This creates great opportunities for Nederman in the metal fabrication industry as well as the automotive and engineering industries. Nederman's products capture welding fumes, oil mist and other particles directly at source while also separating cutting fluids, sanding media and metal chips for recycling. The technology is highly effective and uses less energy than central ventilation systems.

Sales in 2012

The main focus of sales has traditionally been in Europe and also in North and South America. Demand is growing fast in Eastern Europe, Asia, the Pacific region and Brazil.

Sales in Northern Europe were stable during the year while demand in Southern Europe was weakened by the economic downturn. Sales in South East Asia increased as the Group strengthened its presence on several markets in the region. Markets in East Europe and Turkey reported positive development. The sales trend was strengthened by the continued roll-out of a broader product range following the integration of solutions from Dantherm Filtration, which was acquired in 2010.

The Group's complete concepts for welding, thermal cutting, blasting and mechanical metal fabrication were launched on additional markets during the year where they were well received. The service offer has also been further developed in several countries.

Manual and automated welding processes

Manual and automated welding is an im-

portant business segment for Nederman. One measure of this is the estimate 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 industrialization.

Demand is being driven by stricter requirements ands norms for the working environment, and competition among businesses to recruit and keep well-qualified employees. Keeping levels of welding fumes and other harmful substances as low as possible in the production environment is also important for productivity and product quality.

In this segment Nederman has a comprehensive range with everything from mobile filters to complete solutions for entire production lines and plants. Solutions are also available for welding robots and machines in automated manufacturing processes.

Welding fumes can contain particles that injure health. Nederman's extraction arms safeguard a good, healthy working environment.

Thermal cutting and blasting

Thermal cutting, which includes various cutting methods that utilize heat to cut metal, produces larger amounts of smoke and dust than welding, for example. To meet this situation Nederman has developed ultra high capacity filters and systems for larger plasma, gas and laser cutting plants.

Blasting operations generate large amounts of dust and particles that must be cleared up. Nederman's products can extract, filter and collect materials released through blasting. The equipment can recirculate blasting media, which boosts production economy because media can be recycled several times.

Mechanical metal fabrication

Turning, milling, drilling and cutting generate metal chips and also large amounts of cutting and cooling fluids that must be taken care of and recycled. Processing also generates oil mist and particles that can harm human health, cause dirty surfaces or damage electronic components in production plants.

Nederman solves these problems to give the customer benefits in the form of cleaner air, better use of cutting fluids and a higher value for waste products. The Group's products are sold mainly in the form of complete solutions for entire production lines within the framework of Nederman's machining concept. This includes several types of equipment that can be adapted to the customer's needs and be complemented with a service agreement.

Case

Industrial training schools in Brazil choose a better working environment for welders

Brazilian industry is growing fast. To support this progress, SENAI, the authority for industrial training, operates over 800 schools.

Previously, the welding schools used welding cabinets to deal with the hazardous fumes that occur during welding. This type of equipment has a limited effect, however, as it does not capture the fumes at source. After contacting Nederman, SENAI decided to chose Nederman's solution based on flexible fume extraction arms, which effectively capture welding fumes directly at source and separate the hazardous particles.

As part of this upgrade, Nederman won its largest ever order from SENAI in the past year. The order covers 500 fume extraction arms and 31 fans to be installed at 36 professional schools in the Minais Gerais region. This order means that over 90 welding schools in Brazil have chosen to install equipment from Nederman to protect the health of students during their training.

The use of Nederman's products in training mean that newly qualified welders learn about the products at an early stage, which is knowledge and experience they can use later throughout their careers.

Nederman has been active in Brazil since 1996 and in 2012 the company opened an assembly and distribution centre in Sâo Paolo to support sales in the country.

Wood and composite prosessing

The handling of materials that generate dust is a major problem in many industries. The wood processing and composite processing industries are good examples, alongside the pharmaceutical, food, agro, mineral, marine and offshore industries.

Process dust that forms in the handling of materials such as wood and composites can cause health problems when inhaled, while they may also damage product quality and increase the need for maintenance. Some types of dust also cause fire and explosion risks.

Safe and effective operation

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).

The offer also covers solutions that enable the handling of waste products such as sawdust so that it can be recycled.

In larger plants the equipment is often fully integrated in the customer's processes where they contribute to efficient use of energy.

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 make use simple and ergonomic.

Overall the business area has a relatively high proportion of product sales via different distribution channels. Complete solutions are also delivered to large plants. Customers set high requirements for availability, which means that Nederman will provide regular service and maintenance based on a specified agreement.

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.

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 but also in North America. Nederman is growing in other regions, partly due to the expansion of the wood and paper industries in Eastern Europe and South East Asia.

The market is being driven by greater demand for wood-based products in buildings and interiors. The use of wood is also increasing due to there being greater focus on renewable and recyclable materials. During the year, weak economic conditions restricted investment in new plants while demand has been good for upgrades of existing plants with more energy-effective equipment.

Nederman launched a comprehensive wood concept in 2012 for prioritised markets which was positively received and has strengthened the company's position as a supplier. The concept, which is based on the joint knowledge of the Group in industrial air filtration, is directed at both small and large plants and can

Effective handling of dust and particles is very important for industries that process composites and fibre-based materials.

be adapted to the unique requirements of the customer.

Composites

When composite materials are cut, ground, machined or polished it produces fine-grained powder. It is essential to stop these particles from getting into the lungs, or if the material is glass-fibre, from penetrating the skin, which could produce skin irritation such as eczema.

It is also crucial to stop process dust from affecting product quality or causing production stoppages.

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 aircraft bodies and rotor blades for wind turbines, composite materials provide a superior finish and minimal air resistance.

During the year, sales of solutions to the aircraft industry continued to progress strongly while the expansion rate for wind power solutions fell after a number of years of very fast growth.

Other industries

Among the other industries Nederman works in are the food and pharmaceutical industries. These producers use Nederman equipment to handle particles and fumes generated on production lines and in laboratories. The equipment must comply with strict standards for hygiene and safety.

Safety is also a key concern in the marine and offshore industries to which Nederman is a supplier.

Large amounts of dust produced during the handling of bulk goods in the minerals industry and agriculture industry must also be dealt with safely and efficiently. These industries need systems that can manage the large volumes of dust that arise in the handling and transport of coal and minerals. The agro industry uses Nederman's solutions to handle cereals and seeds at terminals and silos in connection with loading and transportation. Nederman's equipment is also used in a large-scale activity such as the treatment of rice.

All of these areas are experiencing good, long-term growth on international markets. Several of them, such as the food and pharmaceutical sectors, are relatively insensitive to business cycles and the customers are usually large, multinational corporations that want advanced products and solutions.

Case

Nederman's flexible solutions cut operating costs significantly

American company idX, a globally leading manufacturer of store fixtures, turned to Nederman to equip a new production site and later for a plant extension in New Albany, Indiana, USA. The first delivery was for a dust extraction system for two processing lines with high air volumes.

Nederman won this deal for several reasons. Primarily it was because the company's solution meant a significant cut in operating costs over time, but flexibility was another key factor. Nederman was also able to participate throughout the entire process, from design to continual service for the completed plant.

Two years after the first installation it was time for idX to expand its plant, this time with two new production lines that needed to work flexibly in varied work shifts. Nederman was asked to produce a proposal for handling dust on the new lines. Instead of proposing a completely new system, Nederman suggested an expansion of the existing system with two powerful centrifugal fans and the installation of a control system that automatically adapts the fans to the current workload, shutting it down as required.

This solution meant that idX now has a flexible dust extraction system with four connected fans. For the customer this means major energy savings and reduced operating costs, so a lower overall cost of ownership for all four production lines.

Process industry and energy

A global expansion of the process industry and incineration plants is taking place in order to improve productivity and meeting growing demand for metals and energy. Activities in these industries produce hot gases that contain harmful particles.

To protect the environment Nederman has developed a complete system for foundries, smelting plant and other types of incineration plant. The Group also supplies solutions for recycling of resources in waste management plants.

Nederman's solutions mainly comprise filter systems with associated products. These solutions meet high demands for performance and also minimize energy consumption and maintenance costs.

In many instances the Group takes complete responsibility for solutions, which means design, installation and commissioning as well as continual servicing.

The acquisition of the US company, Environmental Filtration Technologies (see pages 12–13) will significantly strengthen Nederman's competence and market positions regarding larger process and incineration plants.

Global business segment

The main customers in the process industry are foundries and smelting works. Following the acquisition of EFT, chemicals and mining will also become important segments. The Group is one of the leading suppliers on West European markets and is growing in Eastern Europe and Asia, where investment in process industries is growing fast.

Demand on these markets, as with the incineration and recycling markets, is being driven by growing environmental awareness, stricter legislation and higher energy costs. In addition there are a number of specific factors that encourage sales for different types of plants:

• Expanding car production in China, India, South East Asia and Turkey is driving demand for cast products and

Flue gas treatment during the recycling of energy from industrial waste at a plant near Paris, France.

A filter installation at a foundry making pump parts, Xylem Water Solutions AB, Sweden.

therefore for investment in foundries.

- Demand for lighter construction and recyclability means increased demand for aluminium and thus an expansion of smelting plants.
- Increased demand for energy in the world and requirement for reduced emissions are driving investment in flue gas treatment in incineration plants.
- Shortage of raw materials and other resources is making it profitable to invest in recycling.

Foundries

Foundries need advanced equipment that ensures a good working environment and reduces the impact on the external environment. The key economic factors for customers are utilizing heat and recycling casting sand effectively.

In 2011 Nederman launched its Nederman Foundry Concept in Europe. This initiative continued in 2012 with a focus on growth markets such as China, South East Asia and Turkey. Several significant orders were won during the year, including an order for complete solutions for Yanmar (see case story) and Komatsu in Indonesia, and orders for three of Aisin Takaora's foundries in China and Thailand.

During the year marketing activities were intensified to broaden sales to medium-sized foundries in China.

Smelting plants

Smelting plants require extensive systems for safeguarding the working environment, reducing the impact on the external environment and increasing the effective use of energy. They also have specific needs for advanced absorption systems that can handle toxic and malodorous flue gases containing hydrogen chloride, dioxins, mercury, etc. For these applications Nederman offers a wide range of equipment for particle separation and absorption.

Within this segment, Nederman is primarily focused on secondary smelting of aluminium, where plants recycle recirculated material. Nederman has a well-established position on this market.

Energy

Biomass is being increasingly used as a renewable source of energy. Power stations are powered by biomass, but it can also be incinerated together with coal to reduce emissions of carbon dioxide. An increasing amount of investment is being made in new plants as well as in upgrading existing ones. Incineration plants for waste and other residual products are being expanded.

On this market, Nederman offers solutions for flue gas treatment in several stages including particle filters for dust and treatment of dangerous gases such as hydrochloric acid and sulphur dioxide. Nederman also supplies filter equipment for crematoriums and asphalting plants.

Recycling

Recycling and waste management are fast-growing sectors of industry because of rising prices for raw materials and stricter legislation, such as the EU directive on waste electrical and electronic equipment (WEEE).

Many recycling processes handle and fragment large amounts of materials such as paper, plastic and used electronic appliances. This creates interesting prospects for Nederman with its products and solutions for handling hazardous dust and safeguarding the working environment.

The FS filter is the premium choice for filtering large volumes of hot flue gases.

Case

Foundry in Indonesia chooses complete solutions from Nederman

During 2012 Nederman received an order worth over SEK 25 million from the Japanese company, Yanmar. The order was for a complete solution for a new foundry in Indonesia for the production of components for diesel engines used in farming machines.

Nederman is supplying the foundry with a complete solution for extraction and filtration in all eight process stages, from the smelting kiln to the processing of components. Nederman's solutions protect the working environment and enable efficient use of foundry sand. A three-year maintenance and service agreement has also been signed.

Yanmar Co., Ltd is a global manufacturer of farming and plant machinery as well as marine and industrial engines. Key factors in selecting Nederman for this project were the ability to supply complete solutions with low operating costs thanks to the long life of the filter and low energy consumption. Support during commissioning was also an important factor.

The equipment was made by Nederman's factory in Suzhou, China, while project management for the installation was provided by Nederman's technical department in Bangkok, together with staff from Indonesia. The final installation and commissioning took place in Q1 2013.

Automotive industry aftermarket

Nederman supplies solutions that safeguard a good working environment in vehicle repair shops, MOT centres and emergency service stations. The company is a world leader in systems for handling exhaust fumes and also supplies equipment to make repair shops more efficient with better ergonomic conditions.

Nederman has a leading position primarily in Europe and North America. The markets in these countries are relatively stable as vehicle service and repairs are necessary even in difficult economic times.

Demand is growing meanwhile in several countries and regions, driven by increased awareness of the importance of the working environment and expanding car fleets. This applies especially in Eastern Europe and the Middle East, with Turkey reporting strong demand for Nederman's products.

There is also a trend that means that production of premium cars are having a greater influence on brand repair shops, which is also expected to drive demand for Nederman's complete solutions.

Vehicle repair shops

Nederman offers a broad ranger of solutions for both small and large vehicle repair shops. These solutions contribute to a clean and safe working environment while helping to make work stations more ergonomic and effective.

Nederman's exhaust extractor protects personnel in vehicle repair shops and MOT centres.

The solutions are marketed as a comprehensive Vehicle Repair Shop Concept.

The systems take care of exhaust fumes directly from the exhaust pipe and fit all types of vehicle. There are solutions for easier handling of hoses and cables and products that take care of particles and smoke that are produced in grinding, welding and painting.

Nederman also offer systems that store supplies of lubricants, oils and other liquids in the customer's own central station and distribute them via pipe and hose systems to the various workstations. The system results in less waste and lower fire risk, and records usage and provides control over consumption. Calculations show that investment in this type of system typically pays for itself within a year.

MOT centres and emergency stations

In a similar way to vehicle repair shops, MOT centres and emergency stations 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 or hall, exhaust fumes are extracted but as soon as it drove 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.

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

Service

Case

Turkish stations for emergency vehicles choose Nederman's solutions

The Turkish economy is developing fast and this country is a growing market for Nederman. During the year a large order was received from the emergency services in Istanbul, which chose to equip six of its stations with Nederman's extraction systems for emergency vehicles.

The systems are designed to handle large volumes of exhaust fumes at fire and emergency service stations where vehicles must be kept with their engines idling waiting for a call out. The equipment ensures that the air in the station is high quality while an electromagnetic release mechanism frees the hose from the exhaust pipe so that the fire engine can quickly drive away from the station.

To strengthen the Group's presence in Turkey, Nederman acquired Havak Endüstri Tesisleri during the year. This company has been distributing Nederman's products in Turkey for 20 years.

The company is now the base for marketing of the complete Nederman range of products and solutions, with special focus on the automotive aftermarket, machining industry and foundries.

The Magna Track System for exhaust gas extraction is now in use at the fire service in Istanbul.

Service is a significant and growing part of Nederman's offer to customers. By providing advanced service with high availability, Nederman contributes to securing continuous and optimized production for customers.

The Group's solutions are often integrated in customers' production lines, so quick access to service becomes business critical with regard to preventing operational disruptions.

An increased amount of service also has advantages for Nederman as a supplier. Service sales generally mean higher margins than for sales of products and systems while also being less sensitive to business cycles.

Growing significance

The Group works with its own service organisation and the focus is in Europe, where there has been a large base of installed products for some time. The organisation is now being expanded to serve the growth markets in Eastern Europe and Asia. In North America, the acquired EFT has an extensive service and aftermarket organization.

The importance of service has grown in recent years as the Group has worked with bigger plants and the installed base of products and systems from Nederman has grown on all markets.

Fully comprehensive service concept

To further strengthen the service offer, a clear strategy and fully comprehensive service concept was produced during the year. Nederman will be able to provide advanced and effective service for all its products and solutions on all markets as well as taking full responsibility for its systems.

To support the implementation of the new strategy, a special management system has been developed for the service organisation. Implementation during the year in EMEA and will continue in other markets in 2013. The development of web-based training and a database for service engineers also started during the year.

Concrete targets have been set for servicing of the entire installed base on individual markets. This resulted in strong development of service sales during the year with a large number of newly signed agreements.

Operations

The Group has continued to strengthen its competitive strength through various productivity and efficiency improvement projects. Production capacity has been expanded in several countries. This work comes under the responsibility of the Operations organisation, which manages Nederman's global purchasing, production, logistics and product development.

In 2011 the Group established a global purchasing organisation with a strategic centre in Helsingborg and regional and local purchasing units on key markets. In 2012 a comprehensive survey of the Group's global suppliers was completed and an extensive consolidation of the supplier base has started. The purpose of this consolidation is to work with fewer, more advanced suppliers and thus increase benefits of scale and strengthen support for the Group's units.

Meanwhile, work has continued to increase the portion of components and materials bought locally on the markets where the Group has its own production or assembly.

A large project has been carried out to improve the efficiency of the Group's transport via coordination and fewer transport companies, among other measures. This has resulted in a significant reduction in transport costs and a lower environmental impact.

Production in eleven countries

Nederman's product development takes place in Helsingborg and at other plants within the Group. Components are manufactured in 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 had production in eleven countries, incluing the aquired EFT units. There were seven units in Europe, of which two in Sweden and one each in Denmark, United Kingdom, Poland, France and Germany. There were also units in the US, Brazil, Canada, China and in Thailand.

Productivity and efficiency projects have been implemented at virtually all of the plants. The purpose of these projects is to improve competitiveness further and utilize the synergies between existing plants. E.g. production of valves and fans in Europe have been concentrated at the plant in Poland after previously being spread across several sites.

The acquisition of EFT has added further production units to the Group that will be fully integrated during 2013.

New capacity in China and Thailand

A decision was taken during the year regarding new plants and some assembly will be moved closer to the end customers, especially in the growth markets in Asia.

The second phase of the capacity expansion at the unit in Suzhou, China, has been completed. After the end of the year, a new and larger factory was completed in Thailand, and production from the former plant in this country will be moved there in the spring of 2013. An assembly and distribution centre for South-East Asia has been established adjacent to this new plant.

An assembly and distribution centre has also been opened in Sâo Paolo. It is intended that this centre will support the growing sales in Brazil and manage local purchasing as well as some production in the country.

Sustainability and quality

Nederman offers products and solutions that contribute to a marked improvement of the inner environment and which protect the outer environment, for example, from emissions. It is also extremely important that the Group's own activities are sustainable over the long term, i.e. both environmentally and economically sustainable. Nederman therefore strives for continuous development and improvement of its products and of the environmental, safety and working environment aspects of its activities.

All of the Group's production companies have been certified with ISO 14001:2004 for environment management and ISO 9001:2008 for quality management and are therefore subject to regular checks and audits in accordance with a planned schedule. During the year the Group strengthened its global environment and quality work. A key assignment has been the continued implementation of the new environment and quality policy.

New system for environment and quality management

During 2012 cooperation between the Group's environment and quality management teams were strengthened and global routines were established for continuous reporting and follow-up of environmental and quality data.

An important part of structuring the global sustainability work has been the development of a new environment and quality management system. This system has been produced internally and enables documentation and control. It will be taken into use at the start of 2013 and include overall global processes as well as local procedures and instructions. With the new system in place there is a joint tool that creates structure and support. This provides effective and simple methods for exchanging experience, following up shared goals and creating an internal audit team.

Product development for the environment

All new products within the Group are developed according to the "Design for Environment" process, which has three phases: concept, feasibility study and launch. Sustainability is a central focus alongside analysis of the market prospects. The environmental analysis method is called MET (Material, Energy and Toxicity) and was adopted in 2011. All new developed products are analyzed in terms of materials, energy consumption and any toxic properties. Products are also designed so that they can be easily recycled after use.

Nederman has processes to ensure that no forbidden or listed substances are used in production, installation and service. During the procurement process suppliers undergo an assessment that includes regular evaluations and checks as well as an activity plan. For the company's own production activities, sustainability means continuous improvements to reduce consumption of electricity and water and to reduce waste.

Transport

The Group works proactively to reduce carbon emissions from transport. An important element is increasing the share of local purchases and local production. During 2012 this was encouraged with eight of the Group's product families in Europe being copied to Asia and the Americas. Other important measures included reducing air transport and further optimization of product logistics.

The use of web meetings (LYNC) has increased strongly, which has meant reduced travel in connection with internal meetings. The introduction of the online portal, Nederman Training Center, at the start of 2012 has increased the amount of online training and reduced the amount of travel for traditional classroom training.

Performance code

Increasing the portion of suppliers that are approved from a sustainability perspective is an important target. A performance code has therefore been established for suppliers. Nederman's goal is to start the use of this code in 2013.

The Group tracks health trends among production staff through continuous measurement of accidents and illness. Nederman's plants are upgraded continually and during 2012 a wet paintshop was established in China. To develop global sustainability and increase know how in sustainability, an online training course for all employees will be introduced in 2013.

Continued development and reporting

In 2012 Nederman initiated an analysis of which areas the environmental and strategic benefits of improvements are greatest. This is the starting point for setting targets in each improvement project and for choosing suitable indicators that can be measured and published on the Group's website starting in 2013.

The Nederman plant in Friesenheim, Germany, has succeeded in implementing a high standard of sustainability through continuous improvement activities. Consumption of electricity and water, and volumes of waste, has been reduced thanks to continuous measurements. This work will be used throughout the Group as a good example of how sustainability activities can be managed at the local level.

Employees

To achieve sustainable and profitable growth, Nederman's staff must have the right competence and share the same values. The Group's Human Resources team has responsibility for attracting and developing staff and managers.

Three key factors have been identified for the successful development of human resources:

- *Utilization of talent and planned succession in key posts.*
- *Performance management dialogue.*
- *Proactive efforts to strengthen employee commitment.*

A top priority is to develop the sales skills within the Group.

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.

Continued implementation of company values

Work continued on implementing the Group's core values in 2012. It is vital that managers set good examples and that staff receive training in what the values mean. Workshops about our company values have been carried out in most of the countries where Nederman has subsidiaries.

These values, formulated in 2011, emphasize a corporate culture characterized by profitable customer focus, respect for the environment and each other, and the courage to make changes.

A new edition of the Group's Code of conduct will come into use in 2013. This code describes Nederman's business principles, which are written with the ambition to follow international principles including UN Global Compact.

Nederman's intranet is a portal that brings together staff from different parts of the company and encourages them to cooperate. Important documents, management systems, news and project information are also stored here.

Performance management

Performance Management is a global tool to help achieve Nederman's goal of profitable growth. This process breaks down Nederman's core values, overall goals and strategies to the situation and targets of each individual. It is then established that each employee knows what to focus on and that they have the right competence.

The process helps the Group achieve its goals and implement its vision by motivating staff to work in the same direction. The dialogue around Performance Management is implemented for each individual employee together with managers. The aim is to achieve continuous feedback, with minimum one formal appraisal each year.

Nederman Training Center

The Nederman Training Center (NTC) is a platform for coordination and supply of competence development. The base for this activity is a digital training portal where various training courses are mixed in different teaching environments such as traditional classroom methods, online courses and webinars (Blended learning).

NTC courses started in the spring of 2012 and by the end of the year over 820 employees and distributors had undergone some form of blended learning at the portal. In its first year NTC has contributed to increasing the efficiency of the Group's training and making employees feel more involved. It has also produced economic and environmental savings.

The work of the NTC will continue in 2013 with more technical training and Group-wide activities such as training in the Group's Code of Conduct and you@nederman, a general introduction to Nederman.

The number of employees

Nederman had 1,937 employees (1,465) at year-end. The average number of employees during the year was 1,613 (1,434), of whom 21% were women and 79% men.

Geographically, Nederman has most employees in Europe (Nordic region 26%, rest of Europe 38%, North America 15%, rest of the world 21%), but the aim is to increase numbers in Asia, Brazil and other countries.

Business Critical Projects

In 2013, Nederman will continue to work on the development of individual employees by giving them roles in Business Critical Projects. The Group assembles teams from different activities and different countries. Experience of this method teaches that support for the project rises while there is a natural exchange of competence. Networks are formed and employees gain recognition. The integration of Dantherm Filtration was partly achieved using this method with very positive experience and a similar approach will be taken to the integration of EFT.

Nederman's shares

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

Nederman's shares have been listed on NASDAQ OMX Stockholm, under the NMAN ticker, since 16 May 2007. A brief history of the company is presented in the box to the right. The parent company's shareholders' equity at year-end was SEK 484.5 million (406.3 m). The capitalization value was SEK 1,616.7 million (1,105.8 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 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 2,494 (2,572). Each share in Nederman gives entitlement to one vote.

The share of Swedish ownership was 88.9 per cent (96.7).

Shareholders, 31 December 2012

	Number of shares	Share %
1 Investmentaktiebolaget Latour	3,512,829	29.98
2 Lannebo Fonder	1,457,000	12.44
3 Ernström Kapitalpartner AB	1,175,000	10.03
4 CBLDN-IF Skadeförsäkring AB	1,160,400	9.90
5 Swedbank Robur Fonder	656,206	5.60
6 Fondita Nordic Micro Cap SR	400,000	3.41
7 Nordea Investment Funds	369,080	3.15
8 NTC UN JOINT STAFF	339,605	2.90
9 Fjärde AP-fonden	200,354	1.71
10 SSB AND TRUST OMNIBUS, OM14	120,000	1.02
Ten largest, total	**9,390,474**	**80.14**
Other shareholders	2,324,866	19.86
Total	**11,715,340**	**100.0**
Portion of foreign ownership		11.10

The ten largest shareholders accounted for 80.1 per cent (78.5) of the total shares. The largest individual shareholder is Investment AB Latour. The table shows Nederman ownership at 31 December 2012.

Dividend and dividend policy

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

For fiscal year 2012, the Board of Directors and CEO are proposing a dividend of 4.00 per share (2011: SEK 3.25).

Share price performance (OMX Nordic EUR Pi – Nederman Holding)

History

1944 Company founded by Phillip Nederman	
1983 Listing on the Stockholm Stock Exchange	
1985 Active becomes the new majority owner. The company is delisted	
1991 Nederman sold to Esab	
1994 Charter acquires Esab and becomes the new majority owner	
1999 Venture capital company EQT acquires Nederman	
2007 Listing on the OMX Stockholm Small Cap list	
2010 Nederman acquires Dantherm Filtration from Dantherm A/S	
2012 Nederman acquires Environmental Filtration Technologies	

Financial information in brief

SEK m	2012	2011	2010	2009	2008
Income statement					
Net sales	2,272.6	2,000.9	1,694.1	1,052.0	1,272.3
Operating profit before depreciation (EBITDA)	219.6	182.6	89.5	41.4	158.7
Operating profit (EBIT)	175.6	140.5	51.3	23.3	140.8
Profit before taxes	152.8	107.8	26.9	17.2	125.6
Net profit	**117.1**	**86.8**	**21.1**	**14.6**	**92.6**
Assets, equity and liabilities					
Fixed assets	992.7	740.1	761.5	493.2	483.9
Current assets	923.4	764.3	663.6	349.4	483.1
Cash and cash equivalents	224.6	149.1	228.0	90.9	90.8
Equity	618.3	556.8	498.1	514.7	529.1
Interest bearing liabilities	806.6	535.8	620.2	198.9	234.9
Non-interest bearing liabilities	715.8	560.9	534.8	219.9	293.8
Total assets	**2,140.7**	**1,653.5**	**1,653.1**	**933.5**	**1,057.8**
Profitability					
EBIT margin, %	7.7	7.0	3.0	2.2	11.1
Return on shareholders' equity, %	19.9	16.5	4.2	2.8	18.9
Capital turnover rate, multiple	2.1	2.2	2.2	1.6	2.0
Capital structure					
Net debt	582.0	386.7	392.2	108.0	144.1
Net debt/equity ratio, %	94.1	69.5	78.7	21.0	27.2
Equity/assets ratio, %	28.9	33.7	30.1	55.1	50.0
Operating capital	1,200.3	943.5	890.3	622.7	673.2

Operating key figures, Group

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

	2012	2011	2010	2009	2008
Result and Profitability					
EBITDA	235.8	209.1	144.9	51.4	159.9
EBITDA margin, %	10.4	10.5	8.6	4.9	12.6
Operating profit	191.8	167.0	106.7	33.3	142.0
Operating margin, %	8.4	8.3	6.3	3.2	11.2
Return on operating capital, %	17.9	18.2	14.1	5.1	22.4
Net debt/EBITDA*)	2.5	1.8	2.7	2.1	0.9
EBITDA/net financial items, multiple	10.3	6.4	5.9	8.4	10.5
Operating cash flow					
Operating profit	191.8	167.0	106.7	33.3	142.0
Items not aff ecting cash flow	48.0	45.5	20.1	10.6	24.1
Cash flow from changes in working capital	-24.7	-78.9	40.5	98.3	-30.3
Capital expenditures, net	-34.1	-20.8	-14.2	-20.5	-20.7
Operating cash flow	**181.0**	**112.8**	**153.1**	**121.7**	**115.1**
Operating cash flow / EBIT, %	**94.4**	**67.5**	**143.5**	**365.5**	**81.1**
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, before dilution	11,715,340	11,715,340	11,715,340	11,715,340	11,715,340
Shareholders' equity per share before dilution, SEK	52.78	47.53	42.52	43.93	45.16
Shareholders' equity per share after dilution, SEK	52.78	47.53	42.52	43.93	45.16
Earnings per share before dilution, SEK	10.00	7.41	1.80	1.25	7.90
Earnings per share after dilution, SEK	10.00	7.41	1.80	1.25	7.90
Employees					
Average number of employees	1,613	1,434	1,309	672	710

Directors' report 2011

The Board and the CEO of Nederman Holding AB (publ) Reg. No. 556576-4205, hereby submit their annual report for the 2012 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 pilotstudies 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, France, the UK, Poland, Canada, the US, Brazil, China and Thailand.

Nederman's products and systems are marketed by its own subsidiaries in 30 countries, and via agents and distributors in a further 30 countries. The Group had 1,937 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. On the acquisition of EFT it was decided that this unit would be reported as a separate segment in 2012, and then be integrated in the Group's operation segments during 2013. 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's sells and markets its products, solutions and services in 30 countries via its subsidiaries.

Operations are responsible for manufacturing, distribution, product maintenance, product development, logistics, purchasing and quality systems. Production, composition and distribution are carried out in 11 countries today. Nederman announced in January 2013 it intends to streamline its production structure in Europe by divesting production carried out by Nederman Manufacturing A/S, Denmark. Nederman has started negotiations with union representatives about this divestment. The aim is to optimise production structures by transferring production to Nederman's other sites in Europe.

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 2012, there were 2,494 shareholders.

Acquisitions and disposals during the year

Nederman acquired Lebon & Gimbrair in the Netherlands at the beginning of January 2012 with the aim of consolidating and strengthening Nederman's presence on the Dutch market. Nederman also acquired a business in Turkey to strengthen the Group's position on one of the more interesting growth markets. In Q3 2012 Nederman further strengthened its world-leading position on the market by acquiring EFT (Environmental Filtration Technologies) of the US. The acquisition suits Nederman very well and provides an excellent platform from which to grow further, strengthen the Group in more strategic areas and provide Nederman with a strong presence on the important North American market.

Orders and sales

Group total

Incoming orders amounted to SEK 2,230.0m (2,024.5), which adjusted for currency effects, acquisitions and divestments is a drop of 2.1 per cent. Net sales for the period amounted to SEK 2,272.6m (2,000.9), which adjusted for currency effects, acquisitions and divestments is a drop of 0.5 per cent.

EMEA

Incoming orders for the full year fell by 5.6 per cent compared with last year and adjusted for currency effects.

Net sales for the full year fell by 3.6 per cent adjusted for currency effects.

International

Incoming orders for the full year rose by 5.9 per cent compared with last year and adjusted for currency effects.

Net sales for the full year rose by 6.9 per cent compared with last year and adjusted for currency effects.

Earnings

The consolidated operating profit for the period was SEK 175.6m (140.5). Adjusted for acquisition and restructuring costs the operating profit was SEK 191.8m (167.0). The operating profit last year was also adjusted for the disposal of Dantherm Filtration Finland by SEK 9.5m. The operating margin amounted to 8.4 per cent (8.3).

Earnings were affected by charges of SEK 5.1m in restructuring costs and acquisition costs of SEK 11.1m.

The profit before tax rose to SEK 152.8m (107.8).

The net profit was SEK 117.1m (86,8), giving an earnings per share of SEK 10.00 (7.41).

Operating segments

EMEA

EMEA includes Nederman's operations in Europe, the Middle East and Africa. Operations include sales companies that con-centrate on Western Europe, but also with a presence in Russia and Turkey. Specific focus over the year was in developing and strengthening EMEA sales and service organisations. Intense efforts have also been made in launching and marketing the Group's complete concept for machine processing, the wood processing industry and foundries on other geographic markets. Nederman acquired two businesses over the year, one in Holland and one in Turkey, which are now integrated into operating segments.

The acquisition of the US Group Environmental Filtration

Technologies (EFT) also included subsidiaries in Germany and France, which were however not consolidated into EMEA in 2012.

Europe

Nederman's biggest markets in Europe in terms of sales values are the Nordic region, Germany and the UK. In Germany, where the company has its biggest sales company, invoicing and incoming orders remained good throughout the year with high demand from the metal and engineering industries.

Development in the UK was relatively good for Nederman, despite the country's weak economy. Incoming orders were good from the automotive and aero industries and Nederman strengthened its market share throughout the year. The market in Ireland also showed positive developments.

Developments in the Nordic region were more mixed. Sales in Sweden developed more slowly than in 2011, which was characterised by a number of larger orders. Demand from the engineering industry and vehicle workshops was however good and major orders for systems for recycling cutting lubricants were received from Sandvik Material Technology and Scania. Demand in Denmark for solutions for the wood processing industry showed signs of recovery with increased orders, while demand from the important wind power sector remained weak. The Nordic market on the other hand was stable with favourable orders related to investments in the offshore industry and vehicle workshops.

Invoicing in France was stable, though with somewhat weaker orders noted in the autumn. Belgium reported lower order numbers than in 2011, but activity on the market climbed gradually with positive signals from the metal and wood processing industries plus vehicle workshops.

Nederman acquired Lebon & Gimbrair in the Netherlands. Nederman has collaborated with the company for over 40 years for distributing a number of Nederman's products in the Netherlands. The acquired company complemented Nederman's portfolio of subsidiaries in the country. Lebon & Gimbrair, which in 2012 had sales of EUR 12m, with around 50 employees positively contributed to the Group's overall results in 2012.

Russia and the rest of Europe also saw positive developments, not least in Poland, where orders were good in a number of industry segments, like foundries and composite material processing, and from smaller vehicle workshops. Nederman received an order from Mostostal Warzawa for an extraction and filtration solution at its coal processing site in Poland. The solution will secure a safe working environment at six new production lines with one of Poland's leading coal processing companies. Nederman also supplied solutions for the first expansion phase back in 2010. Other main deals in Eastern Europe included an order for cleaning waste at a steel plant in the Ukraine.

Countries in Southern Europe represent a limited part of Nederman's sales and reported generally poor growth as a result of the debt crisis. Organic growth in Turkey in terms of orders was very strong with excellent demand in solutions for the metal and engineering industries, foundries and vehicle workshops. Nederman has grown from a relatively low level, but the market is increasing in significance for the Group. Nederman acquired a small company at he beginning of 2012 from Havak Endüstri Tesisieri, which has distributed Nederman's products for the past 20 years on the Turkish market. The company will now be the base for all marketing of the Group's complete range in Turkey and is expected to help towards good growth on this market.

Middle East and Africa

Only a small part of Nederman's sales came from the Middle East and Africa, but estimates suggest that demand will grow in line with industrial development and that environmental and working environment awareness grow. Nederman is therefore gradually strengthening its presence in more countries in these regions, mainly in the Middle East.

Continued development

Nederman holds a strong position on the European industrial air filtration market, which is continuing to provide excellent opportunities for growth. The EMEA region has traditionally seen most sales in North and Western Europe, where Nederman can grow by boosting its market shares and extending its range. Good growth potential is expected in Eastern Europe and the Middle East, but also in countries like Russia, the Ukraine and Turkey.

The acquisition of the US group Environmental Filtration Technologies also included activities in Germany and France, which will be integrated into Nederman's operative organisation in 2013. These complement the range in EMEA and will strengthen Nederman's leading market position in industrial air filtration.

International

Nederman has been well established on mature markets like the US, Canada and Australia for some time. The Group's positions on these markets were further strengthened with the acquisition of EFT, which will be integrated into the Group's operative organisation in 2013.

Industrial development on growth markets in Asia and South America mean heightened environmental awareness and stricter, legal requirements in terms of emissions to the air and water tables. Demands on good working environments will also increase, a development driven by the industry's increased need to attract and retain qualified employees.

Nederman continued its efforts in 2012 to strengthen its organisation in all regions and to expand its retail network to growth markets. Key focus was also to work on standardising the product range on these markets to streamline sales and to hone its competitive edge.

North and South America

Nederman has had a well-established organisation in the US for many years. The acquisition of EFT means that the US will be the Group's single biggest market measured in terms of sales value. The US market recovered gradually over the year meaning growth there was good for Nederman. Much of Nederman's sales in the US consist of solutions for emergency vehicle stations, plus welding and composite material processing. A key product is also the patented hose system marketed as Nordfab. Nordfab manufactures and markets clamp together ducting for ventilation and dust and fume collection. The ducting system is manufactured in Thomasville, North Carolina, and holds a leading position on the US market and is also sold internationally.

Nederman also holds a strong, well-established position in Canada, which will be strengthened by the acquisition of EFT. The market was in a state of recovery over the year with sales gradually improving throughout the year-

Nederman established its own sales and service organisation in Brazil in 2008. The potential is huge and the Group's sales and orders continued to grow over the year. An assembly and distribution centre opened in São Paolo over the year. This speeds up delivery times and cuts costs by being able to purchase some components locally.

Asia-Pacific

China is expected to provide good long-term potential for Nederman and the Group continued over the year to extend its presence in the country with more local sales offices, retailers and distributors. Additionally, the second phase of the capacity expansion of the production facility in Suzhou was completed. A wider filter range for welding and grinding dust applications has been launched and the sales organisation has been strengthened with expertise and capacity in order to work on larger projects and other kinds of processing plants. Sales of products and standard solutions were stable compared with last year, while sales of larger solutions were weaker, especially in the second half of the year. The markets in South East Asia showed continued growth as a whole. Demand in Thailand for solutions stabilised and thanks to the large, installed base, there is good potential for a growth in service.

A new, bigger plant was completed in Thailand after year-end, to which production from the former plant in the country will be moved in the spring of 2013. An assembly and distribution centre for South East Asia has been established next to the plant.

Sales in Indonesia developed well and Nederman initiated an establishment of a subsidiary in the country over the year with the capacity and expertise to work on larger projects. This has resulted in more orders of larger projects for foundries from Japanese companies like Yanmar and Komatsu, which operate in the country. The number of enquiries gradually increased in 2012 in Indonesia and Malaysia and Nederman's opportunities are expected to be good in industries like foundries, grain handling and mining.

The Indian market also developed positively with an increased willingness to invest in industry following a weak first quarter. Nederman continued to strengthen its sales offices and retail network in order to boost both product sales and larger projects from foundries and other industries. Nederman is well established in Australia, mainly for welding-related applications and the mineral industry. The country's economy was hit by a drop in demand for raw materials, causing a blow to the all-important mining industry. For Nederman this means longer decision-making processes by customers in respect of major investments, while other sales showed stable growth.

Australia remains a potentially excellent growth market for filter solutions, where the Group's position was also strengthened through the acquisition of EFT, which does a lot of business in the country.

Continued development

The acquisition of EFT strengthens Nederman's positions in industrial filtration and especially on the key North American market and Australia. Further development of the organisation and retailer network, combined with strengthening of capacity for running major projects all point to continued good growth on many markets.

EFT

EFT has activities in four product areas, of which two account for around 85 per cent of sales. One of the major activities is air filtration solutions for various industrial applications where EFT's brand MikroPul and Pneumafil complement Nederman, mainly for larger installations and sales to other industries. EFT's other major activity, Menardi, manufactures high-tech filter cartridges and filter bags. The smaller activity is also part of LCI, which works with evaporation and granulation for the chemicals and pharmaceuticals industries. EFT had sales of SEK 834m in 2011 with a headcount of 385. The company is one of the leading industrial air filtration companies in the US and markets well-known brands like MikroPul, Filtrexd, LCI and Pneumafil. The Group's biggest market is in North America and has its head office in Charlotte, North Carolina in the US. EFT has subsidiaries in Australia, Germany, France and Mexico. The company has three production facilities, of which two in the US (South and North Carolina) and one in France (Pontcharra).

EFT reported somewhat poorer incoming orders in Q4 as a whole, however the good incoming orders over the year provided healthy invoicing for the quarter. As of Q1 2013 units will report according to their respective operating segments (see page 13).

North America: EFT in North America reported strong incoming orders in Q4. The majority of orders came from the energy sector, mineral processing and mining sectors. Aftermarket sales also contributed strongly. Incoming orders to the part of EFT known as LCI were also strong, with orders coming mainly from the chemicals, food and pharmaceutical industries.

In Australia we have seen good incoming orders and invoicing over the last quarter. The biggest customers are in the mining and mineral processing industries, grain production and manufacturing of bio-fuels from biogas, (the remains of sugar cane after the sugar has been processed).

Activities in Germany were affected more by Europe's micro-economy resulting in somewhat poorer incoming orders. Customers are mainly from the chemicals and processing industries.

Activities in France mainly concentrate on sales of advanced material filter bags and large exhaust gas treatment projects in steel manufacture, energy recovery and production of carbon black. Incoming orders and invoicing of filter bags were good throughout 2012. Meanwhile, incoming orders for major projects were weaker.

Product development

The Group's expenses for developing the existing product range and new products amounted to SEK 19.6m (25.0). Of this amount, SEK 4.6m (4.6) was capitalized in the balance sheet.

Investments and depreciation

The Group's capital expenditure in intangible assets for the year amounted to SEK 11.1m (9.9). Depreciation of intangible assets for the year was 14.8m (15.5). The Group's investments in tangible assets for the year amounted to SEK 27.3m (15.0). Depreciation of tangible assets for the year was SEK 29.2m (26.6).

Cash flow

The Group's operating cash flow was SEK 181.0m (112.8), corresponding to 67.5 per cent (67.5) of the operating profit, after adjustments for acquisition and restructuring costs. Cash flow was affected positively by contributions from the operational activities and that the change in operating capital was limited over the year. Cash flow for the year was SEK 83.0m (-77.4).

Liquidity and financial position

As of 31 December 2012, the Group's liquid funds were SEK 224.6m (149.1). Unutilized credit was SEK 79.2m (122.8). In addition there is a loan facility for a further SEK 271.4m within the framework of Nederman's loan agreements with Skandinaviska

Enskilda Banken. The net debt was SEK 582,0m (386.7).

Shareholders' equity was SEK 618.3m (556.8), giving an equity/assets ratio of 28.9 per cent (33.7) and a debt/equity ratio of 94.1 per cent (69.5).

Employees

The average number of employees during the year was 1,613 (1,434). 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	58,687,521
Profit for the year	126,262,540
Total, SEK	**190,816,761**
Allocated in such way that:	
to shareholders a dividend of SEK 4.00 per share	46,861,360
to the share premium reserve, transferred	5,866,700
to profits brought forward, transferred	138,088,701
Total, SEK	**190,816,761**

The dividend will be finally adopted at the Annual General Meeting on 29 April 2013.

Ownership

On 31 December 2012, Investment AB Latour owned 29.98 per cent of the company's shares, making it the largest shareholder. Lannebo Fonder owned 12.44 per cent and Ernström Kapitalpartner AB had 10.03 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 eco-nomic situation, which in turn is affected by interest rate levels, inflation, political decisions and other factors.

Production sites and distribution centre

Nederman has a number of production sites 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 match 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

As a global leader in industrial air filtration and resource management, Nederman is committed to playing a vital role for sustainable and efficient industrial production – both externally and internally in our own operation. The internal environmental work is focusing on the following areas:

- Product and solutions. All new products are developed with the requirement to minimize the environmental impact during manufacturing, distribution, use and recycling. This is managed by the development process which is adopted for sustainable product development – from the first conceptual ideas to the finished product.
- Energy savings and waste management in production. The environmental key objectives include saving targets for energy as well as increased reuse or recycling of waste in production. This work is constantly on-going in all manufacturing sites within the group.
- Reduction of CO_2 emissions from transportation. During the year, CO_2 emissions from intercontinental transportation were significantly decreased due to increased share of vessel transportation, optimized volumes and routing. This work continues

during 2013 with a special focus on reducing air freights and higher environmental requirements on road transports.

Development of suppliers. During the year, a supplier Code of Conduct were developed. Self-assessment in combination with an extended focus on supplier audits will address as well environmental as social responsibility issues among the supplier base.

Remuneration to the Board and senior executives

The 2012 AGM adopted a policy regarding remuneration and employment terms for 2012. The following key principles are applied: a fixed salary is paid for full-time 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 35 per cent of annual 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 seven individuals (including the CEO). See note 22 for further information.

The Board intends proposing the introduction of a share saving scheme to the 2013 AGM for the CEO and the other six members of the senior executive team.

Work of the Board

After the Annual General Meeting, the Board of Directors is the highest decision-making body in the company. The overall assignment of the Board is to take decisions regarding the business direction of the company, its resources, capital structure, organization and the management of 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 2012, specific attention was given to the integration of Lebon & Gimbrair and Havak, plus the acquisition and integration of Environmental Filtration Technologies, continued adjustment of the Group's capacity and costs to the current economic climate, the Group's strategy for continued expansion and the Group's financial framework and objectives. In 2012, the Board held eight minuted meetings. To date, one minuted meeting has been held in 2013. Nederman's Board comprises seven ordinary members elected by the 2012 AGM, including the COE and one employee representative chosen by the trade unions. The CFO is not a member of the Board but regularly 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 2012 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 29 April 2013. 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

Negative news concerning the economic climate is beginning to be mixed with some positive indications.

We are however seeing restraint in investment decisions from our customers, which will affect Nederman in the first half of 2013, especially in Europe and to a certain degree also in China. A gradual improvement is expected later in the year.

As mentioned in previous reports our long-term positive outlook on the underlying need for environmental investments remains.

Events after the closing date

Nederman announced in January 2013 it intends to streamline its production structure in Europe by divesting production carried out by Nederman Manufacturing A/S, Denmark. Nederman has started negotiations with union representatives about this divestment. The aim is to optimise production structures by transferring production to Nederman's other sites in Europe.

Consolidated income statement

SEK m	Notes	2012	2011	2010
			1 January – 31 December	
Net sales	2, 3	2,272.6	2,000.9	1,694.1
Costs of goods sold		-1,343.3	-1,170.8	-996.3
Gross profit		**929.3**	**830.1**	**697.8**
Other operating income	5	6.5	16.0	14.2
Selling expenses		-581.1	-509.3	-467.2
Administrative expenses		-130.8	-123.2	-110.6
Research and development expenses		-19.6	-25.4	-19.7
Acquisition costs		-11.1	-0.4	-11.8
Restructuring and integration costs		-5.1	-35.6	-43.6
Other operating expenses	6	-12.5	-11.7	-7.8
Operating profit	3, 7, 8, 9, 22, 27	**175.6**	**140.5**	**51.3**
Financial income		2.4	3.7	4.2
Financial expenses		-25.2	-36.4	-28.6
Net financial income/expenses	10	**-22.8**	**-32.7**	**-24.4**
Profit before taxes		**152.8**	**107.8**	**26.9**
Taxes	12	-35.7	-21.0	-5.8
Net profit		**117.1**	**86.8**	**21.1**
Net profit attributable to:				
The parent company's shareholders		117.1	86.8	21.1
Earnings per share	19			
before dilution (SEK)		10.00	7.41	1.80
after dilution (SEK)		10.00	7.41	1.80

Consolidated statement of comprehensive income

SEK m	2012	2011	2010
		1 January – 31 December	
Net profit	**117.1**	**86.8**	**21.1**
Other comprehensive income			
Translation differences	-17.6	-10.6	-37.7
Other comprehensive income	**-17.6**	**-10.6**	**-37.7**
Total other comprehensive income	**99.5**	**76.2**	**-16.6**
Total comprehensive income attributable to:			
The parent company's shareholders	99.5	76.2	-16.6

Consolidated statement of financial position

SEK m	Notes	2012	2011	2010
			1 January – 31 December	
Assets	4, 28			
Intangible fixed assets	13	696.0	512.8	523.6
Tangible fixed assets	14	227.1	170.5	191.0
Long-term receivables	15	5.4	0.8	0.9
Deferred tax assets	12	64.2	56.0	46.0
Total fixed assets		**992.7**	**740.1**	**761.5**
Inventories	16	285.5	232.9	208.9
Current tax receivable	12	18.0	14.8	12.1
Accounts receivable		486.5	398.6	351.9
Prepaid expenses and accrued income	17	26.0	34.1	29.4
Other receivables	15	107.4	83.9	61.3
Cash and cash equivalents	31	224.6	149.1	228.0
Total current assets		**1,148.0**	**913.4**	**891.6**
Total assets		**2,140.7**	**1,653.5**	**1,653.1**
Equity	18			
Share capital		1.2	1.2	1.2
Other capital contribution		345.9	345.9	345.9
Reserves		-46.3	-28.7	-18.1
Profit brought forward, including net profit		317.5	238.4	169.1
Shareholders' equity		**618.3**	**556.8**	**498.1**
Total equity		**618.3**	**556.8**	**498.1**
Liabilities	4, 28			
Long-term interest bearing liabilities	20, 26	687.6	490.6	507.0
Other long-term liabilities	24	1.6	0.1	0.3
Provision for pensions	22	84.7	41.8	41.4
Other provisions	23	12.7	15.0	16.3
Deferred tax liabilities	12	37.8	17.4	24.4
Total long-term liabilities		**824.4**	**564.9**	**589.4**
Current interest bearing liabilities	20, 26	34.3	3.4	71.8
Accounts payable		250.3	129.9	121.8
Current tax liabilities	12	32.7	28.4	13.5
Other liabilities	24	198.5	215.8	208.5
Accrued expenses and prepaid income	25	125.3	104.4	90.2
Provisions	23	56.9	49.9	59.8
Total current liabilities		**698.0**	**531.8**	**565.6**
Total liabilities		**1,522.4**	**1,096.7**	**1,155.0**
Total equity and liabilities		**2,140.7**	**1,653.5**	**1,653.1**

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

Consolidated statement of changes in equity

SEK m	Share capital	Other capital contributed	Translation reserve	Profit/loss brought forward	Total equity
	Equity attributable to the parent company's shareholders				
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**
Opening balance 2012-01-01	1,2	345.9	-28.7	238.4	556.8
Net profit for the year				117.1	117.1
Other comprehensive income					
Change in translation reserve			-17.6		-17.6
Total other comprehensive income			-17.6		-17.6
Total comprehensive income			-17.6	117.1	99.5
Dividend				-38.1	-38.1
Closing balance 2012-12-31	**1,2**	**345.9**	**-46.3**	**317.5**	**618.3**

Consolidated cash flow statement

SEK m	Notes	2012	2011	2010
			1 January – 31 December	
Operating activities	31			
Operating profit		175.6	140.5	51.3
Adjustment for:				
Depreciation of fixed assets		44.0	42.1	38.2
Other adjustments		-7.2	-14.8	12.3
Interest received and other financial items		2.4	2.7	4.2
Interest paid and other financial items		-31.3	-36.2	-23.7
Income tax paid		-38.8	-25.7	-25.0
Cash flow from operating activities before changes in working capital		**144.7**	**108.6**	**57.3**
Cash flow from changes in working capital				
Increase (-)/Decrease(+) of inventories		5.5	-28.6	20.9
Increase (-)/Decrease(+) of operating receivables		78.3	-78.0	-29.2
Increase (+)/Decrease (-) of operating liabilities		-108.5	27.7	48.8
Cash flow from operating activities		**120.0**	**29.7**	**97.8**
Investing activities				
Capital expenditure for tangible fixed assets		-26.7	-13.2	-8.5
Sale of tangible fixed assets		2.5	2.2	
Capital expenditure for Capitalised research and development costs		-9.9	-4.6	-2.2
Capital expenditure for other intangible fixed assets			-5.3	-3.5
Acquired/Divested units, net of cash	4	-128.4	16.9	-138.2
Cash flow from investing activities		**-162.5**	**-4.0**	**-152.4**
Financial activities				
New loans		200.0		565.0
Repayment of loans/Change in interest-bearing liabilities		-36.4	-85.6	-355.7
Dividend paid to parent company shareholders		-38.1	-17.5	
Cash flow from financing activities		**125.5**	**-103.1**	**209.3**
Cash flow for the year		**83.0**	**-77.4**	**154.7**
Cash and cash equivalents at the beginning of the year		149.1	228.0	90.9
Translation differences		-7.5	-1.5	-17.6
Cash and cash equivalents at the end of the year		**224.6**	**149.1**	**228.0**

Operating cash flow

	2012	2011	2010
Operating profit	175.6	140.5	51.3
Adjustment for:			
Depreciations of fixed assets	44.0	42.1	38.2
Restructuring and integration costs	20.7	44.4	13.2
Acquisition costs	6.7	0.4	11.8
Other adjustments	-7.2	-14.8	12.3
Cash flow from changes in working capital	-24.7	-78.9	40.5
Net investment in fixed assets	-34.1	-20.9	-14.2
Operating cash flow	**181.0**	**112.8**	**153.1**

Income statement for the parent company

SEK m	Notes	2012	2011	2010
		1 January – 31 December		
Other operating income	5	15.2	9.9	7.5
Administrative expenses		-44.2	-45.7	-33.3
Acquisition costs		-0.7		-0.3
Restructuring and integration costs		-0.9	-8.0	-7.1
Operating result	7, 8, 22, 27	**-30.6**	**-43.8**	**-33.2**
Result from investments in subsidiaries	10, 29	130.1	89.2	
Interest income and similar financial items	10	8.6	17.2	13.8
Interest expenses and similar financial items	10	-19.1	-31.3	-21.2
Result after financial items		**89.0**	**31.3**	**-40.6**
Group contributions	11, 29	40.0	20.2	22.2
Result before tax		**129.0**	**51.5**	**-18.4**
Tax	12	-2.8	12.5	7.1
Net result		**126.2**	**64.0**	**-11.3**

Statement of comprehensive income for the parent company

SEK m	Notes	2012	2011	2010
		1 January – 31 December		
Net result		**126.2**	**64.0**	**-11.3**
Other comprehensive income				
Total comprehensive income		**126.2**	**64.0**	**-11.3**

Cash flow statement for the parent company

SEK m	Notes	2012	2011	2010
		1 January – 31 December		
Operating activities				
Operating result		-30.6	-43.8	-33.2
Adjustments for items not included in the cash flow	31	4.0	1.6	1.0
Dividends received		132.5	89.2	
Interest received and other financial items		8.3	16.3	13.8
Interest paid and other financial items		-18.7	-30.2	-21.5
Income tax paid		0.1	2.0	0.4
Cash flow from operating activities before changes in working capital		**95.6**	**35.1**	**-39.5**
Cash flow from changes in working capital				
Increase (-)/Decrease (+) of operating receivables		3.6	-5.2	-4.6
Increase (+)/Decrease (-) of operating liabilities		-0.1	2.8	1.8
Cash flow from operating activities		**99.1**	**32.7**	**-42.3**
Investing activities				
Capital expenditure for tangible fixed assets		-2.5	-1.3	-0.5
Capital expenditure for intangible fixed assets		-5.6	-4.4	-1.3
Acquisition of subsidiaries/reduction of share capital		-19.9	-147.0	-207.7
Cash flow from investing activities		-28.0	-152.7	-209.5
Financing activities				
New loans		200.0		565.0
Repayment of loans / Changes in interest-bearing liabilities		-230.0	148.0	-332.4
Dividend paid to shareholders		-38.1	-17.5	
Cash flow from financing activities		**68.1**	**130.5**	**232.6**
Cash flow for the year		3.0	10.5	-19.2
Cash and cash equivalents at the beginning of the year		10.5	0.0	19.2
Cash and cash equivalents at the end of the year		**13.5**	**10.5**	**0.0**

Balance sheet for the parent company

SEK m	Notes	2012	31 December 2011	2010
Assets				
Intangible fixed assets	13	9.1	6.0	2.8
Tangible fixed assets	14	3.0	1.6	0.8
Longterm receivables from group companies	29	475.0	102.0	180.1
Shares in subsidiaries	30	839.5	848.1	701.1
Deferred tax asset	12	16.8	19.6	7.1
Total fixed assets		**1,343.4**	**977.3**	**891.9**
Receivables from group companies	29	112.3	72.0	93.2
Current tax receivables	12	0.9	1.0	3.1
Other receivables	15	7.6	0.7	1.4
Prepaid expenses and accrued income	17	3.0	2.4	5.3
Cash and cash equivalents		13.5	10.5	
Total current assets		**137.3**	**86.6**	**103.0**
Total assets		**1,480.7**	**1,063.9**	**994.9**
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		58.7	42.7	71.5
Net result		126.2	64.0	-11.3
Total shareholders' equity		**484.5**	**406.3**	**359.8**
Liabilities				
Long-term liabilities to credit insitutions	21, 26	683.6	488.9	504.5
Total long-term liabilities		**683.6**	**488.9**	**504.5**
Current liabilities to credit institutions	21, 26	30.0		61.9
Accounts payable		6.6	3.1	4.7
Liabilities to group companies	29	263.8	153.8	55.9
Other liabilities	24	1.4	1.5	0.9
Accrued expenses and prepaid income	25	10.8	10.3	7.2
Total current liabilities		**312.6**	**168.7**	**130.6**
Total shareholders' equity och liabilities		**1,480.7**	**1,063.9**	**994.9**

Pledged assets and contingent liabilities, parent company

SEK m	Notes	2012	31 December 2011	2010
Pledged assets	28	none	none	none
Contingent liabilities	28	113.8	129.9	133.0

Statement of changes in shareholders' equity

	Restricted Equtiy		Non-Restricted Equity		Total shareholders' equity
SEK m	**Share capital**	**Statutory reserve**	**Share premium reserve**	**Profit/loss brought forward**	
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**
Opening balance 2012-01-01	1.2	292.5	5.9	106.7	406.3
Net result for the year				126.2	126.2
Merger				-9.9	-9.9
Other comprehensive income					
Total other comprehensive income					
Total comprehensive income				116.3	116.3
Dividend				-38.1	-38.1
Closing balance 2012-12-31	**1.2**	**292.5**	**5.9**	**184.9**	**484.5**

Notes

Not 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 laws.

Nederman Holding AB's annual report and group accounts were approved and signed by the Board of Directors for publication on 11 February 2013. 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 29, 2013.

Changes of standards and interpretations that came into effect in 2012 have not significantly affected the Group's financial accounting.

Changes that come into effect in 2013

A number of standards and principles that come into effect in the coming accounting year have not been applied for the purposes of the group's financial reports. None of these are expected to have any significant impact on the group's financial reports with the exception of the following:

IAS 1 "Presentation of financial statements":

The change means that other comprehensive income shall be split into two groups when presented. The split is based upon whether the postings can be reclassified to the income statement (reclassification adjustments) or not.

IAS 19 "Employee benefits":

The change means that the group will stop applying the so called corridor rule and will instead include all actuarial gains and losses in other comprehensive income when they occur. The costs for services in previous years will be reported immediately. Interest expenses and expected returns on plan assets will be replaced by a net rate that is calculated with the help of a discount rate, based on the net surplus or net deficit in the defined benefit plan. For information on the effect on the group's result and balance sheet, see note 22.

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 financial assets and liabilities valued to fair value via the result. This category is principally made up of 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 highest executive 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)*
- *EFT*

On the acquisition of EFT it was decided that this unit would be reported as a separate segment in 2012 Descriptions of the operating segments are shown on pages 14-17.

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.

Consolidation principles

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 ownership without definitive influence in the acquired activity. The difference between the acquisition value and the fair value of the Group's acquired identifiable net assets and assumed liabilities and contingencies is recorded as goodwill if this difference is positive. If the difference is negative the amount is recognised 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. Acquisition-related 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 recalculations are included in the income statement. Non-monetary assets and liabilities recorded at historical cost are revalued 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. Assets, equity and liabilities are translated to the exchange day rate. Translation differences arising from translation are reported in the consolidated statement of comprehensive income and are accumulated in a separate section of shareholders' capital named translation reserve. The company has elected to state the accumulated translation differences attributable to foreign group companies to zero with the transition to IFRS. When a foreign group company is sold the attributable accumulated translation differences, previously recognised directly against shareholders' equity 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 gradual revenue recognition. Revenue and costs are reported in the income statement in relation to the degree of completion on the balance sheet date. The degree of completion is established on the basis of project costs spent in relation to the project cost corresponding to project revenue for the

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entire project. A precondition for gradual revenue recognition is that the outcome can be determined 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, project work is reported project by project either as a current receivable concerning accrued project income not yet invoiced, or as a current liability concerning project work not yet performed but already invoiced.

Financial income and expenses

Financial income and expenses consist of interest income on bank deposits, 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 recognised 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.

Loan charges

Loan charges 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. Loan charges 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.

Financial instruments

Financial instruments recorded among assets in the balance sheet include cash and cash equivalents, receivables from customers, shares, loans and derivative instruments. On the liability side, are accounts payable to suppliers, borrowings, and derivative instruments.

A financial asset or financial liability is taken up 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 in 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 (unrealised 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 unrealised 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 at 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 recognized 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.

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 expenditure 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 impairment.

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

Trademarks

Trademarks that are acquired via business acquisitions are recorded at fair value on the acquisition date. Trademarks are reported at acquired value less accumulated amortisation. Trademarks with indeterminable lifetime are viewed as income generating entities and are not amortised but tested annually for impairment. Any impairment write downs are not reversed. Gains or losses on business disposals include the remaining book value of the trademarks relating to the business disposed of. Any write downs are immediately recorded as a cost.

Customer relations

Customer relations that are acquired via business acquisitions are recorded at fair value on the acquisition date. Amortisation is applied on a straight line basis over a defined period of useful economic life of ten years.

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
– Customer relations	10 years

Tangible fixed assets
Owned assets
Tangible fixed assets are measured at cost less accumulated depreciation and any impairment. 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

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 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.

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, including any obsolescence provision. 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.

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 mortgage 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,

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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 recognised 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 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.

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 as a part of the acquisition value for shares in subsidiaries. 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.

In contrast to prior years, group contributions are now booked as an appropriation in the income statement. The comparative figures have been recalculated.

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	2012	2011	2010
Net sales			
Net sales of goods	2,272.6	2,000.9	1,694.1
	2,272.6	**2,000.9**	**1,694.1**

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 organised 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 is divided into the following operating segments:

- EMEA *(Europe, Middle East and Africa)*
- International *(Asia, Pacific region and North and South America)*
- EFT

On the acquisition of EFT it was decided that this unit would be reported as a separate segment in 2012.

The operating segments are presented on pages 14-17 of the annual report. 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 as appropriate. Operating capital is reported separately when this is possible while other operating capital is allocated as suitable. No intra-group sales take place between the operating segments.

cont. note 3

The operating capital employed includes direct attributable items, and remaining capital employed is allocated in an 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 five geographic regions: Sweden, Nordic region, Other Europe, North America and Rest of the world.

The information 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, with the exception of goodwill, is based on geographic regions, where the assets are located.

As part of the integration of EFT, an adaptation of the organisation is being implemented from fiscal year 2013. The business will be divided into three segments, EMEA, Asia-Pacific and the Americas, which will be the Group's reporting units and which will include their share of the acquired business.

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 January - April 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

2011)**

SEK m	EMEA	International	Not allocated	Total
Net sales	1,416.8	584.1		2,000.9
Operating profit by operating segment*)	147.8	59.8	-40.6	167.0
Acquisition costs			-0.4	-0.4
Restructuring and integration costs			-35.6	-35.6
Gain on disposal of subsidiaries			9.5	9.5
Operating profit	147.8	59.8	-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	940.3	334.1	159.2	1,433.6
Other assets			219.9	219.9
Total assets	**940.3**	**334.1**	**379.1**	**1,653.5**
Operating liabilities	214.0	74.2	226.9	515.1
Other liabilities			581.6	581.6
Total liabilities	**214.0**	**74.2**	**808.5**	**1,096.7**
Capital expenditures	11.5	6.4	7.0	24.9
Depreciation	-22.8	-10.9	-8.4	-42.1

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

**) comparative figures for 2011 are adjusted according to organisational changes between EMEA and International,

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cont. note 3

2012

SEK m	EMEA	International	EFT	Not allocated	Total
Net sales	1,418.9	643.7	210.0		2,272.6
Operating profit by operating segment*)	142.1	80.0	13.4	-43.7	191.8
Acquisition costs				-11.1	-11.1
Restructuring and integration costs				-5.1	-5.1
Operating profit	142.1	80.0	13.4	-59.9	175.6
Financial income				2.4	2.4
Financial expenses				-25.2	-25.2
Tax expenses				-35.7	-35.7
Net profit					**117.1**
Capital expenditures	715.1	329.4	454.4	331.1	1,830.0
Other assets				310.7	310.7
Total assets	**715.1**	**329.4**	**454.4**	**641.8**	**2,140.7**
Operating liabilities	24.2	38.3	295.7	287.1	645.3
Other liabilities				877.1	877.1
Total liabilities	**24.2**	**38.3**	**295.7**	**1,164.2**	**1,522.4**
Capital expenditures	18.3	11.6	0.4	8.1	38.4
Depreciation	-21.5	-11.3	-1.7	-9.5	-44.0

2012

Operating Profit Pro Forma including EFT from January – September 2012

SEK m	EMEA	International	Not allocated	Total
Net sales	1,548.8	1,317.1		2,865.9
Operating profit by operating segment*)	133.6	116.4	-43.7	206.3

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

Geographic regions

Consolidated

SEK m	Sweden	Nordic region	Other Europe	North America	Rest of the World	Not allocated	Total
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**
2012							
Net sales	209.7	238.4	909.1	452.6	462.8		**2,272.6**
Operating asset	870.3	22.8	344.8	239.8	127.3	225.0	**1,830.0**
Capital expenditures	16.3	0.4	10.4	4.9	6.4	0.0	**38.4**

Note 4 Acquisition of business units

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 supplement the Group with increased technological competence in manufacturing FS-filters. This manufacturing is located in Germany and China. Through the acquisition the product protfolio 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 acquistion means significant synergies within sales, product development, supply chain, administration etc.

Percentage of shares: 100 per cent.
The acquisition was paid in cash in total.

cont. note 4

2010 SEK m	Dantherm Filtration Reported value before acquisition	 Fair value reported by Group
Acquisition price		196.3
Acquired liquid funds		-59.1
Acquired units. cash flow effect		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 receivables	2.4	2.4
Deferred tax assets	22.2	8.8
Liquid funds	59.1	59.1
Interest bearing liabilities	-224.8	-225.4
Accounts payable and other operating liabilities	-258.4	-259.2
Current tax liabilities	-3.0	-4.8
Deferred tax liability	0.0	-21.3
Net assets	149.3	109.8
Of which liquid funds in acquired units	-59.1	-59.1
Fair value of acquired net assets	90.2	50.7
Net sales during ownership period		701.0
Net profit during ownership period		22.0
Net sales January-December for acquired units		994.8
Net profit January-December for acquired units		12.9

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

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 9.5m. The annual turnover of the sold company amounted to approximately EUR 3m.

Acquisition 2012

Environmental Filtration Technologies (EFT)
EFT was acquired on 25 September 2012.
EFT's business comprises air filtration solutions for various industrial applications and production of filter cartridges and filter bags made of advanced materials. The company also has a smaller business, LCI, which focuses on evaporation and granulation primarily for the chemicals and pharmaceutical industries. A large part of EFT's business complements Nederman's activities, primarily for larger installations and sales in associated industries.

The acquisition will mean positive cost synergies thanks to broader use of Nederman's global purchasing structure. EFT adds purchasing volumes, which will enable more cost-effective purchasing. EFT can also use Nederman's global structure for production of products that EFT previously bought from third parties. Nederman's experience of module-based products will boost the profitability of EFT's offer.

Cost synergies will also arise from the merger of management and administration teams.

Transaction costs are not expected to exceed SEK 14m, of which SEK 8.6m affected operating earnings in 2012.

The goodwill amount represents future benefits arising from the acquisition but which have not been separately identified and reported. None of the goodwill amount is expected to be tax deductible.

Percentage of shares: 100%.
All of the purchase amount is a cash payment.

Other
The acquisitions relates to Lebon & Gimbrair and Havak. Nederman acquired Lebon & Gimbrair in the Netherlands. Nederman has collaborated with the company for over 40 years for distributing a number of Nederman's products in the Netherlands. The acquired company complemented Nederman's portfolio of subsidiaries in the country. Nederman acquired a small company at he beginning of 2012 from Havak Endüstri Tesisieri, which has distributed Nederman's products for the past 20 years on the Turkish market. The company will now be the base for all marketing of the Group's complete range in Turkey and is expected to help towards good growth on this market. Transaction costs affected operating earnings in 2012, SEK 2.0m. The goodwill amount represents future benefits arising from the acquisition but which have not been separately identified and reported. None of the goodwill amount is expected to be tax deductible.

Percentage of shares: 100%.
All of the purchase amount is a cash payment.

2012 SEK m	EFT Reported value before acquisition	 Fair value reported by Group	Other Reported value before acquisition	 Fair value reported by Group	Total Reported value before acquisition	 Fair value reported by Group
Acquisition price	157.1	157.1	21.4	21.4	178.5	178.5
Acquired liquid funds	-46.5	-46.5	-3.7	-3.7	-50.2	-50.2
Acquired units. cash flow effect	110.6	110.6	17.7	17.7	128.4	128.4
Fair value of acquired net assets	61.4	25.9	-12.2	-11.8	49.2	14.1
Goodwill	172.0	136.5	5.5	5.9	177.6	142.4
Intangible fixed assets	1.7	52.0	1.6	1.6	3.3	53.6
Tangible fixed assets	64.1	56.5	5.9	5.9	70.0	62.4
Financial fixed assets	3.6	3.6			3.6	3.6
Inventories	59.2	59.2	5.2	5.2	64.3	64.3
Customer receivables and other receivables	172.7	172.7	19.5	19.5	192.2	192.2
Current tax receivables	2.3	2.3			2.3	2.3
Deferred tax assets		2.5		1.7		4.2
Liquid funds	46.5	46.5	3.7	3.7	50.2	50.2
Interest bearing liabilities	-49.4	-49.4	-4.3	-4.3	-53.7	-53.7
Accounts payable and other operating liabilities	-308.0	-308.0	-17.3	-17.7	-325.2	-325.7
Current tax liabilities	-0.7	-0.7			-0.7	-0.7
Deferred tax liability	-6.9	-16.5			-6.9	-16.5
Net assets	-14.9	20.6	15.8	15.5	1.0	36.1
Of which liquid funds in acquired units	-46.5	-46.5	-3.7	-3.7	-50.2	-50.2
Fair value of acquired net assets	-61.4	-25.9	12.2	11.8	-49.2	-14.1
Net sales during ownership period for acquired units						316.4
Net sales 2012 before acquisition						596.6
Net profit during ownership period for acquired units						5.0
Net profit before acquisition						6.4

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Note 5 Other operating income

Consolidated

SEK m	2012	2011	2010
Gain on disposal of subsidiaries		9.5	
Capital gain on sold fixed assets	1.2	0.6	0.3
Recovered bad debt losses	1.8	4.6	4.5
Foreign exchange gains on operating receivables/liabilities	3.5		8.1
Other		1.3	1.3
	6.5	**16.0**	**14.2**

Parent company

	2012	2011	2010
Management charges. subsidiaries	11.7	8.8	7.7
Foreign exchange gains on operating receivables/liabilities	3.5	1.1	-0.2
	15.2	**9.9**	**7.5**

Note 6 Other operating expenses

Consolidated

SEK m	2012	2011	2010
Capital loss sold fixed assets	-0.7	-0.5	-0.3
Bad debt losses	-7.9	-5.6	-5.3
Foreign exchange losses on operating receivables/liabilities		-2.3	
Other	-3.9	-3.3	-2.2
	-12.5	**-11.7**	**-7.8**

Note 7 Employees and employee benefits

Average number of employees	2012			2011			2010		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Parent company									
Sweden	13	15	**28**	12	9	**21**	11	10	**21**
Total parent company	13	15	**28**	12	9	**21**	11	10	**21**
Subsidiaries									
Sweden	48	186	**234**	52	193	**245**	52	200	**252**
Denmark	26	108	**134**	23	138	**161**	25	145	**170**
Norway	4	20	**24**	6	30	**36**	6	42	**48**
Belgium	4	17	**21**	4	17	**21**	5	15	**20**
UK	11	79	**90**	7	76	**83**	13	64	**77**
France	8	11	**19**	4	9	**13**	4	8	**12**
The Netherlands	11	50	**61**	2	4	**6**	2	4	**6**
Poland	27	164	**191**	26	152	**178**	19	109	**128**
Portugal								1	**1**
Romania	1	3	**4**	1	3	**4**	1	3	**4**
Spain	2	14	**16**	3	15	**18**	3	15	**18**
Czech Republic	2	16	**18**	2	15	**17**	2	13	**15**
Germany	48	128	**176**	41	113	**154**	44	129	**173**
Hungary		2	**2**		2	**2**		2	**2**
Austria	1	2	**3**	1	2	**3**	1	2	**3**
Canada	6	28	**34**	5	25	**30**	5	24	**29**
USA	47	160	**207**	25	121	**146**	16	71	**87**
Brazil	2	12	**14**	2	10	**12**	2	9	**11**
China	33	121	**154**	29	116	**145**	23	76	**99**
Australia	2	14	**16**	1	8	**9**	1	8	**9**
Turkey	2	8	**10**		2	**2**		2	**2**
India		25	**25**		25	**25**	1	19	**20**
Finland							1	9	**10**
Russia	3	3	**6**	1	2	**3**		1	**1**
Malaysia	1	3	**4**	1	2	**3**		2	**2**
Mexico		1	**1**						
Thailand	44	77	**121**	30	67	**97**	23	66	**89**
Total in subsidiaries	333	1,252	**1,585**	266	1,147	**1,413**	249	1,039	**1,288**
Consolidated total	346	1,267	**1,613**	278	1,156	**1,434**	260	1,049	**1,309**
Of which senior executives	18	102	**120**	14	78	**92**	18	76	**94**

cont. note 7

Distribution according to gender in senior management

	2012	2011	2010
	Percentage women	Percentage women	Percentage women
Parent company			
Board of Directors	29%	29%	11%
Other senior executives	33%	33%	33%
Consolidated			
Board of Directors	29%	29%	11%
Other senior executives	15%	15%	19%

Consolidated

Expenses for remuneration to employees

SEK m	2012	2011	2010
Wages. salaries and other remuneration	516.5	458.7	420.1
Pensions expenses. defined-benefit pension plans (see also note 22)	2.0	2.3	1.5
Pensions expenses. defined pension contribution pension plans	28.0 [1]	28.7 [1]	20.9 [1]
Social security expenses	97.7	84.4	86.0
	644.2	**574.1**	**528.5**

Parent company

Wages. salaries. other renumerations and social security expenses

SEK m	2012	2011	2010
Wages. salaries and other compensation	22.3	21.0	17.2
Social security expenses	10.6	10.2	8.1
(of which. pension costs)	(2.1) [1]	(1.7) [1]	(1.7) [1]

[1] Of the parent company's pension costs SEK 1.0 (0.9 ; 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	2012	2011	2010
Consolidated			
Board of Directors. CEO and Senior executives	40.1	40.2	42.5
(of which variable compensation)	(5.7)	(7.9)	(4.1)
Other employees	476.4	418.5	377.6
	516.5	**458.7**	**420.1**

SEK m	2012	2011	2010
Parent company			
Board of Directors. CEO and Senior executives	8.1	10.2	6.8
(of which variable compensation)	(1.0)	(3.0)	(1.1)
Other employees	14.2	10.8	10.4
	22.3	**21.0**	**17.2**

Note 8 Auditor's fees and compensation

Consolidated

SEK m	2012	2011	2010
KPMG			
Audit assignment	4.7	3.9	3.5
Audit related services		0.3	0.2
Tax advise	0.2	0.4	0.7
Other assignment	1.2	0.6	0.4
Other auditors			
Audit assignment	1.3	0.8	1.1
Tax advise	0.8	1.0	0.2
Other assignment	0.5	0.4	0.5

Parent company

SEK m	2012	2011	2010
KPMG			
Audit assignment	0.9	0.6	0.6
Audit related services		0.3	0.2
Tax advise		0.0	0.2
Other assignment	1.0	0.1	0.3

Note 9 Cost of operations allocated on cost type

Consolidated

SEK m	2012	2011	2010
Cost of material	-992.2	-851.4	-639.5
Cost of personnel	-644.2	-574.1	-528.5
Other external costs	-395.6	-364.7	-391.4
Acquisition costs	-11.1	-0.4	-11.8
Restructuring and integration costs*)	-3.9	-32.0	-39.8
Depreciations	-44.0	-42.1	-38.2
Other costs of operations	-12.5	-11.7	-7.8
	-2,103.5	**-1,876.4**	**-1,657.0**
*) excl cost of personnel	-1.2	-3.6	-3.8

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Note 10 Finacial income and expenses

Consolidated

SEK m	2012	2011	2010
Interest income bank deposits	2.3	2.5	1.3
Other interest income	0.1	0.2	2.9
Exchange rate gains. net		1.0	
Financial income	**2.4**	**3.7**	**4.2**
Interest expenses. credit institutions	-22.9	-34.8	-21.6
Interest expenses. other	-1.7	-1.6	-3.9
Exchange rate losses. net	-0.6		-3.1
Financial expenses	**-25.2**	**-36.4**	**-28.6**
Net financial income/expenses	**-22.8**	**-32.7**	**-24.4**

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

Parent company

SEK m	2012	2011	2010
Dividends	132.4	89.2	
Write down of shares in subsidaries	-2.3		
Result from shares in Group companies	**130.1**	**89.2**	
Interest income. other	0.2	0.3	0.1
Other financial income. group companies	8.0	16.0	13.7
Exchange rate gains. (net)	0.4	0.9	
Interest income and similar income	**8.6**	**17.2**	**13.8**
Interest expenses. other	-18.9	-30.7	-18.3
Other financial expenses. group companies	-0.2	-0.6	-0.1
Exchange rate losses			-2.8
Interest costs and similar costs	**-19.1**	**-31.3**	**-21.2**

Note 11 Appropriations

Parent company

SEK m	2012	2011	2010
Group contribution	40.0	20.2	22.2
	40.0	**20.2**	**22.2**

Not 12 Taxes

Reported in Consolidated income statement

SEK m	2012	2011	2010
Current tax expense (-)			
Tax expense for the period	-34.4	-35.7	-24.1
Adjustment of tax relating to previous years	-3.5	-2.2	0.8
	-37.9	**-37.9**	**-23.3**
Deferred tax expense (–) /tax income (+)			
Deferred tax concerning temporary differences	10.2	-3.7	11.2
Utilisation of loss carryforwards	0.0	0.0	-6.9
Revaluation of loss carryforwards	-8.0	-1.0	2.5
Deferred tax assets in the year capitalised tax value in loss carry-forward	0.0	21.6	10.7
	2.2	**16.9**	**17.5**
Total consolidated tax expenses	**-35.7**	**-21.0**	**-5.8**

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	2012 (%)	2012	2011 (%)	2011	2010 (%)	2010
Profit before tax		**152.8**		**107.8**		**26.9**
Tax according to the applicable tax rate for the Parent company	26.3	-40.2	26.3	-28.3	26.3	-7.1
Effect of other tax rates for foreign subsidiaries	4.4	-6.7	-2.2	2.4	3.5	-0.9
Non-tax deductible expenses	2.2	-3.3	0.2	-0.2	10.4	-2.8
Non-taxable income	-1.2	1.9	-1.1	1.2	-10.0	2.7
Increase of loss carryforwards without corresponding capitalisation of deferred tax	0.3	-0.4			10.4	-2.8
Utilisation of loss carryforwards not recognised as deferred tax	-13.9	21.2	-6.5	7.0	-5.9	1.6
Tax relating to the previous year	2.3	-3.5	2.0	-2.2	-3.0	0.8
Effect of changes in tax rates/ and tax rules	3.0	-4.7	0.0	0.0		
Valuation of deferred tax	0.0		0.9	-1.0	-9.3	2.5
Other	0.0		-0.1	0.1	-0.7	0.2
Effective tax	**23.4**	**-35.7**	**19.5**	**-21.0**	**21.6**	**-5.8**

Current tax receivables amount to SEK 18.0m (14.8 resp 12.1) 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:

	2012			2011			2010		
SEK m	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Tangible fixed assets	14.4	16.7	-2.3	8.3	10.0	-1.7	5.4	12.0	-6.6
Intangible assets	0.1	19.2	-19.1	0.2	2.0	-1.8	0.1		0.1
Financial assets	1.6		1.6						
Inventories	9.8	8.7	1.1	7.7	8.1	-0.4	8.6	9.4	-0.8
Accounts receivable	3.9	1.7	2.2	2.5	1.0	1.5	1.9	1.4	0.5
Provisions for pensions	1.0		1.0	0.7		0.7	0.5		0.5
Provisions	13.1		13.1	7.4		7.4	10.4		10.4
Loss carryforwards	33.6		33.6	41.8		41.8	21.9	0.7	21.2
Other		4.8	-4.8	1.8	10.7	-8.9	3.2	6.9	-3.7
Tax receivables/liabilities	77.5	51.1	26.4	70.4	31.8	38.6	52.0	30.4	21.6
Netting	-13.3	-13.3		-14.4	-14.4		-6.0	-6.0	
Deferred tax assets/liabilities according to consolidated statement of financial position	64.2	37.8	26.4	56.0	17.4	38.6	46.0	24.4	21.6

Recognised loss carryforwards are not time limited.

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

SEK m	**2012**	**2011**	**2010**
Temporary differences/Loss carryforwards	56.0	65.8	70.1

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

Changes in deferred tax due to temporary differences and loss carryforward

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
Provision 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
Provision 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**

SEK m	**Balance 1 Jan 2012**	**Recorded via consolidated income statement**	**Translation difference**	**Acquired**	**Balance 31 Dec 2012**
Tangible fixed assets	-1.7	1.6		-2.2	-2.3
Intangible assets	-1.8	-0.6	-2.1	-14.6	-19.1
Financial assets	0.0			1.6	1.6
Inventories	-0.4	-0.7		2.2	1.1
Accounts receivable	1.5	0.7			2.2
Provision for pensions	0.7	0.3			1.0
Provisions. other	7.4	2.9		2.8	13.1
Loss carryforwards	41.8	-8.0		-0.2	33.6
Other	-8.9	6.0		-1.9	-4.8
	38.6	**2.2**	**-2.1**	**-12.3**	**26.4**

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cont. note 12

Parent company

Reported in income statement

SEK m	2012	2011	2010
Current tax expense (-) / income (+)			
Current tax income			
Adjustment tax relating to previous years			
Deferred tax expense (–) /tax income (+)			
Deferred tax relating to changes in tax rates	-3.2		
Deferred tax income on capitalised tax value in loss carryforwards	0.4	12.5	7.1
Total reported tax in parent company	**-2.8**	**12.5**	**7.1**

Reconciliation of effective tax

SEK m	2012	2011	2010
Result before tax	**129.0**	**51.5**	**-18.4**
Tax according to current tax rate	-33.9	-13.6	4.8
Non-tax deductible expenses	-0.7	-0.1	-0.1
Non-taxable income	35.0	26.2	2.4
Effect of changes in tax rates/ and tax rules	-3.2		
Reported effective tax	**-2.8**	**12.5**	**7.1**

Note 13 Intangible fixed assets

Consolidated

	2012						2011				2010			
SEK m	Customer relations	Trademarks	Development expenditures	Goodwill	IT program	Total	Development expenditures	Goodwill	IT program	Total	Development expenditures	Goodwill	IT program	Total
Accumulated cost														
Opening 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
Acquisitions	13.1	37.2	1.9	142.4	3.1	197.7		-4.0		-4.0	31.3	86.5	16.6	134.4
Internally developed assets			4.6			4.6	3.9			3.9	2.2			2.2
Other capital expenditures					6.5	6.5	0.7		5.3	6.0	1.2		2.3	3.5
Sold and scrapped					-0.5	-0.5			-0.1	-0.1			-0.7	-0.7
Reclassifications						0.0	-0.6		2.9	2.3	1.2		-1.2	0.0
Translation difference			-1.8	-7.1	-0.9	-9.8	0.1	-1.3	-0.4	-1.6	-2.2	-16.7	-1.3	-20.2
Closing balance	13.1	37.2	90.5	599.8	57.3	797.9	85.8	464.5	49.1	599.4	81.7	469.8	41.4	592.9
Accumulated amortisation and impairment														
Opening balance			-50.3		-36.3	-86.6	-39.9		-29.4	-69.3	-22.4		-22.5	-44.9
Acquisitions					-1.7	-1.7					-8.4		-4.8	-13.2
Sold and scrapped					0.5	0.5			0.1	0.1			0.5	0.5
Reclassifications							0.4		-2.7	-2.3				
Amortisation for the year			-9.1		-5.7	-14.8	-10.9		-4.6	-15.5	-10.3		-3.2	-13.5
Translation difference			0.6		0.1	0.7	0.1		0.3	0.4	1.2		0.6	1.8
Closing balance			-58.8		-43.1	-101.9	-50.3		-36.3	-86.6	-39.9		-29.4	-69.3
Book value														
January 1			35.5	464.5	12.8	512.8	41.8	469.8	12.0	523.6	25.6	400.0	3.2	428.8
December 31	**13.1**	**37.2**	**31.7**	**599.8**	**14.2**	**696.0**	**35.5**	**464.5**	**12.8**	**512.8**	**41.8**	**469.8**	**12.0**	**523.6**

The Group's expenses or development of the existing product range and new products amounted to SEK 19.6m.
Of this amount. SEK 4.6m was capitalised in the consolidated statement of financial position.

cont. note 13

Parent company

SEK m	2012 IT program	2012 Total	2011 IT program	2011 Total	2010 IT program	2010 Total
Accumulated cost						
Opening balance	10.1	10.1	5.7	5.7	4.4	4.4
Capital expenditures	5.6	5.6	4.4	4.4	1.3	1.3
Closing balance	15.7	15.7	10.1	10.1	5.7	5.7
Accumulated amortisation and impairment						
Opening balance	-4.1	-4.1	-2.9	-2.9	-2.3	-2.3
Amortisation for the year	-2.5	-2.5	-1.2	-1.2	-0.6	-0.6
Closing balance	-6.6	-6.6	-4.1	-4.1	-2.9	-2.9
Book value						
January 1	6.0	6.0	2.8	2.8	2.1	2.1
December 31	**9.1**	**9.1**	**6.0**	**6.0**	**2.8**	**2.8**

Amortisation and impairments

Depreciation is included in the following lines in the income statement

	Consolidated			Parent company		
SEK m	2012	2011	2010	2012	2011	2010
Cost of goods sold		-0.5	-0.4			
Selling expenses	-3.3	-4.0	-3.2			
Administrative expenses	-6.9	-6.0	-5.2	-2.5	-1.2	-0.6
Research and development expenses	-4.6	-5.0	-4.7			
	-14.8	**-15.5**	**-13.5**	**-2.5**	**-1.2**	**-0.6**

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

Goodwill	2012
EMEA	360.6
International	102.7
EFT	136.5

Impairment tests for cash-generating units containing goodwill and trademarks with indeterminable lifetime

Goodwill and trademarks with indeterminable lifetime are tested annually for impairment, or more frequently if there are indications of a reduction in value. The test is based on defined cash-generating units, which are the same as 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 at period of three years.

For EMEA, annual growth of 4% has been used with an assumed growth of 2% after the forecast period. The discount factor before tax is 12.99%.

For International and EFT, annual growth of 6% has been used with an assumed growth of 3% after the forecast period. The discount factor before tax is 12.93% and 10.25% respectively.

For all operating segments, the recoverable amount exceeds the book value of assets by a wide margin. The growth for the cash-generating units is based on historical growth, estimated market growth and expected price development. The company's management team considers these assumptions to be reasonable and that there is no need for an impairment.

Sensitivity analysis

A sensitivity analysis shows that these book values are reasonable for all operating segments even with zero growth after the budget period and also even with a higher discount factor. The company's management are of the opionon however that no reasonable changes in important assumptions at the impairment test of the cash-generating units will result in a recoverable value lower that the carrying amount.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

Note 14 Tangible fixed assets

Consolidated

SEK m	2012 Buildings and land	2012 Pland and machinery	2012 Equip., tools. and fixtures	2012 Total	2011 Buildings and land	2011 Pland and machinery	2011 Equip., tools. and fixtures	2011 Total	2010 Buildings and land	2010 Pland and machinery	2010 Equip., tools. and fixtures	2010 Total
Accumulated cost												
Opening 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
Acquisitions	54.7	28.7	30.0	113.4	-3.7	-2.7	-1.5	-7.9	262.5	126.2	50.5	439.2
Capital expenditures	3.1	5.8	18.4	27.3	1.5	2.5	11.0	15.0		2.1	7.2	9.3
Sold and scrapped	-0.6	-5.6	-9.3	-15.5	-0.2	-4.2	-13.7	-18.1	-29.2		-2.3	-31.5
Reclassifications			-0.4	-0.4	0.3	1.0	-1.7	-0.4		-1.3	1.0	-0.3
Translation difference	-6.1	-2.6	-1.6	-10.3	-4.0	1.2	-6.3	-9.1	-12.7	-8.2	-7.3	-28.2
Closing balance	303.8	144.9	307.5	756.2	252.7	118.6	270.4	641.7	258.8	120.8	282.6	662.2
Accumulated depreciation												
Opening 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
Acquisitions	-12.0	-20.5	-18.5	-51.0	3.0	2.5	1.5	7.0	-123.8	-93.7	-43.0	-260.5
Depreciation for the year	-7.5	-7.2	-14.5	-29.2	-8.6	-6.8	-11.3	-26.7	-7.0	-7.5	-10.2	-24.7
Sold and scrapped	0.4	5.1	8.3	13.8	0.0	3.5	11.1	14.6	29.2	1.2	2.1	32.5
Reclassifications			0.4	0.4	-0.1	0.6	-0.2	0.3			-1.2	-1.2
Translation difference	3.4	1.9	2.8	8.1	0.6	-1.3	5.5	4.8	3.8	7.0	5.4	16.2
Closing balance	-149.8	-115.8	-263.5	-529.1	-134.1	-95.1	-242.0	-471.2	-129.0	-93.6	-248.6	-471.2
Book value												
January 1	118.6	23.5	28.4	170.5	129.8	27.2	34.0	191.0	7.0	1.4	31.8	40.2
December 31	**154.0**	**29.1**	**44.0**	**227.1**	**118.6**	**23.5**	**28.4**	**170.5**	**129.8**	**27.2**	**34.0**	**191.0**

Financial leasing

Consolidated

Recognised value for assets under financial leasing contracts.

SEK m	2012	2011	2010
Equipment. tools and fixtures	9.1	5.1	4.7

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 note 20 and 28.

Parent company

SEK m	2012 Equipment. tools and fixtures	2012 Total	2011 Equipment. tools and fixtures	2011 Total	2010 Equipment. tools and fixtures	2010 Total
Accumulated cost						
Opening balance	3.0	3.0	1.7	1.7	1.2	1.2
Capital expenditures	2.5	2.5	1.3	1.3	0.5	0.5
Closing balance	5.5	5.5	3.0	3.0	1.7	1.7
Accumulated depriciation						
Opening balance	-1.4	-1.4	-0.9	-0.9	-0.8	-0.8
Depreciation for the year	-1.1	-1.1	-0.5	-0.5	-0.1	-0.1
Closing balance	-2.5	-2.5	-1.4	-1.4	-0.9	-0.9
Book value						
January 1	1.6	1.6	0.8	0.8	0.4	0.4
December 31	**3.0**	**3.0**	**1.6**	**1.6**	**0.8**	**0.8**

Depreciation and impairments

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

SEK m	Consolidated 2012	Consolidated 2011	Consolidated 2010	Parent company 2012	Parent company 2011	Parent company 2010
Cost of goods sold	-13.3	-11.9	-11.8			
Selling expenses	-8.2	-7.4	-5.5			
Administrative expenses	-7.7	-7.3	-7.4	-1.1	0.5	-0.1
Research and development expenses						
	-29.2	**-26.6**	**-24.7**	**-1.1**	**0.5**	**-0.1**

Note 15 Long-term receivables and other receivables

Consolidated

SEK m	2012	2011	2010
Long term receivables which are fixed assets			
Plan assets for pension		0.1	0.1
Other	5.4	0.7	0.8
	5.4	**0.8**	**0.9**
Other receivables which are current assets			
VAT receivables	11.1	15.3	10.8
Recognised non-invoiced income. projects	66.4	32.3	23.3
Fair value of currency derivatives	1.8	1.9	5.3
Other receivables	28.1	34.4	21.9
	107.4	**83.9**	**61.3**

Parent company

SEK m	2012	2011	2010
Other receivables which are current assets			
VAT receivables	6.5	0.0	1.4
Other receivables	1.1	0.7	
	7.6	**0.7**	**1.4**

Note 16 Inventories

Consolidated

SEK m	2012	2011	2010
Raw material	125.7	108.7	99.5
Goods in progress	48.2	45.2	27.1
Finished products and goods for resale	111.6	79.0	82.3
	285.5	**232.9**	**208.9**
Write-down of obsolete inventory amounted to	77.6	62.0	62.3

Write-down of obsolete inventory included in cost of goods sold in Income Statement SEK 77.6m.

Note 17 Prepaid expenses and accrued income

Consolidated

SEK m	2012	2011	2010
Rent/leases	5.9	3.1	4.6
Computer software/license payments	1.4	0.6	0.7
Insurance	3.0	2.1	2.0
Bank charges	0.9	1.2	4.3
Other	14.8	27.1	17.8
	26.0	**34.1**	**29.4**

Parent company

Computer software/license payments	1.1	0.5	0.4
Insurance	0.4	0.2	0.1
Bank charges	0.9	1.2	4.3
Other	0.6	0.5	0.5
	3.0	**2.4**	**5.3**

Note 18 Equity

Consolidated

Share capital and number of shares

	2012	2011	2010
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 4.00 (3.25) per share, in total SEK 46.9m (38.1). The dividend amount will be adopted by the AGM on 29 April 2013.

Capital management
The Group's capital corresponds to the total amount of shareholders' equity, SEK 618.3 m. According to the Board's policy, the Group's financial objective is to achieve a good capital structure and financial stability in order to maintain the trust of investors, creditors and the market, and to form a good base for continued development of the business.

The target for debt/equity ratio is 0.5 – 1.0.

The Group's dividend policy is to pay out 30 – 50% of the year's net profit after tax with consideration to the capital structure and acquisition plans.

Note 19 Earnings per share

Earnings per share

SEK	2012	2011	2010
Earnings per share	10.00	7.41	1.80
Earnings per share after dilution	10.00	7.41	1.80

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

SEK m	2012	2011	2010
Net result. before dilution	117.1	86.8	21.1
Net result. after dilution	117.1	86.8	21.1

Weighted average number of outstanding shares

Number of shares	2012	2011	2010
Before dilution	11,715,340	11,715,340	11,715,340
After dilution	11,715,340	11,715,340	11,715,340

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

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	2012	2011	2010
Long-term liabilities			
Bank loans	685.2	489.1	504.9
Financial leasing liabilities	2.4	1.5	2.1
	687.6	**490.6**	**507.0**
Current liabilities			
Bank overdraft	0.6	1.2	2.0
Bank loans	30.3	0.0	68.1
Financial leasing liabilities	3.4	2.2	1.7
	34.3	**3.4**	**71.8**

Financial leasing liabilities

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

Consolidated

SEK m	Minimum leasing payment	Interest	Capital amount
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**
2012			
Within one year	2.1	0.2	1.9
Between one and five years	1.7	0.2	1.5
Later than five years	-	-	-
	3.8	**0.4**	**3.4**

Terms and repayment due date

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

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	5.355%	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**

2012

SEK m	Currency	Nom. interest rate	Due date	Nominal value	Book value
Term loan	SEK	2.788%	2014-12-31	185.0	185.0
Bank loans. (revolving)	SEK	2.788%	2014-12-31	122.5	122.5
Bank loans. (revolving)	EUR	1.648%	2014-12-31	19.7	170.0
Bank loans. (revolving)	USD	1.754%	2014-12-31	36.5	238.0
Bank overdraft					0.6
Financial leasing liabilities					5.8
Total interest bearing liabilities					**721.9**

Note 21 Long-term liabilities to credit institutions

Parent company

SEK m	2012	2011	2010
Long-term liabilities			
Bank loans	683.6	488.9	504.5

SEK m	2012	2011	2010
Short-term loan			
Bank loans	30.0		60.0
Bank overdraft			1.9
	30.0		**61.9**

Note 22 Provision for pensions – benefits to senior executives

Defined-benefit pension plans

Consolidated

SEK m	2012	2011	2010
Present value of unfunded obligations	86.8	53.7	49.9
Present value of entirely or partially funded obligations	27.7	12.7	11.6
Total present value of obligations	114.5	66.4	61.5
Fair value of plan assets	-10.5	-9.4	-8.7
Present value of net obligations	104.0	57.0	52.8
Unrecorded actuarial gains (+) and losses (–)	-19.3	-15.4	-11.5
Defined-benefit pension plans. net (see below)	84.7	41.6	41.3
Net obligations to employees	84.7	41.6	41.3

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

Defined-benefit pension plan. net	84.7	41.6	41.3
Other pension		0.1	
Provisions for pensions. net	84.7	41.7	41.3
Long term receivables		0.1	0.1
December 31. Provisions for pensions	**84.7**	**41.8**	**41.4**

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

Changes in defined-benefit plans in the balance sheet

SEK m	2012	2011	2010
Fair value of plan assets, 1 January	66.4	61.5	53.5
Charges from employer	-2.5	-2.6	-1.3
Payment of pension benefits	-0.1		-0.1
Anticipated returns	2.6	4.5	3.8
Actuarial gains or losses	4.4	3.5	-0.4
Acquisitions	43.0		7.6
Translation differences	0.7	-0.5	-1.6
Fair value of plan assets, December 31	**114.5**	**66.4**	**61.5**

Changes in plan assets

SEK m	2012	2011	2010
Fair value of plan assets, 1 January	9.4	8.7	7.5
Charges from employer	1.4		
Payment of pension benefits		-0.2	-0.1
Anticipated returns	0.3	1.5	2.0
Actuarial gains or losses	-0.4	-0.6	-0.2
Acquisitions	-0.4		
Translation differences	0.2		-0.5
Fair value of plan assets, December 31	**10.5**	**9.4**	**8.7**

Specification of pension costs in the income statement

SEK m	2012	2011	2010
Costs for services during the year	0.8	2.3	1.2
Interest on the obligation	1.9	2.2	2.3
Anticipated returns on plan assets	-0.3	-0.2	-0.3
Actuarial gains or losses	0.7	0.4	0.5
Effects of curtailments and regulations	-0.1	-0.2	0.1
Total cost. net of defined benefit plans	**3.0**	**4.5**	**3.8**
Of which amount charged against operating result	2.0	2.3	1.5
Of which amount charged against financial expenses	1.0	2.2	2.3
Total net cost	**3.0**	**4.5**	**3.8**
Actual returns on plan assets	**0.1**	**0.1**	**0.1**

Expected returns on plan assets 2013 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	2012	2011	2010
Discount rate at December 31	2.4% - 4.0%	3.7%	3.7%
Anticipated returns on plan assets at 31 December	2.2%*)	4.8%*)	5.8%*)
Future salary increases	4.0%*)	3.6%*)	4.0%*)
Future increases in pensions	2.0%	2.0%	2.8%

**) Relates to Norway*

Historical information

SEK m	2012	2011	2010
Present value of defined-benefit plan obligations	114.5	66.4	61.5
Fair value of plan assets	-10.5	-9.4	-8.7
Deficit in the plan	**104.0**	**57.0**	**52.8**

Expected payments in 2013
Expected payments in 2013 for defined-benefit pension plans amount to SEK 2.4m.

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 2012, 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 6.8m (6.4 and 6.1 resp). Alecta's surplus can be distributed to the holders of the insurance policies and/or the ensured parties. At the end of 2012, Alecta's surpluses, in the form of the collective consolidation level, amounted to 129 per cent (113 resp. 146). 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.

From January 1, 2013 the corridor method is no longer applicable according to IAS 19. This means that the pension liability will increase with SEK 19.3m and that equity will decrease with the same amount.

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.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

cont. note 22

Expenses for defined-contribution plans

Mkr	2012	2011	2010
Consolidated	28.0	28.7	20.9
Parent company	2.1	1.8	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 2012 decided that fees to the board of directors for the work during 2012 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, Erik Hielte, Lotta Stalin, Ylva Hammargren and 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 2012, the base salary was SEK 3,040,000. 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 2012, compensation to the CEO and Group President was SEK 3,707,000, of which SEK 667,000 consisted of a variable compensation for the 2012 financial year.

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

Pension payments
The CEO and Group President is entitled to retire with a pension at age 65. The pension plan is premium-based pension plan and the annual premium corresponds to 35 per cent of the annual base salary. The company's obligation is limited to the payment of the annual premium. During 2012 the premium expenses were SEK 1,036,000 for the CEO and Group President.

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

Principles for remuneration to other senior executives
Remunerations
Those members in the Group management, who are employed by companies other than the parent company, receive their remuneration from the respective company. The remuneration is determined by the CEO with the assistance of the Chairman of the board and consists of base salary, pension contribution, variable compensation and other benefits. For other members in the group management the variable compensation may amount to no more than 30 per cent of the base salary. Any variable compensation and its size is determined by the CEO in consultation with the Chairman of the board, based upon the result and tied-up capital in the Nederman Group. During 2012, remuneration to other members of the group management amounted to SEK 8,961,000, of which SEK 1,009,000 consisted of variable compensations for the financial year 2012.

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 2012

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 Erik 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	3,040	667	139	1,036	4,882
Other senior executives (6 individuals)	7,952	1,009	484	2,073	11,518
Total	**12,217**	**1,676**	**623**	**3,109**	**17,625**
of which subsidaries (4 individuals)	5,207	673	258	1,396	7,534

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 Erik 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

cont. note 22

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 Erik Hielte	100				100
Member of the board Lotta Stalin	100				100
Member of the board Gunnar Gremlin	100				100
Member of the board Peter Möller	100				100
CEO 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	2012	2011	2010
Provisions. which are long-term liabilities			
Warranty exposure	11.6	13.0	15.9
Other	1.1	2.0	0.4
	12.7	**15.0**	**16.3**

Provisions which are current liabilities			
Restructuring severance pay. redundancy payments	3.7	19.2	31.5
Warranty exposure	38.8	24.3	23.5
Onerous contracts			0.5
Other	14.4	6.4	4.3
	56.9	**49.9**	**59.8**

Severance pay. redundancy payments			
Book value. January 1	19.2	31.5	2.3
Provisions during the period	5.1	37.9	45.6
Amount used during the period	-20.7	-49.8	-17.8
Acquisitions			0.9
Reclassifications			1.2
Unutilised amount which has been regained during the period	0.1	-0.4	
Translation differences	0.0	0.0	-0.7
Book value. December 31	**3.7**	**19.2**	**31.5**

Warranty exposure			
Book value. January 1	37.3	39.4	2.5
Provisions during the period	9.8	11.5	12.9
Amount used during the period	-5.8	-8.3	-28.2
Acquisitions	12.9		40.3
Reclassifications		-3.1	15.4
Unutilised amount which has been regained during the period	-2.2	-3.2	-1.6
Translation differences	-1.6	1.0	-1.9
Book value. December 31	**50.4**	**37.3**	**39.4**

SEK m	2012	2011	2010
Onerous contracts			
Book value. January 1	0.0	0.5	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**	**0.0**	**0.5**

Other			
Book value. January 1	8.4	4.7	0.3
Provisions during the period	20.7	12.4	22.3
Amount used during the period	-13.4	-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	-0.2	0.1	-0.1
Book value. December 31	**15.5**	**8.4**	**4.7**

Total provisions			
Book value. January 1	64.9	76.1	5.1
Provisions during the period	35.6	61.8	80.8
Amount used during the period	-39.9	-66.4	-72.2
Acquisitions	12.9		57.0
Reclassifications		-2.4	12.4
Unutilised amount which has been regained during the period	-2.1	-5.3	-4.3
Translation differences	-1.8	1.1	-2.7
Book value. December 31	**69.6**	**64.9**	**76.1**

Warranties

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

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

Note 24 Other liabilities

Consolidated

SEK m	2012	2011	2010
Other long-term liabilities			
Other liabilities	1.6	0.1	0.3
	1.6	**0.1**	**0.3**
Other short-term liabilities			
Personnel-related liabilities	38.4	50.3	48.1
VAT payable	23.3	26.3	29.8
Fair value of currency derivatives	1.3	1.3	0.6
Advance payments from customers	53.9	64.6	85.4
Invoiced income not yet recognised. projects	42.8	42.6	12.0
Purchase price not paid			4.5
Other liabilities	38.8	30.7	28.1
	198.5	**215.8**	**208.5**

Parent company

SEK m	2012	2011	2010
Personnel-related liabilities	1.1	1.2	0.9
VAT payable		0.2	
Other liabilities	0.3	0.1	
	1.4	**1.5**	**0.9**

Note 25 Accrued expenses and prepaid income

Consolidated

SEK m	2012	2011	2010
Personnel-related expenses	76.7	60.4	48.6
Auditing fees	4.1	4.2	2.2
Selling expenses	15.1	8.9	7.6
Shipping costs and customs charges	0.3	0.3	0.2
Other	29.1	30.6	31.6
	125.3	**104.4**	**90.2**

Parent company

SEK m	2012	2011	2010
Personnel-related expenses	9.1	8.4	6.1
Auditing fees	0.2	0.7	0.2
Other	1.5	1.2	0.9
	10.8	**10.3**	**7.2**

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 683.6m in revolving credit. During the year a loan for SEK 200m was raised to finance acquisition of EFT. 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 2012 by SEK 4.7m 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 renegotiation.

Consolidated

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		
Derivatives				0.6	0.6	0.6		
2011								
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		
2012								
Term loan	2.788%	2014-12-31	SEK	185.0	185.0		185.0	
Bank loan (revolving)	2.788%	2014-12-31	SEK	122.5	122.5		122.5	
Bank loan (revolving)	1.648%	2014-12-31	EUR	19.7	170.0		170.0	
Bank loan (revolving)	1.754%	2014-12-31	EUR	36.5	238.0		238.0	
Bank overdraft				0.6	0.6	0.6		
Financial leasing liabilities				5.8	5.8	3.4	2.4	
Accounts payable				250.3	250.3	250.3		
Derivatives				1.3	1.3	1.3		

cont. note 26

The Group's agreements with Skandinaviska Enskilda Banken (SEB) on bank loans include net debt covenants whereby net debt/EBITDA shall be a maximum of 3.5 times and net debt/equity shall be a maximum of 1.5 times.

Interest on the loan is variable, but is normally set for three months. According to the Group's finance policy, the board of directors establishes from time to time whether interest rate swaps will be used in order to hedge interest rates. At the present time the Board has decided that there shall be no interest rate hedges. This decision may 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 721.9m of which SEK 715.5m was for a revolving amortisation-free loan, SEK 5.8m for financial leasing liabilities and SEK 0.6m for an utilised overdraft.

The Group had SEK 224.6m in liquid funds and SEK 79.2m in unutilised credit. In addition there was a credit facility of SEK 271.4m, which is a part of Nederman's loan agreement with SEB. On 31 December 2012 the disposable amount of funds was SEK 575.2m.

Credit risks

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 0.8 per cent of sales. The five largest customers accounted for 3.1 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 7.9m in 2012.

Of the Group's total accounts receivable after impairment of SEK 486.5m, around 9 per cent (11) is made up of receivables overdue by more than 90 days. Provisions for credit losses are made after an individual assessment and in addition with a general assessment in relationship to an aging analysis. As of 31 December 2012, the provisions for credit losses amounted to SEK 26.2m (22.2) 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	2012-12-31
Overdue customer receivables:	
1-30 days	100.0
31-60 days	46.8
61-90 days	14.5
91-180 days	15.9
181-360 days	10.5
>360 days	16.6
Total overdue customer receivables:	**204.3**
The provision for bad debt losses changed during the year as follows:	
Opening balance	-22.2
Acquisitions	-0.9
Provisions set off during the year	-7.9
Receivables. written off and not recoverable	0.9
Reversed reservations	3.2
Translation differences	0.7
Closing balance	**-26.2**

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 3.5m (-2.3) in the operating profit and SEK -0.6m (1.0) in financial items.

Transaction exposure

Transaction exposure arises via that the Group makes purchases in one currency and sells in another currency. In order to limit the transaction exposure in the Nederman Group, the main rule is that the providing companies sell to the sales companies in the sales company's local currency. The transaction exposure in this way thus becomes very small in the sales companies. The largest operations unit is located in Sweden. Approximately 69 per cent of the purchases are conducted in SEK and the rest primarily in EUR and to a minor extent in USD and DKK. 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 2012 was:

EUR	31%
USD	13%
SEK	10%
DKK	9%
GBP	8%
CNY	6%
PLN	4%
NOK	4%
Other	15%

According to the Group's finance policy 70 per cent of the expected currency flows in foreign currencies are hedged against currency risk 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 2012. 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	Mkr	1.3
USD	Mkr	-0.4
DKK	Mkr	0.1
GBP	Mkr	0.3
CNY	Mkr	-0.2
PLN	Mkr	0.0
NOK	Mkr	0.3

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 profit or loss, in the category held for trading. Recorded value and fair value for these instruments are stated below. For this category of financial instruments the fair value has been based upon observable market data not quoted in an active market.

Calculation of fair value

Financial instruments measured at fair value are categorised into 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. for market value is not indicated, fair value i 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

				Book value	Fair value
Amount to sell		**Amount to retain**		**SEK m**	**SEK m**
MSEK	10,3	M€	1.2	0.0	0.0
		M€	1.2	0.0	0.0

				Book value	Fair value
Amount to sell		**Amount to retain**		**SEK m**	**SEK m**
MEUR	10.8	Mkr	93.1	0.0	0.0
MGBP	2.0	Mkr	21.4	0.5	0.5
MUSD	2.4	Mkr	16.2	0.4	0.4
MPLN	3.2	Mkr	6.4	-0.3	-0.3
			137.1	0.6	0.6
Total market value				**0.6**	**0.6**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

cont. note 26

Translation exposure

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

Consolidated

SEK m

Currency	2012		2011		2010	
SEK	281.7	46%	111.8	20%	198.9	40%
EUR	163.1	26%	157.7	28%	178.7	36%
GBP	37.7	6%	28.9	5%	48.5	10%
USD	-7.0	-1%	57.8	11%	45.5	9%
CAD	7.6	1%	35.4	7%	44.4	9%
NOK	21.0	3%	29.5	5%	24.1	5%
PLN	89.1	14%	59.2	11%	55.7	11%
CNY	45.5	7%	35.5	6%	31.7	6%
DKK	-100.0	-16%	-25.4	-5%	-195.1	-39%
Other	79.5	14%	66.4	12%	65.7	13%
	618.2	100%	556.8	100%	498.1	100%

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

Risk management and insurance

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

Note 27 Operational leasing

Leasing contracts where the company is the lessee

Future payments for non-cancellable leasing contract amounts to:

Consolidated

SEK m	2012	2011	2010
Within one year	46.0	44.4	47.7
Between one and five years	93.4	94.6	87.4
More than five years	14.9	19.2	11.5
	154.3	**158.2**	**146.6**

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	2012	2011	2010
Within one year	0.7	0.7	0.3
Between one and five years	0.2	0.9	0.3
More than five years		-	-
	0.9	**1.6**	**0.6**

Expenses for operational leasing contracts amount to:

Consolidated

SEK m	2012	2011	2010
Total leasing expenses	47.2	36.1	46.8

Parent company

SEK m	2012	2011	2010
Total leasing expenses	0.6	0.7	0.5

Note 28 Pledged assets and contingent liabilities

Consolidated

SEK m	2012	2011	2010
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)	9.1	5.1	4.7
	9.1	**5.1**	**4.7**
Contingent liabilities			
Guarantee commitments, FPG/PRI	0.7	0.7	0.7
Other	51.8	83.0	83.6
	52.5	**83.7**	**84.3**

Parent company

SEK m	2012	2011	2010
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	113.1	129.2	132.3
	113.8	**129.9**	**133.0**

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	2012	2011	2010
Other operating income	11.7	8.8	7.7
Dividends received	132.5	89.2	
Group contribution received	40.0	20.2	22.2
Financial income and expenses	7.8	15.4	13.6
Receivables December 31	587.3	174.0	273.3
Liabilities December 31	263.8	153.8	55.9

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

2012 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%	
Nederman Distribution Sales AB (fd Air Care System AB)		Helsingborg, Sweden		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		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%	64.6
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		100.0%	19.2
Nederman GmbH (Austria)		Vienna, Austria		100.0%	
Nederman Ltd	1393492	Preston, United Kingdom	10,000	100.0%	49.3
DF Ltd UK		Preston, United Kingdom			
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%	
EFT Holding Inc		Wilmington, USA		100.0%	
EFT LLC		Wilmington, USA		100.0%	
Pnuemafil Corporation		Wilmington, USA		100.0%	
Pneumafil SC LLC		Columbia, USA		100.0%	
LCI Corp. Int		Charlotte, USA		100.0%	
Menardi Mikropul LLC		Wilmington, USA		100.0%	
Mikropul Canada Inc		Wilmington, USA		100.0%	
Mikropul S. de R.L. de C.V		Polanco, Mexico		57.0%*	
EFT Int Holdings		Wilmington, USA		100.0%	
Mikropul Holding BV		Winssen, The Netherlands		100.0%	
EFT France holding		Pontcharra, France		100.0%	
Mikropul France SAS		Pontcharra, France		100.0%	
Mikropul GmbH		Cologne, Germany		100.0%	
Mikropul Australia Holdings Pty Ltd		Wetherhill Park, Australia		100.0%	
Mikropul Australia		Wetherhill Park, Australia		100.0%	
Industrial Funding Corporation		Wilmington, 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
Arboga-Darenth Ltd	1048823	Erith, United Kingdom	10	100.0%	0.0
Arboga-Darenth Sarl	339878449	Creuzier Le Vieux, France	500	100.0%	0.0
Nederman India Private Limited	U74900DL2008FTC178218	New Delhi, India	100,000	100.0%	0.3
Nederman Makine Sanayi Ve Ticaret Limited Sirketi	647743	Istanbul, Turkey		53.0%*	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 Polska Sp z o.o.		Katowice. Poland		96.0%*	
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%	
Lebon & Gimbrair Beheer N.V.	31033906	Bunschoten-Spakenburg, The Netherlands		100.0%	19.9
Lebon & Gimbrair B.V.		Bunschoten-Spakenburg, The Netherlands		100.0%	
Total parent company					**839.5**

** 100% own by the company*

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

cont. note 30

Parent company

SEK m	2012	2011	2010
Accumulated acquisition value			
January 1	848.1	701.1	493.3
Acquisition	19.9		207.8
Restructuring in the Group		81.0	
Mergers	-26.2		
Capital contribution		66.0	
Write down book value	-2.3		
Book value December 31	**839.5**	**848.1**	**701.1**

Note 31 Cash flow statements

Cash and cash equivalents

Consolidated

SEK m	2012	2011	2010
Liquid assets consists of:			
Cash and cash equivalents	224.6	149.1	228.0
Short term investments, comparable to liquid funds	**224.6**	**149.1**	**228.0**

Parent company

SEK m	2012	2011	2010
Liquid assets consists of:			
Cash and cash equivalents	13.5	10.5	
	13.5	**10.5**	

Adjustments for items not included in cash flow

Consolidated

SEK m	2012	2011	2010
Unrealised currency differences		0.7	-0.8
Change in fair value of financial instruments	-0.5	4.7	-5.0
Provisions	-6.4	-11.8	17.7
Gain on disposal of subsidiaries		-9.5	
Other items	-0.3	1.1	0.4
	-7.2	**-14.8**	**12.3**

Parent company

SEK m	2012	2011	2010
Depreciations	3.6	1.7	0.7
Unrealised currency differences	0.4	-0.1	0.3
	4.0	**1.6**	**1.0**

Transactions which do not result in payments

Consolidated

SEK m	2012	2011	2010
Capital expenditures of assets via financial leasing	0.6	1.8	0.8

Unutilised credit

SEK m	2012	2011	2010
Consolidated	350.6	433.9	249.9
Parent company	350.6	431.3	244.7

Note 32 Events after the closing date

Nederman announced in January 2013 it intends to streamline its production structure in Europe by divesting production carried out by Nederman Manufacturing A/S, Denmark. Nederman has started negotiations with union representatives about this divestment. The aim is to optimise production structures by transferring production to Nederman's other sites in Europe.

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 2012 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.

Income taxes
When estimating deferred tax assets and tax liabilities an assessment is made concerning the probability of whether the deferred tax assets will be utilised for settlement against future taxable profit.

The fair value of these future taxable profits may deviate in terms of the future business climate and earnings capability or due to changed tax rules, see note 12.

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 2010 is comprised of the parent company and its subsidiaries, collectively referred to as the Group.

Proposed appropriation of profits

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

Share premium reserve	5,866,700
Profits brought forward	58,687,521
Profit for the year	126,262,540
Total, SEK	**190,816,761**

Allocated in such a way that:

a dividend of SEK 4.00 per share to Shareholders	46,861,360
transferred to the share premium reserve	5,866,700
transferred to profits brought forward	138,088,701
Total SEK	**190,816,761**

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 29 April 2013.

Helsingborg, Sweden, 12 February 2013

Jan Svensson
Chairman

Per Borgvall

Ylva Hammargren

Gunnar Gremlin

Jonas Svensson
Employee representative

Lotta Stalin

Sven Kristensson
CEO

Our audit was issued on 6 March 2013
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 2012. 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 in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

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 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. 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 2012 and of their financial performance and cash flows for the year then ended 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 income statement and statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited 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 AB for the year 2012.

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

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

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 6 March 2012
KPMG AB
Dan Kjellqvist
Authorised 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 performed 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 2012 the company had 2,494 shareholders. Investment AB Latour was the largest shareholder with 29.98 per cent of the shares, Lannebo Microcap owned 12.44 per cent and Ernström Kapitalpartner AB owned 10.03 per cent. The ten largest shareholders had a total holding corresponding to 80.16 per cent of the shares. Foreign investors held 11.1 per cent of the shares. For further information about the shares 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 23 April 2012. At the meeting 40 shareholders were in attendance, representing 71.1 per cent of shares and votes.

- The AGM adopted the income statement and balance sheet for the parent company as well as the consolidated statements of comprehensive income and financial position, decided that the profit be dealt with in accordance with the proposed appropriation of profits, and that the dividend to be paid for the 2011 financial year be SEK 3.25 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 and Ylva Hammargren should be re-elected as board members, and that Jan Svensson should be re-elected Chairman of the board.

Nominations committee

The 2012 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, Göran Espelund (chairman), Lannebo Fonder, Jan Svensson, Investment AB Latour, and Fabian Hielte, Ernström & C:o AB, have been appointed members of the nominations committee before the 2013 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 2012 special focus was placed on completing the integration of Lebron&Gimbrair and Havak as well as the acquisition and integration of Environmental Filtration Technologies, continued adaption of 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 2012 the Board held eight minuted meetings. To date, one minuted meeting has been held in 2013. The 2012 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 remuneration is 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 2012 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.

Attendance at board meetings

Jan Svensson	8 of 8 possible
Gunnar Gremlin	7 of 8 possible
Eric Hielte	7 of 8 possible
Per Borgvall	8 of 8 possible
Lotta Stalin	8 of 8 possible
Ylva Hammargren	8 of 8 possible
Sven Kristensson	8 of 8 possible
Jonas Svensson	8 of 8 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 and also includes statements of the financial position and cash flow statement, among other things.

Every year the senior executives formulate a strategy proposal, which is discussed and adopted at the board meeting held about halfway through the year. 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 usually issues an updated forecast at the end of each quarter in conjunction with the quarterly reports.

Committees

Questions about salary structuring and benefits for the Chief Executive Officer and management are addressed and approved by a remuneration committee. This committee consists of Jan Svensson and Eric Hielte. Jan Svensson is Chairman of the committee. The committee is a body within the company's Board 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 2012 Annual General Meeting resolved on principles for remuneration to the Chief Executive Officer and senior executives, which is presented in greater detail under the subheading 'Remuneration to the board of directors and senior executives' below.

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

Auditor

The auditor audits the Company's annual reports and accounting, as well as the management of the board of directors and the Chief Executive Officer. The auditor submits an audit report to the AGM after each financial year. From 2011, the AGM appoints an auditor for a period of one year. At the AGM on 23 April 2012, 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 2013 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 1.4m in 2012 and related mainly to specific auditing assignments in connection with acquisitions.

Remuneration to the board of directors and senior executives

The 2012 AGM adopted a policy relating to remuneration and terms of employment for 2012, applying the following underlying principles:

A 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 35 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 seven people (including the CEO).

Internal controls

Control environment

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

Control activities

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

Information and communication

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

Following-up

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

Articles of Association

The Articles of Association include establishing the Company's activities, the number of board meetings, the auditors, how notification of the AGM will be made, how matters will be handled at the AGM and where the meeting will be held. The current Articles of Association were adopted at an Extraordinary General Meeting on 26 April 2011, and can be found on the company's website at www. nederman.com and in the annual report for 2012 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

IIt is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2012 on pages xx and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on it and our knowledge of the company and Group, we consider that we have sufficient grounds for our declaration. This means that our statutory review of the Corporate Governance Statement has another focus and scope than an audit in accordance with International Standards on Auditing and good auditing practices in Sweden would have.

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 6 March 2013
KPMG AB

Dan Kjellqvist
Authorised Public Accountant

Board of Directors

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

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 and Oxeon AB.
Member of the board of Loomis AB, Tomra Systems ASA.
Owns 5,000 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

Sven Kristensson
Born 1962.
President and Chief Executive Officer of Nederman.
Chairman of the board of BK Pac AB, Diedenporten AB and Kristensson Holding AB.
Owns 104,881 Nederman shares.

Jonas Svensson
Born 1958.
Chairman of the local branch of Unionen trade union.
Owns 100 Nederman shares.
Board member since 2009

Ylva Hammargren
Born 1966.
Business Transformation Manager, Business Area Industrial Market, Regional Sales and Service, AB SKF.
Member of the board of Specma Group AB.
Owns no 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.

Senior executives

Sven Kristensson
President and CEO.
Born 1962.
Employed by Nederman since 2001.
Owns 104,881 Nederman shares.

Anders Franzén
Operations.
Born 1961.
Employed by Nederman since 2009.
Owns 1,000 Nederman shares.

Stefan Fristedt
CFO.
Born 1966.
Employed by Nederman since 2010.
Owns no Nederman shares.

Per-Ove Eriksson
Sales International.
Born 1956.
Employed by Nederman since 1996.
Owns 30,399 Nederman shares.

Per Lind
Sales EMEA.
Born 1957.
Employed by Nederman since 2007.
Owns 2,000 Nederman shares.

Eva Carin Svensson
HR.
Born 1964.
Employed by Nederman since 2009.
Owns no Nederman shares.

Torbjörn Bäck
BD&M.
Born 1971.
Employed by Nederman since 2012.
Owns 600 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.

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, 29 April 2013.

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 23 April 2013 and must notify the company of their intention to attend the meeting no later than Tuesday 23 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 Tuesday 23 April 2013, 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 2012 financial year of SEK 4.00 per share.

Reports

Q1 report: January–March	29 April 2013
Q2 report: January–June	17 July 2013
Q3 report: January –September	17 October 2013

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