



# Annual Report 2011

**Xin Situ and Zhao Jibing • Project Managers**

"Product information is an area of great potential in China. We are different from our competitors as we offer both engineering services and product information."





# This is Semcon

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The world's most efficient car. Revolutionary tidal power. The antibiotics of the future.  
Doubling production in the same plant. Documentation in nuclear power plants.

No challenges are too difficult for us at Semcon. We are a global technology company in engineering services and product information with about 3,000 dedicated and highly skilled staff, who develop the future with our customers and challenge ourselves to be at the forefront every day.

Semcon has more than 30 years of experience in its chosen industries - automotive, life science, telecommunications, energy and other development-intensive industries. Activities are divided into three business areas: Automotive R&D, Design & Development and Informatic.

Our services include all kinds of challenges within technology development such as product development, product information, quality, training and methodology development. We find flexible ways of working tailored to our assignments and customer needs and use our global resourcing capacity.

The Group has sales of SEK 2.5 billion and operations in more than 45 locations around the world.

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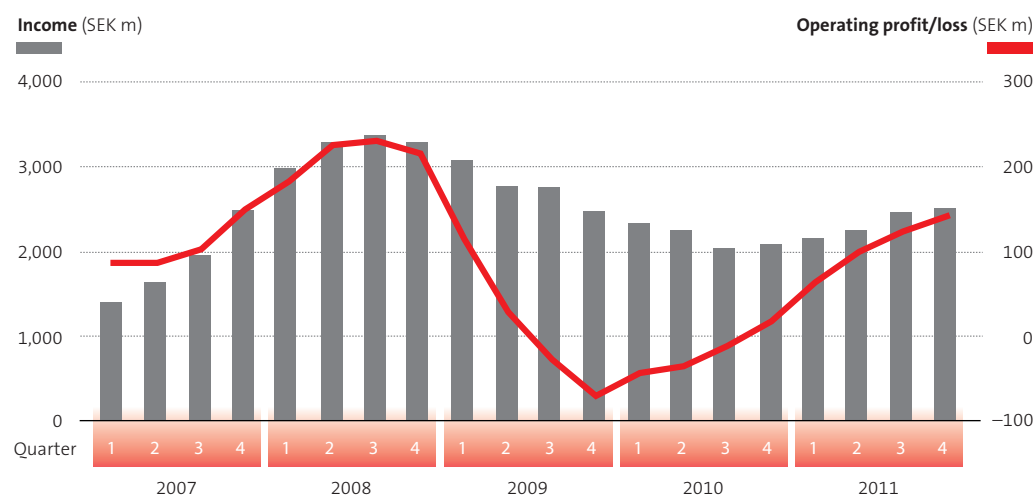
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# 2011: The year in brief

2011 was characterized by stable demand with increased sales and improved earnings in all business areas. During the year the company received a great deal of business from the automotive industry within power-train, safety and product information. Operating income rose by SEK 361 million compared to the previous year and amounted to SEK 2452 million (2091). Sales in local currencies rose by 20%. The operating profit rose by SEK 108 million and amounted to SEK 111 million (3), giving an operating margin of 4.5% (0.1). SEK 31 million was reserved in Q2, relating primarily to outstanding accounts receivable from Saab Automobile AB. Last year's results were affected by one-off costs amounting to SEK 15 million. The operating profit excluding these items was SEK 142 million (18) with an operating margin of 5.8% (0.9). Cash flow from operating activities improved by SEK 127 million and amounted to SEK 88 million (-55).

## Income and operating profit (excluding one-off costs)

The result of each quarter is for four consecutive quarters.



	2011	2010	2009	2008	2007
<b>Key figures:</b>					
Income, SEK m	2,452	2,091	2,281	3,299	2,497
Operating profit, SEK m	111	3	-241	150	-11
Operating margin, %	4.5	0.1	-10.6	4.5	-0.4
Operating profit/loss excl. one-off items, SEK m	142	18	-70	216	150
Operating margin, excl. one-off items, %	5.8	0.9	-3.1	6.6	6.0
Equity/assets ratio, %	38.4	33.0	30.5	33.6	23.5
EPS after dilution, SEK	3.83	-0.29	-11.52	5.14	12.82
Number of employees 31/12	2,925	2,703	2,631	3,310	3,648



## First quarter

Operating income	SEK 596 million (521)
Organic growth	19%
Operating profit excl. one-off items	SEK 42 million (–5)
Operating margin, excl. one-off items	7.0% (0.9)
Number of employees at end of quarter	2,789 (2,626)

- Semcon took over Stricent AB's consultancy business, thereby strengthening the business in the development of pharmaceuticals and medical products.
- Semcon Germany strengthened its links to its customer Daimler Cars by opening an office in Sindelfingen.

## Second quarter

Operating income	SEK 609 million (516)
Organic growth	22%
Operating profit excl. one-off items	SEK 19 million (–17)
Operating margin excl. one-off items	3.1% (–3.2)
Number of employees at end of quarter	2,837 (2,586)

- Semcon made a provision of SEK 31 million relating primarily to outstanding accounts receivable from Saab Automobile AB. After this provision, there is no outstanding exposure relating to Saab Automobile AB.
- Semcon signed an agreement with a German automotive manufacturer for the development of cooling circuits in the powertrain sector for a new global vehicle platform. The project will run for three years and has a total value of approximately EUR 6 million.

## Third quarter

Operating income	SEK 568 million (472)
Organic growth	23%
Operating profit excl. one-off items	SEK 24 million (0.1)
Operating margin, excl. one-off items	4.3% (0.0)
Number of employees at end of quarter	2,903 (2,623)

- The Chinese automaker Qoros Auto Co. chose Semcon as its long-term partner for the development and production of all after-sales information for its upcoming models. The agreement is multi-year, and will over time involve around fifty Semcon employees worldwide.
- Semcon continues to grow in the powertrain sector through additional orders totalling SEK 100 million from a German car manufacturer. The project started in September and will run throughout 2012.

## Fourth quarter

Operating income	SEK 679 million (583)
Organic growth	17%
Operating profit excl. one-off items	SEK 57 million (38.9)
Operating margin excl. one-off items	8.4% (6.7)
Number of employees at end of quarter	2,925 (2,703)

- Semcon received an order worth approximately SEK 200 million from a vehicle manufacturer outside Europe, regarding the update of an existing car to meet future security requirements.
- The energy company Fortum chose Semcon to upgrade the electrical and control equipment in two hydro power plants.

## CEO's comments

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**S**emcon has had a good year with good growth and high utilization rates. We have grown in all our markets, and sales in local currencies rose by 20 per cent. Our focus on improved profitability has paid off and we are reporting a sharp improvement in earnings and a stronger balance sheet. The equity ratio has increased, while net debt has decreased.

Problems with Saab Automobile meant a reserve of SEK 31 million and the loss of a major customer, which affected results in Q2. Despite the series of financial crises in Europe, we have continued to see strong demand. Every quarter has shown an improvement compared to 2010.

### **The new Semcon**

We have created a brand new Semcon since 2006, with a large international customer base and a global presence. We have had extremely strong growth despite the financial and automotive crises. We are now a known and respected brand across all our priority areas. Today we are established in more markets and have a broader customer segment than five years ago. 50 per cent of our sales come from markets outside Sweden. Semcon has a good organization and our finances are stronger, and it is my hope that we will further develop the company to new levels in the coming years.

### **Major growth opportunities**

The automotive industry continues to be Semcon's largest sector. In the international automotive market, the trend towards more complete assignments/projects is continuing, which favours Semcon as we have taken on a number of major international assignments during the year. This has been our vision for the transformation of Semcon into a global company.

Within the industrial sector, we see great opportunities for growth by also offering Semcon's services to local clients' international operations. Our life science and telecommunications businesses continue to evolve in terms of services, volume and profitability.

There is great potential in the energy sector, particularly with wind energy investments in the UK, efficiency work in the Swedish hydropower industry and in the Norwegian energy and offshore area.



“I am proud of the new Semcon that we have developed in recent years and thank all staff for their excellent work.”

**Kjell Nilsson, CEO**

In Sweden and Germany, which are our largest markets, there is significant potential for continued growth. In the German market, energy, industry and the train sector have great potential to overtake the automotive industry. In Sweden, there are great possibilities within industry, energy and life science.

China is an increasingly influential driver within the world economy. In 2011, Semcon's business in China enjoyed good growth and we see good opportunities for further expansion. During the year we signed a long-term partnership deal with the Chinese vehicle manufacturer Qoros Auto Co. where we carry out the work on location in China and in Europe.

Our operations in Brazil, Hungary and India continue to expand and our services in these countries have been expanded to local customers and industries beyond the automotive and telecommunications industries.

In years to come we will continue to develop our brand image as a global partner for engineering services and product information. We will also further increase our attractiveness as an employer.

#### **Engineer shortages, shorter cycles and rapid technological changes**

The critical shortage of engineers in Europe and more rapid technological changes, require a high degree of efficiency. The requirements for shorter lead times for new product development benefit Semcon as a business. Products, facilities and systems are becoming increasingly complex, requiring extensive development and documentation. Semcon's experience in the development-intensive automotive industry has made us used to rapid change and flexibility. We can make use of this in other industries when we meet customer demands for enhanced efficiency.

#### **Global strength enables efficient delivery**

In pace with increasing globalization, our front office/back office model and skill centres work very well, as they produce cost-effective delivery. However, it is extremely important that we also have a local presence where our customers are. We give priority to organic growth, but are also considering strategic acquisitions.

#### **The outlook for the new Semcon**

We continue to look positively on developments over the coming years. The need for development services is steadily increasing in all areas. It is increasingly important to reduce time to market. Although some customers are reducing production, development work is still continuing, so that momentum is not lost when the economy picks up again. Today, Semcon has a broad portfolio, with more customers, industries and markets, and no customer accounts for more than 10 per cent of sales.

It is important that our employees feel that they are developing with us and feel proud of Semcon. To continue to grow requires that at the same time we need to attract new employees in a market where the demand for qualified engineers is high. One way to do this is to be at the forefront of the latest technological developments and create an exciting environment to work in, with inspiring and stimulating jobs.

I am proud of the new Semcon that we have been developing in recent years and thank all staff for their excellent work. We will continue to work according to our strategy and develop future products and solutions together with our customers.

#### **Kjell Nilsson**

President and CEO  
15 March 2012



#### **Semcon changes its CEO**

*On 26 April 2012, Markus Granlund takes over as Semcon's CEO. He is currently general counsel and deputy CEO of Semcon. The Semcon nominating committee has proposed that Kjell Nilsson should return to the position of Chairman.*



# Vision, business concept, objectives and strategies

**Semcon's vision** is to be a global partner in engineering services and product information.

**Semcon's business concept** is, as a close technical partner, to provide expertise that creates extra value.

**The business objectives** describe what Semcon wants to achieve and permeates its day-to-day business. Achieving this creates long-term value for shareholders, customers and employees.

#### Semcon will:

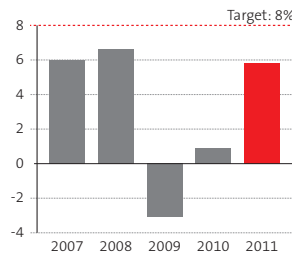
- be a professional business partner for current and potential customers.
- constantly develop its services in its core business.
- continue to expand in new technology areas by following its customers to new markets.
- develop business towards more complete assignments.
- be the natural first choice as an employer.

## 1

### Financial objectives

- *An operating margin of no less than 8% over a business cycle*  
OUTCOME In 2011, the operating margin was 4.5% (0.1) and excluding one-off items was 5.8% (0.9).
- *The equity/assets ratio will exceed 30%*  
OUTCOME The company equity/assets ratio exceeded the target, amounting to 38.4% (33.0).
- *Dividends to shareholders will be around one-third of the profit after tax*  
OUTCOME Semcon's dividend policy states that the company's financial position and capital requirements for continued expansion must be taken into consideration. Due to the current uncertain macroeconomic situation in the world and so that the company can continue to strengthen its financial position for further expansion, the Board proposes that no dividend be paid (-).

#### Operating margin\* (%)



**Operating margin\*** amounted to 5.8% (0.9). Operating margins for each business area: Automotive R&D 3.1% (-3.2); Design & Development 7.9% (3.5) and Informatic 11.3% (8.9).

**The equity/assets ratio** improved to 38.4% (33.0).

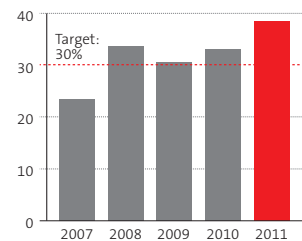
\*Operating margin excluding one-off items

## 2

### Principal strategies

- Strengthen Semcon's brand as an employer to attract and retain employees.
- Focus on areas where Semcon has, or wants to achieve, a strong market position.
- Create a strong presence in prioritized geographic markets.
- Continually create value by adding and developing expertise for future needs.
- Utilize Semcon's international size and expertise to carry out major assignments with a high degree of technical content.
- Combine Semcon's various global resources in joint projects and assignments.

#### Equity/assets ratio (%)



# 3

## Strategic priorities 2011

### Financial

- *Focus on improved profitability and cash flow*  
outcome Operating profit improved by SEK 108 million and net profit by SEK 75 million. Cash flow from current activities increased by SEK 127 million.
- *Prioritize organic growth, but also make strategic acquisitions to strengthen the offer and/or market presence*  
outcome Organic growth, taking into account changes in local currencies, amounted to 20%. During the year the Stricent consulting business, with its eight employees, was acquired to strengthen our drug development.

### Market

- *Strengthen our existing sites and continue the global expansion in prioritized markets*  
outcome Sales growth continues to increase in our existing markets: Sweden 11%, Germany 19%, Brazil 24%, Hungary 33% and the UK 46%. In India and China sales have more than doubled during the year.
- *Follow customers to new markets by benefiting from the existing infrastructure for creating new business*  
outcome In India our largest customer is AB Volvo. In Brazil, assignments with European customers such as, MAN, Scania and VW are increasing and in China business is increasing in the telecoms sector. In Hungary, expansion is continuing,

with customers in telecommunications, medical equipment and vehicles.

### Offer

- *Increase the number of projects, complete undertakings and packaged solutions*  
outcome The movement towards more projects and complete undertakings continues. During the autumn the company won bids for several major projects within the automotive sector and new projects in the energy sector, among others.
- *Continue efforts towards the energy, environment and life science sectors*  
outcome Within the energy and environment sectors the company has broadened its range of services, and opened an office in Scotland. Within the life science field expansion is continuing, particularly in drug development through the acquisition of the Stricent consultancy.

### Employees

- *Strengthen Semcon as an attractive employer*  
outcome The number of employees has increased by 222. In employee surveys, the employee satisfaction index has improved and is higher than the Netsurvey median. Semcon has been chosen as one of the best companies for a career by Dagens Industri. Leadership training has started and around 125 managers are going through this.

# 4

## Strategic priorities 2012

### Financial

- Focus on improving the company's profitability and financial position.
- Prioritize organic growth, but also make strategic acquisitions to strengthen the offer and/or market presence.

### Market

- Strengthen our existing sites and continue the global expansion in prioritized markets.
- Take advantage of the company's infrastructure by providing additional services in existing markets.

### Offer

- Continue to change our offer to include more projects, complete undertakings and packaged solutions.
- Investment in the energy and life science sectors.

### Employees

- Strengthen Semcon as an attractive employer.

# Our services

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Together with our customers Semcon develops future technologies, products and information solutions. Our offer is divided into the following two categories:

## Engineering services

Semcon's engineering services help customers develop products, systems and plants that strengthen their competitiveness by using innovative solutions throughout the entire development chain, from requirements studies to finished product.

*Read more on page 20*

## Product information

Semcon's product information business provides complete information solutions for aftermarket, information management and online marketing to support customers' products throughout the entire lifecycle.

*Read more on page 36*



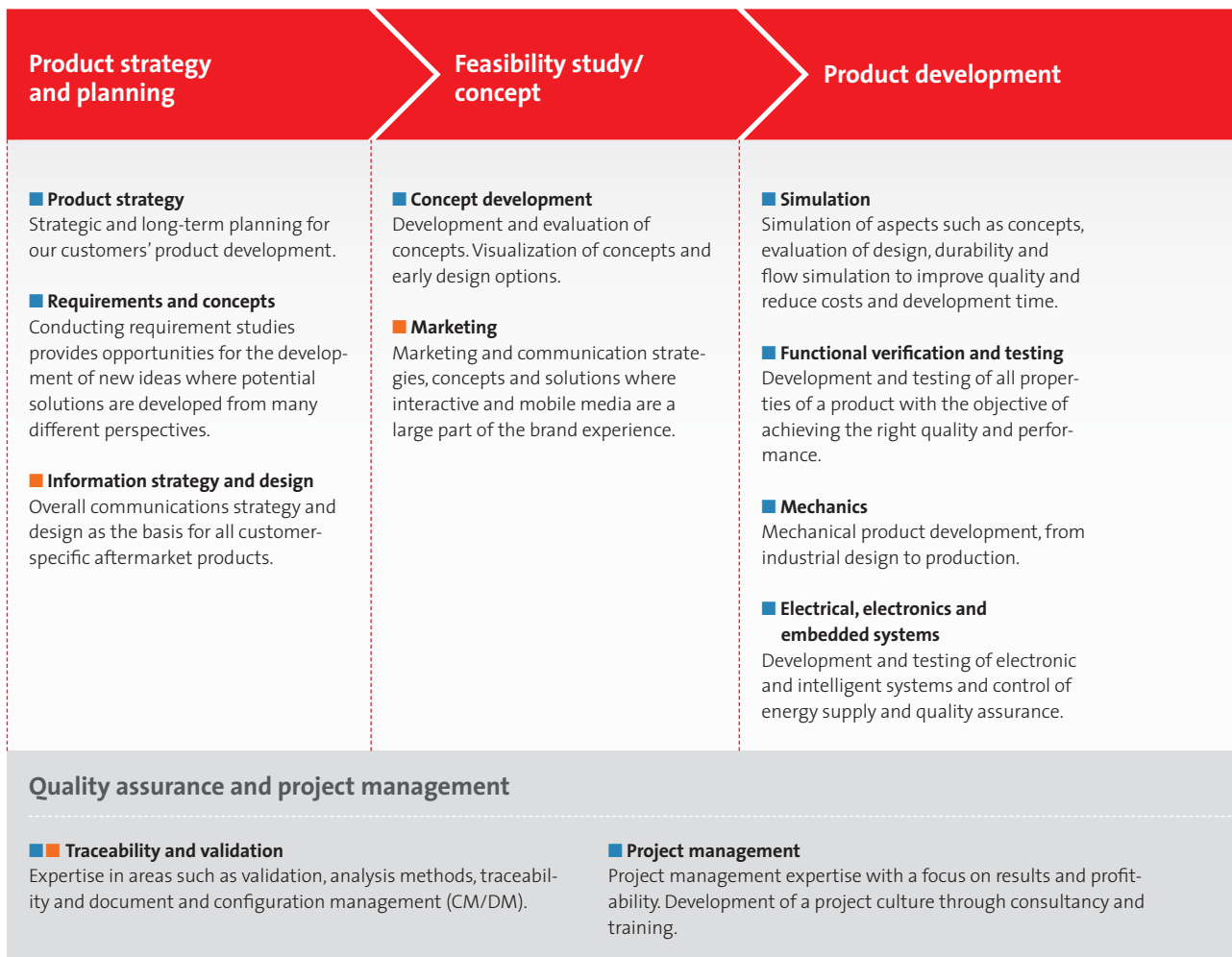




**David Gillblom • Sustainability engineer**  
“We see how a product is designed and how recyclable it is. This can include project management at an early stage or teaching designers about sustainability. We raise the level of awareness.”

# Complete delivery

Semcon is always striving to be at the forefront of developing technologies, products, systems and information solutions for the entire product development chain.

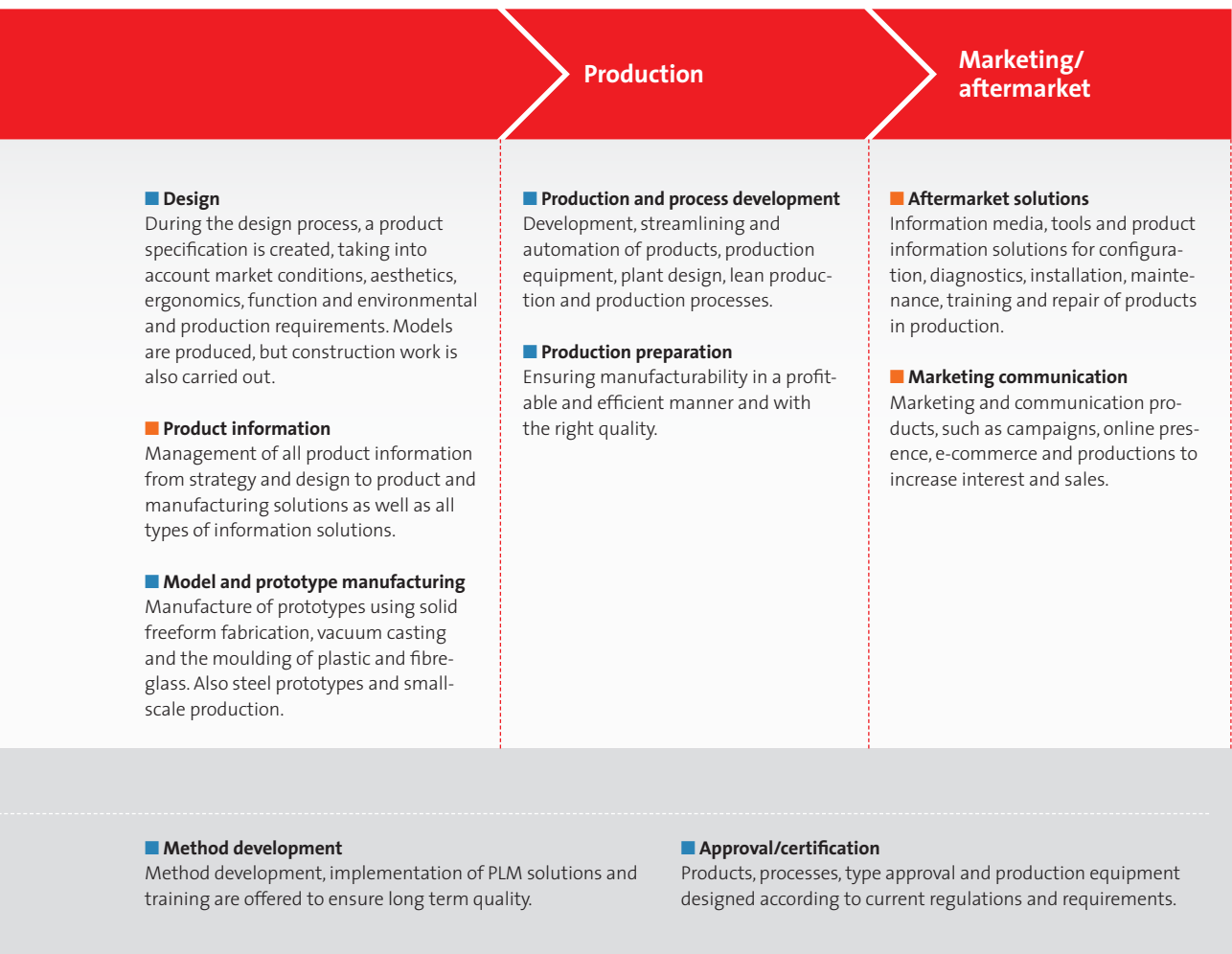


#### ■ Engineering services

Around 2,550 Semcon employees work daily to deliver high-quality engineering services to customers in a range of sectors. Our services span the entire development chain from idea to finished product.

#### ■ Product information

Around 450 Semcon employees specialize in supplying product solutions to customers with high-tech products or complex set-ups.





# Business models

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Semcon offers a range of flexible business solutions for our customers, all for optimal delivery.

## **Specialist services**

Semcon provides specialists in various fields. We work continuously within the customer's own organization, contribute knowledge and enhance customer capacity.

## **Projects**

Semcon takes full responsibility for an entire project and achieves the desired results.

## **Partnership**

Semcon assumes total responsibility for a defined function designed to deliver products and services and takes over the customer's processes.

## **Value-enhancing factors**

In assignments where Semcon provides specialist services, it is mainly the number of contracted specialists, fee and utilization that's crucial for the development of the company's income and profitability. In assignments where Semcon provides project and partner-based solutions it is the ability to achieve a high degree of efficiency, quality and assurance in projects and deliver which is crucial for creating value in the short and long term.





**Nina Lönn • Exhaust treatment specialist**

“My job is to ensure that the chemical processes in the catalytic converter clean as many exhaust gases as possible. The challenge is in finding a solution that works in a variety of industrial machinery.”



# Global presence

An important part of Semcon's business concept is that we are located where our customers are and provide resources and services from a global perspective. Therefore, Semcon currently has offices in over 45 locations around the world.

Semcon's proximity to its customers, combined with our global presence, allows us to enjoy the best of both worlds. The front office is responsible for project coordination and back office for implementing the actual assignment. The customer could be in Ludvika, or in Beijing, for example, but the assignment could be carried out in Bangalore or in Trollhättan.

Semcon also works on satellite projects, involving working on the customer's IT systems from our own offices. We also have several skill centres, home to one or more specialist skill areas.

To ensure delivery to our customers Semcon collaborates with around 400 consultants from our suppliers and partners.

**UNITED KINGDOM**  
Edinburgh  
Grantham  
Kineton  
Leavesden  
South Woodham Ferrers  
Waterlooville

**SPAIN**  
Antas

**GERMANY**  
Bad Friedrichshall  
Berlin  
Ingolstadt  
Munich  
Rüsselsheim  
Sindelfingen  
Stuttgart  
Wolfsburg

**RUSSIA**  
Moscow

**HUNGARY**  
Budapest

**BRAZIL**

Resende  
São Paulo

## History

1980

**1980** Semcon founded in Västerås. The name is an abbreviation of Scandinavian Engineering and Marketing Consultants.

1985

**1984** Head office moved to Göteborg.

1990

**1994** International expansion starts. A project office is opened in England.

1995

**1997** Semcon listed on the stock exchange on 26 May.

**1983–1996** Expanded with new offices and more skills in Sweden.



**SWEDEN**

Eskilstuna  
Göteborg  
Helsingborg  
Hudiksvall  
Jönköping  
Karlstad  
Karlskrona  
Kristianstad  
Lidköping  
Linköping  
Ludvika  
Lund  
Oskarshamn  
Olofström  
Stenungsund  
Stockholm  
Södertälje  
Trollhättan  
Uppsala  
Västerås  
Växjö  
Örebro

**INDIA**

● Bangalore

**CHINA**

Beijing  
Guangzhou  
Nanjing  
Shanghai

**2000–2005** International expansion continues. New offices in Hungary and China.

**2007** Two major acquisitions, IVM Automotive in Germany and Caran AB in Sweden. Comprehensive outsourcing agreement with Jaguar Land Rover. Activities in Brazil, Spain and India.

**2011** Several important deals during the year, e.g. with Chinese Qoros Auto and several German vehicle manufacturers.

2000

2005

2010

2011

**2006** Company gets new main owner, JCE Group, which now owns around 30 per cent of shares.

**2007** Sale of Zpider business area (company's IT business).

**2010** Semcon celebrates its 30th anniversary as one of the leading companies in the technical consultancy industry.

# Markets and trends

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**S**emcon's opportunities to do business are strongly supported by our customers' innovation and ability to invest in product development, systems and plants. Through product development and product information, our customers can increase market share, differentiate themselves from their competitors and position themselves for increasing global competition. Using external suppliers like Semcon is a way of streamlining and increasing the level of innovation in product development, product information and production, in terms of cost, time and quality.

## Increased investment in research and development

Since the sharp economic downturn in late 2008 and in 2009, investment in research and development is on the increase again. Booz & Company's annual report "The Global Innovation 1000" (the 1000 listed global companies investing the most in research and development) shows that global investment in R & D increased by 9 per cent to USD 550 billion during 2010.

Investment in research and development has mainly increased in countries such as China and India, where it is certainly starting from a lower level than in mature markets such as Europe, North America and Japan, but where in both 2009 and 2010, investment in research and development by 40 and 38 per cent respectively, well above the average growth of 9 per cent.

Within the EU, the EU Commission, for example, has earmarked EUR 7 billion for research and innovation in 2012.

## Semcon's markets

Semcon's global presence strengthened further during 2011. The company's sales outside Sweden rose from 9 to 50 per cent between 2006 and 2011. For the first time, Semcon now has as many sales abroad as in Sweden. This increase has mainly centred on Germany, but there has also been significant growth in Semcon's other markets.

Semcon's largest market is Sweden, where turnover for the industry amounted to around SEK 47 billion for 2011, in services related to product development and technical information, according to the trade association Swedish

Federation of Consulting Engineers and Architects (STD). According to STD, orders and profitability for industrial consultants rose significantly in 2010 on the back of higher production and exports in the manufacturing industry.

Semcon was ranked second among the 50 largest companies in the industrial engineering field by STD. Semcon's share of the Swedish market is around 3 per cent.

Germany is Semcon's second largest market and, as in Sweden, one of the biggest challenges for technology and industrial firms is hiring engineers. Currently in Germany there are more than five vacancies per unemployed engineer, according to Verein Deutscher Ingenieure (VDI), which measures the German engineer shortage every month. In 2010 the automotive industry accounted for the largest share of R&D investment in Germany, investing a total of EUR 19.6 billion - an increase of 7.2 per cent compared with 2009. Semcon's share of the German market is just under 1 per cent.

Semcon's share in emerging markets like Brazil, Russia, India and China is small, but the outlook is expected to be good there and in other markets where Semcon is operating.

## Long-term trends and driving forces

Semcon caters for both local and global customers.

There are a number of general trends and driving forces leading to an increased need for services in Semcon's areas of expertise.

- End user demands for innovation and increasing international competition have led to companies launching more products and models. Product life cycles are becoming shorter.
- Consumer needs are leading to products becoming more complex and requiring extensive documentation. For example, there is a trend towards greater use of electronic products and systems, including in automated manufacturing where there is a great need for technology for the control of and communication between different machines/products.
- There is more demand for faster development processes, partly to reach the market more quickly, and partly to reduce development costs through more effective working methods.

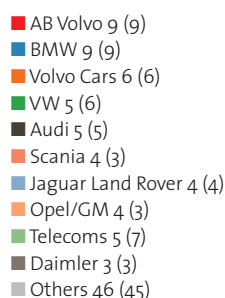
- In order to streamline the development process, more of this work is increasingly left to service providers.
- Customers want fewer, larger suppliers, with an international presence, to increase project efficiency.
- There will be a shortage of engineers because of the large number of retirements. This presents both challenges and opportunities for Semcon and the company's customers and competitors in the future.

### Semcon's industries and customers

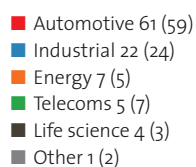
During 2011, Semcon signed agreements for a number of important assignments in all its target industries. At the end of 2011, our ten largest customers accounted for 54 per cent (55) of sales. Semcon delivers services which lead to competitive advantages for customers.

For commercial reasons, a large proportion of these projects are confidential. Therefore, few end users are aware that Semcon has contributed parts of the benefits felt by customers. For the same reason, Semcon cannot publish details of every new and major project the company has worked on in this annual report.

### Largest customers (%)



### Sales by industry (%)



### The competition

Competitor	Country	Website	No. of employees	Annual sales, SEK m <sup>1</sup>
Bertrandt	Germany	bertrandt.com	8,603	5,203
Edag	Germany	edag.de	6,590	5,675
Epsilon	Sweden	epsilon.nu	1,600	1,186 <sup>2</sup>
Etteplan	Finland	etteplan.com	1,600	946
Formel D	Germany	formeld.com	1,845	852 <sup>2</sup>
MB Group	Germany	mbtech-group.com	2,500	2,635
Rejlers	Sweden	rejlers.se	1,279	1,146
Rücker	Germany	ruecker.de	2,188	1,371
<b>Semcon</b>	<b>Sweden</b>	<b>semcon.com</b>	<b>2,925</b>	<b>2,452</b>
Sigma	Sweden	sigma.se	1,493	1,401
SPX Service Solutions <sup>3</sup>	USA	spx.com	2,700	5,977
ÅF	Sweden	afconsult.com	4,464	5,124

This table shows some of Semcon's major competitors. Common to these is that most operate in Semcon's main markets in Germany and Sweden.

The number of employees and annual sales relates to the whole company and not just those parts in direct competition with Semcon.

1) When converting from EUR to SEK an exchange rate of SEK 9.03 has been used.

2) Concerns 2010

3) Part of SPX Corporation and belongs to the Test and Measurement business area.





# Engineering services

Semcon provides engineering services worldwide, covering all the challenges in the development cycle, from idea to finished product. With extensive industry knowledge, we offer our customers expertise and resources when and where they are needed.

**E**ngineering services have been the core of Semcon's business since its start in 1980. Semcon helps customers develop products, systems and facilities with innovative solutions for the whole development chain, from requirement studies to finished product. This includes a variety of engineering services ranging from product development, design, construction, electronics and process development to quality, validation and method development. New skills are constantly being added.

The development of products, systems and facilities gives our customers the opportunity to increase market share, differentiate themselves from their competitors and position themselves for increasing global competition. But this investment must be cost-effective to get the most out of every krona invested.

Using an external partner like Semcon is a way to streamline development work, in terms of cost, time and quality.

We offer our clients over thirty years of expertise and experience of engineering challenges in a variety of development-intensive industries. More than 2 500 skilled engineers worldwide provide customer solutions. Delivery is carried out according to three business models, depending on customer requirements: partnership, project or specialist services. A custom team is created for each individual customer assignment to find the safest, quickest and most efficient solution.

Semcon's proximity to its customers, combined with our global presence, allows us to enjoy the best of both worlds. The front office is responsible for project coordination and back office for implementing the actual assignment. The customer could be in Ludvika, for example, but the assignment could be carried out in Bangalore. Or the customer in Beijing and the assignment in Trollhättan.

Semcon can also work via a so-called 'satellite solution': implementing services on customers' IT systems from our own offices. Through flexible solutions

we can offer our clients customized, rapid and quality-assured delivery.

Semcon's extensive industry experience can benefit all of our customers. Effective development methods within the automotive industry can be transferred to the pharmaceutical industry, pharmaceutical industry documentation requirements can be transferred to the nuclear industry and the automotive industry's technology can be used in the wind power industry. Through cross-fertilization and the desire to consistently meet our customers' demanding requirements, we stay at the forefront of technological development and the engineering skills of the future.

Below you can read about trends, services and opportunities in Semcon's key industries.

## Automotive

The market for cars and commercial vehicles has grown again after the financial crisis of 2008/9 that hit the industry hard. With expected annual global growth of 6 per cent until 2017, the automotive industry represents an opportunity for manufacturers who can find the right strategy. It is no longer Europe, USA and Japan as the major growth areas - until 2017, 60 per cent of growth will be in the BRIC countries, with China as the clear leader, according to a report from research firm Oliver Wyman.

At the same time, the short-term future is uncertain. A report by Ernst & Young predicts that global growth in car sales will be modest in 2012, partly because of the ongoing debt crisis in Europe, and partly because of a cooling in growth markets. However, 2011 saw record sales for companies such as Volkswagen and BMW, and a strong recovery by Detroit's Big Three: Ford, GM and Chrysler.

The market for commercial vehicles has improved since the financial crisis. The recovery has been faster than many predicted, with a turnaround as early as 2010.

## VOLKSWAGEN'S XL1 HIT THE TARGET

# "We have built the world's most efficient car"

In 2002, Volkswagen had the target of creating a car with an average fuel consumption of just 1 litre per 100 km and taking it to the mass production stage. Semcon has been involved in everything from body development, with a focus on the body and interior, electricity, electronics and assembly to features involving the entire vehicle.

A major challenge was the carbon fibre material CFK, which the

car is made from to reduce weight. It is a much more complex material than metal because there is greater variability in the material's behaviour during manufacture.

During the project, Semcon was also responsible for the development of a mounting platform and monitoring test runs.

Volkswagen was more than satisfied with the results. The XL1 weighs just 795 kg and has been

called "the company's technical guiding light" by VW. The car already meets industry targets for 2050: to reduce carbon emissions by 90 per cent.

"It is thanks to the engineering skills of the team that we have managed to build the most efficient car in the world, something that was a real technical challenge," says Holger Bock, VW project manager for the XL1.



Vehicle manufacturers are increasingly being forced into finding new ways of running costly product development, with strategic partnerships with other manufacturers and suppliers, or outsourcing all or part of their product development to a partner like Semcon. The market for engineering services from external providers like Semcon is expected to increase steadily in the automotive industry. According to estimates from the research firm Oliver Wyman, the annual global growth for engineering services in the automotive industry will be 9.4 per cent (Europe) and 11.8 per cent (worldwide) until 2014.

### Semcon's offer

Semcon offers the design and construction of new technologies and new models and modifications of existing

models for the global automotive industry. Semcon is one of the few larger independent companies with the skills and capacity to develop complete vehicles and offers expertise in design, construction, testing, simulation and prototyping. Semcon complements vehicle manufacturers' own resources and activities are tailored to meet customer requirements.

Semcon also has manufacturing expertise within the automotive industry, including designing test rigs for the analysis of engine performance, but also in establishing complete production systems. Product Lifecycle Management (PLM), embedded systems, simulation, acoustics and Human-Machine Interface (HMI) are additional skill areas that Semcon offers the automotive industry.

## 7

events in  
2011**Automotive**

- In October Semcon was commissioned by a vehicle manufacturer outside Europe to update an existing car, mainly in terms of safety. The order amounted to around SEK 200 million. The project will run until the end of 2013 and will be led and implemented by the German organization with the support of employees in India and England.
- Semcon won an order worth about SEK 100 million from a German car manufacturer relating to engines and transmission. The project will extend into 2012 with the possibility of extension. The assignment is being carried out in Sweden.
- Semcon made several deals with a German car manufacturer, totalling around SEK 55 million. These projects relate to developing the cooling circuits of the manufacturer's engine options for a new global platform. They will be carried out onsite in Germany over a three-year period.
- Semcon has ceased assignments at Saab Automobile. The engineers, totalling around 50, were all allocated to other assignments by the summer of 2011.
- Semcon Germany opened an office in Sindelfingen in January, to increase proximity to its customer, Daimler Cars.
- For the first time, Semcon participated in the IAA Motor Show at Frankfurt.
- Semcon is involved in several research projects. See page 32.

During 2011, Semcon has also expanded in the powertrain field, with a number of engine and transmission assignments. Semcon currently employs nearly 400 people globally in the growing powertrain industry.

Semcon also has a broad range of services in construction equipment, and has assignments in areas ranging from software development, testing, calculation and project management to the development of engines, hydraulics and transmission. Here we can benefit from our experience in hybrid development.

**Future opportunities and challenges**

The automotive industry is characterized by high cost-efficiency, combined with increasing demands on product development, the environment and innovation in design, comfort, performance and security. Security has once again become a major issue as more hybrid and electric cars are seen on the road. Fuel efficiency and environmental development remain priorities, particularly in the commercial vehicle industry. Future vehicles will become increasingly more connected and thereby have greater technological complexity. With its experience, Semcon is well-positioned to help clients with these challenges.

Meanwhile, in most cases the trend is continuing towards an increasing number of car models and a

reduction in average sales per model. Time to market has therefore become increasingly important for the industry. Nothing suggests that the pace of development will slow, especially in light of regulatory changes and end-user demand for environmentally friendly, safe and affordable vehicles. Vehicle manufacturers need external suppliers who can take on a lot of major development projects on a global level. Through our global presence, particularly in countries like India, China and Brazil, and our expertise, combined with our ability to mobilize our teams quickly, Semcon can meet these requirements.

A major challenge in the coming years is to recruit people with the right skills and to retain and develop the skills of existing employees so that the company can handle the increased number of inquiries from customers existing and new in an efficient manner.

**Life science**

For companies who develop and manufacture drugs and medical equipment, the pursuit of time and money is greater than ever. It is costly and time-consuming to develop medicines, for example. Rigorous requirements mean that only about 10 per cent of the drugs tested



“The annual global growth for engineering services in the automotive industry will be 9.4 per cent (Europe) and 11.8 per cent (worldwide) until 2014.”

Research company Oliver Wyman

on humans will become revenue-generating products. Furthermore, it normally takes around 10-15 years from concept to launch. As patents expire, so-called generic companies can launch the same drugs at lower prices. At the same time, pharmaceutical companies have not been able to replace their best selling products in the same way as before.

Pharmaceutical companies are therefore in great need to shorten development time for their drugs, thereby lowering costs. The list of the top 20 global companies spending the most on R&D is topped by three pharmaceutical companies, which shows how resource-intensive the pharmaceutical industry is. Increased competition, a tougher regulatory environment and poorer returns on research and development have forced the pharmaceutical industry to review their processes and costs.

The medical devices industry has a similar need to streamline its product development, find new ways of cooperating with suppliers and release products more quickly, not least because of tough global competition.

#### **Semcon's offer**

Semcon has a complete range of services within the life science industry. With more than 20 years experience

of integrated system solutions and quality and project management in the pharmaceutical and medical device markets, Semcon helps customers meet regulatory requirements, among other things, whilst shortening project times and making production more effective.

Semcon also offers expertise in both preclinical and clinical development to help customers make the right decisions and deliver innovative projects. This expertise covers the entire drug development process. Semcon's experience and expertise allows us to manage and implement major projects, such as planning entire process areas in pharmaceutical manufacturing. After having acquired Stricent's consultancy business in 2011, Semcon now offers even more within clinical trials. Semcon also took over some staff from Pharmadule in 2011, thereby strengthening its services in terms of the design and construction of pharmaceutical plants.

Semcon also has a complete range of services within medical devices and, with its breadth of expertise can take on complete undertakings on behalf of the customer. Such commitments can consist of project management/coordination, construction, design, calculations, testing, prototyping, quality management, supplier assurance, regulatory investigations, product verification/validation and technical documentation.



#### LYTIX PRODUCING NEW ANTIBIOTICS

## “The drug can be launched earlier”

Lytix Biopharma, from Norway, hired Semcon to carry out clinical trials on a bactericidal nasal gel, which is also effective against MRSA – bacteria that are resistant to normal antibiotics. The assignment involved finding suitable volunteers, overseeing and managing the trials at the hospital and collecting, processing and presenting the results.

Semcon used its own elec-

tronic data collection system in the study, Trial-on-Line.

“Electronic data collection in clinical studies can give you important advantages. On average, it saves from one to two months per study, which could lead to a drug being launched six months earlier,” says Hedda Wold, clinical development manager at Lytix Biopharma.

With electronic data collection, the study can be viewed live

and adjustments made continuously during the study. The work becomes more efficient and as a result improves in quality. The now-completed study has also been successful in terms of outcome.

“It’s not always the case that hypotheses tested in a study prove to be as accurate as in this case,” says Eva Linné-Larsson, medical writer at Semcon.

## 6

events in  
2011

## Life science

- Semcon took over Stricent AB's consulting business in March. This strengthened the business with eight people, which means that our expertise has now expanded into clinical development and conducting clinical trials.
- Semcon took on around 20 employees from Pharmadule and can now offer customers more services in the design and construction of pharmaceutical plants.
- Collaboration with Semcon's largest customer in the life science field, AstraZeneca, increased during 2011.
- Semcon has increased its staffing in Lund after AstraZeneca abandoned their research activities.
- During the year, Semcon expanded its operations in China with quality services aimed at the life science industry.
- Oticon Medical received the Product Design Award for its hearing aid Ponto Pro Power, a design revolution in the market. Semcon helped with design work, shape determination and mechanical plastic construction.

**Future opportunities and challenges**

The world pharmaceutical market grew by 5.2 per cent in 2010 and there is nothing to indicate that the need for medicines will decrease. The world's population has doubled in the last 50 years and is expected to reach nine billion by 2050. As economic prosperity increases in emerging markets such as China, India and Brazil, more and more people will live longer and need modern medicine.

At the same time, developing new products is both costly and risky. Therefore, more and more pharmaceutical companies are purchasing complete development projects from small and medium-sized research companies, which ensures access to commercially-viable medicines. Semcon's services provide significant benefits to research companies from a skill, capacity and efficiency perspective, which means good business prospects in the sector.

Medical devices is one of the key growth industries in Swedish life science. On a global level, it is also a growing area, with expected annual growth rate of 5 per cent, according to a report from Epsicom Business Intelligence. Currently, the largest market is the U.S., followed by France, Germany and the UK in Europe, and Japan. Among the countries that stand out in terms of medical devices is China, which is expected to overtake Japan and Europe by

2020, according to a report from PricewaterhouseCoopers.

A challenge for Semcon in the coming years is to establish life-science activities outside Sweden. China has enormous growth potential, especially since tightening their regulatory requirements. With its existing infrastructure in China, Semcon can quickly mobilize expertise for its clients. This year, Semcon has also expanded its local services in China with regulatory expertise.

Semcon, with its experience in other industries, also has the opportunity to assist life science companies with methods and processes to streamline their product development. The automotive industry, with its practices in reducing product development time and costs, is a source of inspiration.

**Energy**

World energy demand continues to rise steadily while the effects on the environment are becoming more acute. In addition to political will and financial resources, it will require major technological advances and innovations in order to reduce carbon dioxide emissions worldwide significantly. According to the International Energy Agency (IEA), state support for energy related research and development would need to be two to five

times higher than current levels to reach the goal of halving emissions by 2050. According to the IEA, after a period of stagnation there are now signs of increases in government energy development budgets.

The technical challenges involve everything from “clean” coal plants, extracting deep-sea oil, producing more energy-efficient products and extending the life of existing plants to developing and streamlining renewable energy sources such as solar, wind and hydropower.

#### **Semcon's offer**

Semcon offers complete solutions to both distributors and producers of energy, along with complete energy studies including programs for large energy users. Semcon has successfully used its expertise from other industries to develop its energy services. One such example is quality methodology within nuclear technology, which originated in the methods used by the life science industry. Another example is experience with turbines, gearboxes and control electronics within the automotive industry, which has also contributed to innovative solutions in the energy sector.

Semcon offers expertise in product development for the development of energy-smart products for various industries. Another market that is growing, and where Semcon has extensive experience, is the renovation and upgrading of hydropower stations.

Semcon's construction services in energy largely involve services in network construction and energy production, where there is increased demand for offshore wind energy. Within the offshore sector, Semcon provides services such as project management, environmental and safety management as well as the construction of residential platforms and specialized modules for the power industry.

#### **Future opportunities and challenges**

The need to reduce carbon emissions whilst meeting rising future energy needs is acute. It will require considerable resources to achieve the environmental objectives

of the next few decades and a large portion of these resources will be used in technology development. If the political will exists, the energy sector will continue to have a promising future for a long time to come. Semcon has the expertise and experience to support clients in all areas of the energy sector, whether through building wind turbines offshore, upgrading hydropower plants, making nuclear power plants safer or deep-sea drilling for oil.

Norway has the potential to become an even bigger market for Semcon within what is known as the subsea industry, but also in hydropower. Investment in subsea in Norway is among the highest in the world. Semcon has signed an agreement with IndustriConsult AS in Norway, to collaborate in subsea industry assignments, among other things.

The situation of the nuclear industry in Sweden has also improved since the decision to extend the life of existing nuclear power plants. There is room for further growth, just as there is with the upgrading of hydropower. Semcon has also signed a framework agreement with the European Spallation Source (ESS) in Lund, a European collaboration to establish a multidisciplinary research centre based at the world's most powerful neutron source. There is also scope for more assignments in this area.

Political will and control through subsidies are important for development of the energy sector. As subsidized producers make the transition into fending for themselves in a global competition, this uncertainty and turbulence could affect the number of assignments Semcon receives.

## **Industry**

Semcon's clients include many world-leading companies in the technology, manufacturing, processing, telecommunications, rail, marine and aerospace industries, as well as a number of manufacturers of consumer products and other consumer-oriented companies for whom design plays an important role.





## MINESTO CREATES ELECTRICITY UNDER WATER

### “A fantastic achievement by the team”

Minesto is developing a tidal power plant in the form of a kite that surfs around in the tidal stream and generates electricity. Before its first sea test, it was important that the steering should work well. A steering system had been developed, but there was some work to be done adjusting the connection to the system's host computers. Semcon's task was to correct any weaknesses before the launch.

“We have experienced and skilled engineers in distinct areas, but developing a product like this

is an extremely involved project. It involves the environment, service and maintenance, transmission, control systems, materials and hydrodynamics. It is impossible for us at this stage to employ all the skills needed,” says Anders Jansson, CEO of Minesto.

Consultants from Semcon worked on site at Minesto on two main tasks: to improve the link between the steering system platform and software on a host computer, and to improve the communication protocol on the

user interface. Close cooperation with the customer made the work extremely effective.

The result was a more stable environment for the steering system for Minesto's tidal kite. Minesto could therefore proceed with the important sea test of the tidal power plant on schedule.

“It's a fantastic achievement by the development team. The cooperation with our consultants has enabled us to stay on schedule and get as far as we had wanted before moving to the sea,” says Jansson.

**5**  
events in  
2011  
**Energy**

- Semcon has signed an agreement with IndustriConsult AS in Norway, to collaborate on subsea industry assignments, among other things. In the future, we see great potential within subsea in Norway.
- Semcon opened a new office in Edinburgh, Scotland, focusing on renewable energy assignments.
- Semcon is participating in a research project, SWPTC, at Chalmers University of Technology in Göteborg, with the aim of supporting Swedish industry with expertise in wind power construction issues.
- Semcon has been commissioned by the European Spallation Source (ESS) in Lund, Sweden, to create a working project set-up by the end of 2012. ESS has also chosen to use XLPD project methodology and has ordered licenses for 100 users.
- Fortum, the energy company, chose Semcon to upgrade the electrical and control equipment at the hydroelectric stations Landafors (Ljusnan) and Viksjöfors (Voxnan) in the county of Gävleborg, Sweden.

Development in each industry is different, but overall the recovery after the financial crisis of 2008/2009 has been faster than expected, and despite the current economic uncertainty representatives of the various industries are relatively optimistic about the near future.

Manufacturing is still the engine of Swedish GDP growth. However, growth slowed at the end of 2011 and is expected to be weaker during 2012. There are also uncertainties about how the southern European debt crisis will affect Swedish exports.

A report by the German trade association VDMA shows that production in the German mechanical and construction industry is expected to increase by 4 per cent in 2012. In a report by the German Chamber of Commerce, over 80 per cent of German manufacturing companies report that they believe their business will remain stable or grow during 2012.

The European train industry organization, UNIFE, predicts steady growth for train manufacturers of 2 to 2.5 per cent annually until 2016.

The aviation industry also sees its future in the growing economic prosperity in emerging countries like China and India, where the world's aircraft fleet is expected to double in the next 20 years thanks to this growth. Furthermore, most of today's fleet needs to be replaced to meet demands for fuel efficiency and lower emissions.

Steady growth in the telecoms industry is driven by increased connectivity, faster networks, the rapid rise of smart phones, ever-shorter product life cycles and infrastructure investments in emerging markets.

#### **Semcon's offer**

Semcon provides complete solutions and expertise in products, production and construction. Engineering development and industrial design are two areas where Semcon has extensive experience with wide-ranging specialist skills. Semcon also has great expertise in embedded systems, which help companies develop intelligent and communicative products with high standards of safety, reliability and durability.

Semcon offers a range of different services in equipment technology, such as process engineering, electric power, and solutions within the offshore industry. There is also an attractive range of services for the process and food industries, where efficiency and safety demands on production are high.

In telecommunications, Semcon has product development expertise in infrastructure, industrial design and electronics. Among other things, we offer the development of embedded systems that have a positive impact on a final product's functionality, reliability and quality. Yet another area where Semcon has experience is project methodology, where the company is developing a successful project culture in telecoms companies around the world, through courses and assignments such as analysis, advisory services and implementation of project models.

#### **Future opportunities and challenges**

Consumer demand for new products and models, and increasing competition in the industrial sector has contributed to product lifecycles shortening significantly, leading to increased investment in technology and innovative product development. This points to a bright future for Semcon, as a deliverer of complete undertakings.

At the same time, many customers in the industrial sector are sensitive to recession, and with the recent debt crisis fresh in the memory, a prolonged debt crisis in southern Europe could lead to excessive caution and uncertainty, affecting Semcon's chances of expanding its number of assignments.

International companies based in Sweden currently account for the majority of sales to customers in the industrial sector. This presents opportunities to expand other Semcon markets where we have existing customers. Initially, such an expansion is possible in Germany, where customers can take advantage of Semcon's existing infrastructure.

The large shortage of engineers in Europe means a significant challenge in terms of recruitment in the future. ●





## ABB REBUILT ITS PRODUCTION

# “We have significantly increased volume”

Before an anticipated doubling in volume, ABB's unit Components in Ludvika, Sweden, decided to rebuild its production, from a station set-up to a production line.

What was needed first was a thorough analysis of the existing situation, time measurement and a

division of labour along an imaginary line not yet built. Semcon consultants spent a lot of time on site at the plant, in discussions with the production staff. They measured value-added time and non-value-added time for the final product and suggested a takt production line for two of the

four current ABB departments.

“We have succeeded in combining a new production set-up with the same staffing and tasks, with a significantly higher volume,” says Magnus Häggmar, Production Engineering Manager at Components in Ludvika.

# 2

events in  
2011

Industry

■ Semcon and Antura launched the product Antura Projects for XLPM, fully integrating the project tool Antura Projects with the project methodology XLPM.

■ Semcon has a new offering within reverse engineering. With the help of an extremely high-resolution optical scanner, a basis for a CAD model can be produced from a physical product.

# Research projects

With a starting point in the automotive industry, Semcon has been involved in the research world for a number of years. The focus is on four cross-functional areas - Safe, Lean, Light and Smart. The research may involve, for example, future electric powertrains, connectivity or lightweight cars.

The aim is to increase the company's expertise, to show that Semcon is participating in the latest technology developments, to increase opportunities for recruitment through contacts with faculties and colleges and to make the company a more attractive place to work. It is also hoped that this participation will lead to more patents and innovations for Semcon.

Currently, most of the research projects are based around the automotive industry, but the results can be applied to many other industries. Lightweight solutions, for example, can reduce the weight of turbine nacelles and blades, and composite materials are of great interest to the rail industry. As for smart vehicles, the technology is also of interest to smart homes and the remote monitoring of wind power stations, for example.

Semcon participated in the following research projects and networks in 2011:

## Research projects

### SAFE

- Balance of Active and Passive Safety - simulation and development of methods for the prediction of future crash safety requirements

### LEAN

- ELDRIVET – cooling methodology and new testing methods for electric motors and power electronics

### LIGHT

- SÄNÄTT – a lightweight concept for future vehicles with the goal of reducing weight by 40 per cent

### SMART

- EFESOS – future HMI (human-machine interaction) in vehicles
- BIFI2 – a method to monitor road-bearing capacity
- SIGYN – secure communication when downloading software to vehicles
- MOBIROMA – European research project to monitor road systems for black ice, ground thawing and asphalt quality
- Second Road – a common simulation environment for active safety and HMI

## Networks & research centres

- SAFER – Swedish centre for vehicle safety
- Telematics Valley – Swedish-European network within telematics
- LIGHTer – Swedish research centre for wind energy
- SWPTC – Swedish Wind Power Technology Center







**Hans Johansson • Calculation Engineer**

"The challenge in my job is to bring all the calculations together. The goal is to produce as good a jet engine design as possible while meeting the stringent durability requirements."

# Business areas

The business areas Automotive R&D and Design & Development provide engineering services.

## Automotive R&D

### Business

The business area's 1,700 or so employees provide services to customers in the global automotive industry. Its offer includes focusing on concepts, design, calculation, construction, prototyping, testing, simulations and production. Semcon is a complete service provider and the services provided complement automotive manufacturers' own resources. Implementation and delivery are adapted according to customers' requirements, from participation in customers' teams to in-house development projects.

### Development 2011

The business area has shown good growth and improved results compared to 2010. All the markets have shown strong growth and the business area's sales in local currencies increased by 28 per cent. The operating profit, excluding one-off costs, improved by SEK 76 million over the previous year and amounted to SEK 41 million (–35). The positive trend we have seen with our automotive customers during the second half of 2010 continued in 2011.

The business is showing good growth in Germany, Brazil, India and the UK. The German share of the business area's total sales amounted to 60 per cent (62). Sweden accounted for 23 per cent (25) of the business area's sales. Overall, the business area has continued opportunities to increase sales in the global market.

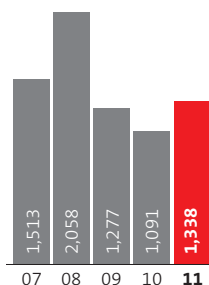
### Markets and customers

Activities are run in Germany, Sweden, Brazil, the UK, India, Spain, Russia and China. Customers include many of the world's leading automotive manufacturers, such as Audi, BMW, Daimler, MAN, Opel/GM, Porsche, Scania, Volvo Trucks, Volvo Cars and VW.

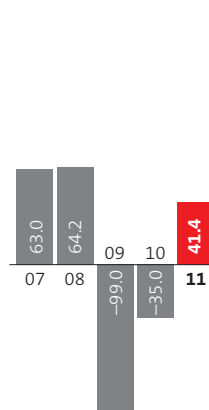


**President:**  
**Stefan Ohlsson**

**Income**  
SEK m



**Operating profit/loss\***  
SEK m



\*Excluding one-off items

## Design & Development

### Business

The business area has nearly 800 employees working with industrial design, product development, plant technology and production development. The business area provides expertise and experience for achieving quicker, improved product development. Services include requirement and concept studies, design, construction, embedded systems, testing, prototyping, validation, project management and production development and lean production expertise.

### Development 2011

During the year there continued to be good demand for the business area's services, which led to a growth in sales of 10 per cent. The operating profit improved by SEK 35 million and amounted to SEK 58 million (23). During the year, the business area has focused on increasing the amount of business within energy and life science. A new division has been formed PEAQ (Project, Engineering and Quality), which offers expertise in project control, construction technology and quality to customers in life science, offshore and process industries. All divisions have had high utilization rates during the year and the business area has continued opportunities for growth in all divisions.

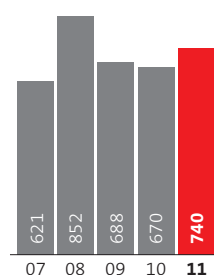
### Markets and customers

Sweden accounts for 93 per cent (92) of business area sales. Business is mainly focused on the industrial, energy, telecoms and life science sectors. Customers include ABB, Alstom, AstraZeneca, Bombardier, Fortum, General Electric, Husqvarna, Pfizer, Rolls-Royce Marine, Saab AB, Siemens, Vattenfall and companies in the telecoms industry.

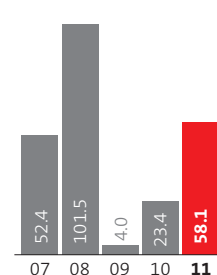


**President:**  
**Mats Körner**

**Income**  
SEK m

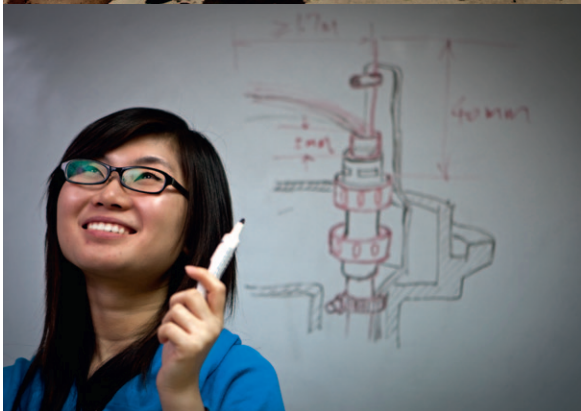


**Operating profit/loss\***  
SEK m



\*Excluding one-off items







# Product information

Semcon offers complete product information solutions and ensures that information is available in the most appropriate way, from printed information to digital forms such as mobile applications and animations.

**T**he importance of product information for advanced technology products and systems is increasing. Modern product information has to satisfy all user needs, whether it comes to marketing or selling a product, providing a quick start to understanding and using a product, facilitating service and troubleshooting, ordering the right parts, or effectively carrying out repairs and maintenance.

By prioritizing these areas, a company can add value to their products while developing both the brand and the business.

### Semcon's offer

Within product information Semcon offers complete information solutions, from interactive marketing to aftermarket, focusing on the needs of the end user.

We help our customers by delivering throughout the product information development cycle, from strategy development to evaluation. This cycle can be described with the following six steps:

- Strategy. Developing a strategic aim and objectives, in line with overall business and product strategies,

defining stakeholders/target groups for product information and the appropriate product portfolio.

- Design. Designing information architecture, usability guidelines, illustrations, graphics and content guidelines and template design.
- Development. Data collection, method and process development, content creation, as well as review, test and verification.
- Control. Configuration management, document management, quality assurance and document administration.
- Delivery. Translation, printing/publishing/distribution and training.
- Evaluation. Statistics, fulfillment of goals and improvements.

Semcon offers a variety of products and services for every stage of the development cycle, either individually or as part of a complete solution. Our product information services can be characterized in the following three categories:

#### Product solutions for aftermarket

Semcon's aftermarket services cover everything from



information strategy and design through method development and information production to delivery to the end user and results evaluation. We also offer complete control and management of the entire customer product information development chain. In the development and production of aftermarket information, Semcon also invests in its own production systems, tools and processes.

### Information management

Within information management, Semcon offers services which support customers' development processes. These could be developing configuration and document management plans, support for change management, monitoring and reviewing the final documentation. Moreover, we can help create frameworks for configuration and document management, and ensure that product configuration control is maintained throughout the product lifecycle.

### Online marketing

Semcon offers solutions for online marketing and communication, in order to strengthen brands and improve and develop customers' relationships and transactions

with their end users. Services include online strategies, concepts, production and solutions for customers where the online experience is an important part of the brand. The combination of online marketing and aftermarket expertise enables us to deliver information solutions for the product's life cycle with technical depth and strategic skills, through a variety of media. For online marketing and communications, we operate under the Zooma brand.

## Markets, working practices and trends

Our customers are generally developers of advanced technology products or operators of complex facilities. They have a great need of product information solutions in order to sell and service their products or operate their facilities. We strive to develop long-term partnerships with our clients through complete assignments, but we can also work on projects or provide specialists to work at customer sites.

Semcon mainly focuses on two product information markets: Europe and China. This global spread means that tasks can often be delivered by means of a so-called "front office/back office" strategy. With multiple offices

## SIEMENS UPGRADES FORSMARK

# "You need to have a 'helicopter' perspective"

When Siemens was commissioned to upgrade the turbine equipment at Forsmark nuclear power plant, they chose to enlist the help of Semcon in documenting the process. A challenging project where nothing could go wrong and where delays were not an option.

Together, Siemens and Semcon began to set up a delivery structure and planned how a database would look. It was about finding the correct structure for the entire process, from design to manufac-

turing and installation documentation. The project had specific traceability requirements, due to regulatory requirements and the sensitive nature of the nuclear industry.

The task was made more challenging by the fact that many of the subcontractors were from different countries. Semcon's Denny Salomonsson therefore went out on a tour of Europe where he visited all the subcontractors, to create a uniform working method.

"Working on this, you have to have a 'helicopter' perspective. You have to see the entire documentation chain, which runs to four or five years. In many projects, the documentation is produced when the product is finished, but then we would have been too far behind," says Salomonsson.

Despite many challenges, the upgrade work is now almost finished, and there is only certain final documentation left to produce.

involved delivery is more efficient in terms of cost, expertise and time.

Product information can be delivered through a variety of media, depending on what is best for each respective target group. The current trend is towards increased digitalization, with product information integrated into the device, such as with infotainment systems, via mobile applications or animation on the internet. With Semcon, customers receive traceable and reusable modern product information solutions most appropriate for each target group.

## Sectors and challenges

Semcon provides product information to a variety of industries, focusing primarily on automotive, telecoms, medical devices, energy, and marine/offshore. In all these sectors there are different types of challenges, each one with different product information needs.

The automotive industry is characterized, among other things, by complex and high-tech products, faster product life cycles and various forms of derivatives. This increased complexity requires more product information solutions, not only for the user but also for dealers and garages that sell the products and take care of maintenance and service. For the automotive industry Semcon delivers complete product solutions for both marketing and aftermarket, from information strategy and design, development and production to training, distribution and evaluation. Besides our own production systems and processes, we can also produce all owner and engineer-

ing information in the customer's own development environment. This includes diagnosis, service, parts and accessories information and training.

When working with complex systems, such as nuclear power plants and offshore platforms, industry and government requirements for safety and accessibility are exacting. Here there is above all a need for configuration and documentation services, not just for the plants themselves but also for systems provided by subcontractors.

In other industries, like telecoms, medical devices and marine/offshore, it is also possible to distinguish different types of product information requirements. The telecommunications industry is characterized by advanced technology and complex products that have to be understood and used by a variety of different types of users. In pace with this increased complexity, usability has become an increasingly important competitive factor. In this context, product information is an important competitive tool to make the product more accessible and user-friendly.

The challenges with the medical devices industry involve complex products and regulatory requirements, making traceability and validation important so that people are not harmed. Product information solutions and processes are important components in meeting the demanding requirements of the sector.

The marine industry has an international protocol, Shipdex, which standardizes the production and exchange of technical and logistical data. Once again, high quality product information solutions are needed to meet requirements. ●

# 3

events in  
2011

**Product  
information**

■ In September, Semcon was chosen to be a long-term partner of the Chinese automaker Qoros Auto in the development and production of all aftersales information for future car models. It is a multi-year agreement, and will over time involve around fifty Semcon employees worldwide.

■ Business with Jaguar Land Rover continues to increase. During the year, Semcon's assignments have included responsibility for the customer's SERPS (Service Evaluation Repair Procedure Studies) and producing a series of animated instruction films for the Jaguar Land Rover website.

■ Product information operations in Hungary continue to grow and the office in Budapest now has more than fifty employees.



# Business area

The business area Informatic at Semcon provides product information services.

## Informatic

### Business

Informatic's nearly 450 employees provide complete information solutions for the aftermarket and interactive market communication. The business area supports customers' products throughout the entire product lifecycle, from sales and marketing to installation, maintenance, training and repairs.

### Development 2011

The business area continues to show strong growth. In total the business area's sales in local currencies increased by 16 per cent compared to 2010. Sales outside Sweden accounted for 40 per cent (35) of business. The operating profit excluding one-off costs improved by SEK 12 million and amounted to SEK 42 million (30).

During Q3 the Chinese automaker Qoros Auto Co. and Semcon signed a multi-year exclusive agreement where Semcon was selected as a long-term partner of Qoros for the development and production of all after-sales information for its upcoming models.

Operations in Sweden, Britain and Hungary have also experienced good sales growth and improved earnings during the year.

The demand for the business area's services remains strong, with high potential for growth in all markets where we are currently active.

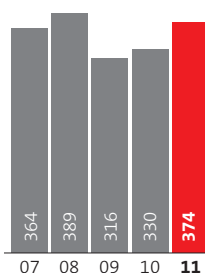
### Markets and customers

The business area now has offices in the UK, Sweden, Hungary and China. Our customers are mainly in the automotive, telecoms, energy, medical technology, marine/offshore- and manufacturing sectors. Examples of our customers are: ABB, Volvo, Atlet, Bombardier, Gambro, Jaguar Land Rover, Qoros Auto Co., Rolls-Royce Marine, Saab AB, Siemens, and Volvo Cars.

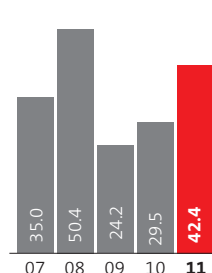


**President:**  
**Johan Ekener**

**Income**  
SEK m



**Operating profit/loss\***  
SEK m



\*excluding one-off items

## Long-term strategy, with an employee focus

To create continuity and stability in a changing world, demands a sustainable business with profitability, environmental and social commitment and a strong corporate culture, where employees, the head and heart of Semcon, thrive and develop.

### A more attractive Semcon

A key issue for Semcon is how we attract and retain staff. We want well-educated and motivated people to apply to Semcon - this is of great importance to our competitiveness and continued development. The increasing engineering shortage in Europe requires clear positioning, permeated by our development of future products and solutions. Semcon offers employees the opportunity to work on assignments they feel will contribute to positive developments and challenges and provide opportunities for global projects and collaborations.

Thanks to regular employee surveys we have a clear picture of our strengths and areas for improvement, both from an overall perspective and on a departmental basis. We have a good working environment and a solid foundation for our continuous efforts to improve.

During the year, Semcon has taken the initiative to further improve management through a comprehensive program of manager training. The goal is to develop a stronger and more attractive Semcon - attractive to both current and future employees, customers and shareholders. Around 125 managers are participating in the development program, in autumn 2011 and spring 2012.

To be more accurate and efficient in our recruitment, we have developed our internal recruitment process with

clearer structure, templates and tools. This also means an increased use of executives and personality profiles as a complement to recruitment, so that we can be as sure as possible of getting the right person in the right job, which is crucial for us to attain our goals.

Semcon is working on a comprehensive performance management program to provide clarity regarding the company's strategies and targets. To get all employees to achieve the goals it is important to see the big picture. This is visualized by the "Objective Matrix" tool, which clearly links the Group's goals to departmental practices.

### Developing our culture further

Semcon is continuing work on our common culture and values, which started in 2010 with the aim of further strengthening our corporate culture. The three values that represent our common ground and that we now refer to as our core values are Credibility, Responsibility and Excellence. A prerequisite for benefiting from our shared values is that we all have a common understanding and reflect on our values and understand how they affect our approach. This work is ongoing.

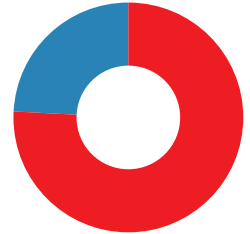
New employees are introduced to the company through introductory courses where they get an overall picture of Semcon's values, vision, strategies, codes of conduct, business, ways of working and future plans.


**Emma Sweet • Project HTO**

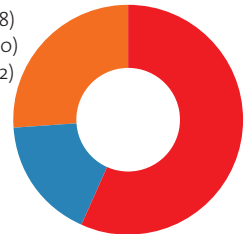
"Some things are not always perceived as intuitive by the end user. It's my job to influence the process at the earliest possible stage to so the user can easily use the car's HardToOperate functions."

**Gender division\* (%)**

- Men 76 (76)
- Women 24 (24)


**Average employment duration\* (%)**

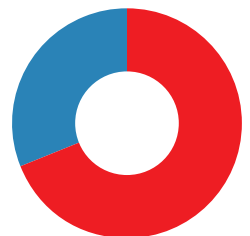
- > 3 years • 57 (58)
- 1–3 years • 17 (20)
- < 1 years • 26 (22)


**Age of employees\* (%)**

- 51– • 12 (12)
- 46–50 • 10 (10)
- 41–45 • 13 (16)
- 36–40 • 17 (18)
- 31–35 • 20 (20)
- 26–30 • 21 (19)
- –25 • 7 (5)


**Level of education\* (%)**

- College/  
university  
69 (67)
- Sixth-form  
college  
31 (33)



\*as of 31 December 2011

Our shared values unite our various local cultures and attitudes and create a distinct corporate culture that contributes to a stronger brand. This helps us to become even more attractive as an employer and more profitable as a company.

#### Customer satisfaction and pride strengthens our brand

The company's marketing communication is based on all the exciting projects and assignments where Semcon develops future products and solutions. Interviews about

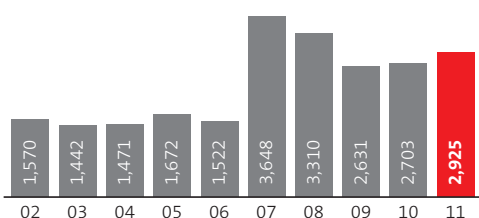
what it's like to work with and for Semcon are used in the company's marketing channels, such as the external magazine Future by Semcon, [www.semcon.com](http://www.semcon.com), at events and in promotional material. Future by Semcon demonstrates our customers' satisfaction in an interesting and editorial way. 15,000 copies are printed in Swedish, German and English. It is distributed to potential and existing customers, subscribers and employees three times a year.

The company regularly supports charitable organiza-

#### Key figures

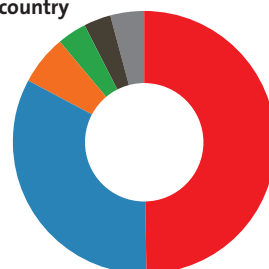
	2011	2010	2009	2008	2007
Total number of employees 31 Dec	2,925	2,703	2,631	3,310	3,648
Average number of employees	2,727	2,474	2,791	3,631	2,672
Sales per employee, SEK	899	845	817	909	935
Value added per employee, SEK 000*	615	595	524	592	555
Profit/loss before tax per employee, SEK 000*	37	-2	-92	35	-13
Average age	37	38	38	36	36
Sick leave (Sweden, %)	2.4	2.1	2.1	2.2	2.4
Staff turnover (%)	24	23	32	30	19
Staff turnover excl. redundancies (%)	24	22	15	20	19
*Operating profit per employee hit by one-off items (SEK 000)	-11	-6	-61	-18	-61

#### Total number of employees 31 Dec



#### Number of employees by country

- Sweden 1,462 (1,432)
- Germany 967 (869)
- Brazil 176 (166)
- India 108 (67)
- UK 98 (69)
- Other 114 (101)





tions such as Médecins Sans Frontières and BRIS.

In connection with Semcon's involvement with STCC (Scandinavian Touring Car Championship), the company has for years helped the organization Min Stora Dag realize sick children's dreams to drive a racing car. All of this creates pride in the brand.

Semcon is a well-known name in the automotive industry and we are a natural spokesperson for the media in this area. In the Swedish market, we have a strong brand for the majority of our services. Our ambition is to be even more widely known in every market we operate in.

#### **Development through an inspiring and challenging working environment**

Since our employees are our greatest asset, professional development through daily learning and knowledge exchange is a part of how we work. Every employee has primary responsibility for their own professional development but Semcon offers the chance to develop and grow. We encourage everyone to express their targets and expectations in open dialogue. To facilitate this, individual development plans are drawn up, as part of staff appraisals.

Health care and a good working environment are important to give everyone at Semcon a healthier life. A variety of programs are conducted to encourage various fitness activities. Sick leave in the group remains low, which is a good foundation for the future.

Semcon is a multicultural company and as we have operations in a number of locations around the world, diversity comes naturally. This is an advantage when putting together teams to meet customers' expectations.

The engineering industry is still male-dominated and this is also reflected at Semcon. According to STD, in the Swedish market, 28 per cent (28) are women and the corresponding figure for Semcon (as of 31/12) is 27 per cent (26). Globally, for the entire group, the proportion is 24 per cent (24).

#### **Future-proof development**

Semcon's greatest contribution to sustainable development lies in the products and services we develop for our customers. Our goal is to create solutions that lessen the impact on the environment. This is a challenge not only for Semcon and our customers but for the entire industrial system.

Higher goals spur our engineers to deliver and show that we like challenges.

Semcon engineers are helping to create solutions for the future. An example of this is smart components, which can themselves signal when it is time for a service, thus saving both unnecessary maintenance and optimizing longevity. Another is a car consuming less than 0.1 litres of fuel per 10 km, whilst still being enjoyable to drive. Another example is technology that encourages eco-friendly use or advertises energy-saving features to encourage the user to apply themselves.

The company is involved in a number of research projects to do with energy, sustainable transport and vehicles (see page 32).

According to Semcon's Code of Conduct, all employees should act in a responsible manner and within the framework of national legislation in all countries where the Group is represented.

In order to reduce its own environmental impact Semcon minimizes the number of journeys and takes advantage of biogas-fuelled company cars. During 2011, an increase in biogas cars reduced Semcon's CO<sub>2</sub> emissions by 50 per cent in Sweden.

The Group is certified under ISO 14001.

#### **Efficiency with a focus on quality**

Efficiency within sustainability is not just about the products themselves but also about processes. Focusing on customers, Semcon is continuously working on internal quality, in order to be as efficient as possible.

To ensure high quality and minimize risk within projects, Semcon has, among other things, developed a project methodology, XLPM, which is based on the renowned PROP methodology for project management and control. XLPM is a product we sell to our customers. Vattenfall and the Swedish Traffic Authority are examples of customers choosing XLPM.

Semcon is certified under ISO 9001.

#### **Long-term commitment through business acumen**

Sound business acumen is essential to ensure long term profitability and sustainable enterprise. The move from specialist services to project work and complete assignments in the highly-competitive areas increases Semcon's opportunities for good profitability. ●

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# Directors' report

The Board and CEO of Semcon AB (publ) co. reg. no. 556539-9549 herewith present the annual report and consolidated accounts for the 2011 financial year.

## Business activities

Semcon is a global technology company with engineering services and product information activities at more than 45 sites in Sweden, Germany, UK, Brazil, Hungary, India, China, Spain and Russia.

## Semcon's business areas

Semcon is organized into three business areas – Automotive R&D, Design & Development and Informatic.

Automotive R&D and Design & Development, both active in engineering services, work with design, product development, plant and production development. The Informatic business area works with product information and develops information solutions for the entire product lifecycle.

## Events during the year

- Semcon signed an agreement with Stricent AB regarding taking over the company's consultancy business. The agreement means that Semcon's activities in pharmaceutical and med-tech product development has been strengthened by 8 people.
- Semcon Germany has opened an office in Sindelfingen and thus strengthened its presence near its customer Daimler Cars.
- Semcon has signed an agreement with a German auto manufacturer for developing refrigeration circuits in the powertrain sector for a new global automotive platform. The project is expected to last three years with a total order value of EUR 6 million (SEK 55 m).
- Semcon has made a reserve of SEK 31 million, mainly for out-

standing accounts receivable against Saab Automobile AB.

- Semcon expanded in the energy sector with a new office established in the UK.
- Qoros Auto Co. the Chinese automotive manufacturer, chose Semcon as its long-term partner for developing and producing all aftermarket information for its future car models. The agreement will run for a number of years, employing around 50 Semcon staff.
- Semcon is continuing to grow in the powertrain sector through further deals worth a total of SEK 100 million from a German auto manufacturer. The project started in September and will run until 2012.
- Semcon signed an order worth around SEK 200 million with an automotive manufacturer outside Europe, covering the update of an existing car to comply with future safety requirements.
- Fortum, the energy company, has chosen Semcon to upgrade its electrical and control equipment at two hydroelectric power stations.

## Income and results

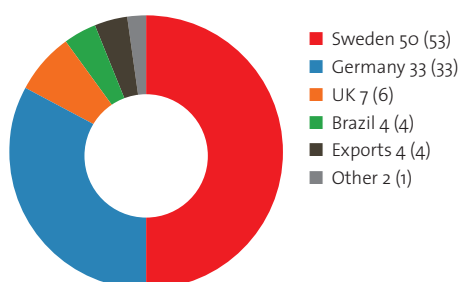
The operating income rose by SEK 361 million compared with last year and amounted to SEK 2,452 million (2,091). Sales in local currencies rose by 20 per cent. The sales growth is a result of the better state of the market with employee numbers up 222 on 2010.

The operating profit improved by SEK 108 million and amounted to SEK 111 million (3), giving an operating margin of 4.5 per cent (0.1). The improvement is mainly attributable to increased sales. A reserve was made in Q2 of SEK 31 million, mainly for outstanding accounts receivable against Saab Automobile AB. Last year results were hit by one-off costs of SEK 15 million. Excluding these items the operating profit amounted to SEK 142 million (18) with an operating margin of 5.8 per cent (0.9).

Net financial items amounted to SEK –11 million (–9), giving a profit before tax of SEK 100 million (–6). Tax costs for the year amounted to SEK –31 million (1). The profit after tax was SEK 69 million (–5) and the earnings per share after dilution was SEK 3.83 (–0.29).

For the Automotive R&D business area sales amounted to SEK 1,338 million (1,091). The business area's share of the Group's overall sales amounted to 55 per cent (52). The operating profit was SEK 24 million (–42), giving an operating margin of 1.8 per

## Share of sales by country (%)



cent (–3.8). Excluding one-off costs the operating profit for the business area amounted to SEK 41 million (–35) and an operating margin of 3.1 per cent (–3.2).

For the Design & Development business area sales amounted to SEK 740 million (670). The business area's share of the Group's total sales amounted to 30 per cent (32) and the operating profit was SEK 57 million (15), giving an operating margin of 7.7 per cent (2.3). Excluding one-off costs the operating profit for the business area was SEK 42 million (30), giving an operating margin of 11.3 per cent (8.9).

### Cash flow and financial position

The operating cash flow from current activities was SEK 88 million (–55) and the Group's liquid assets stood at SEK 40 million (42). In addition, unutilized credit guarantees amounted to SEK 223 million as of 31 December. A new credit agreement was signed at the beginning of Q3. The new credit agreement consists of a bank overdraft facility of SEK 150 million (100) and a revolving credit facility of EUR 32.8 million (32.8) that runs until July 2012. The company has the option to restructure the credit to a three-year loan prior to the due date.

Shareholders' equity amounted to SEK 442 million (373) with an equity/assets ratio of 38 per cent (33). The Group's net borrowing fell by SEK 72 million to SEK 233 million (305) with a debt/equity ratio of 0.5 times (0.8).

### Investments

Investments in hardware, licences and office equipment amounted to SEK 17 million (14).

### Acquisitions and divestment of activities

Semcon took over Stricent's consultancy business consisting of eight people, with effect from 1 March.

### Employees

There were 2,925 (2,703) employees on 31 December 2011, of which 1,462 (1,432) in Sweden and 1,463 (1,271) abroad. There were 2,800 (2,558) employees in active service. There were an average of 2,727 (2,474) employees, of which 1,364 in Sweden, 894 in Germany, 176 in Brazil, 108 in India, 78 in UK and 107 in other countries. Employee training is carried out regularly with the aim of meeting employees' needs and Semcon's need for the expertise that Semcon's customers' need. As of 31 December, 69 per cent (67) of employees had a university or technical college education, 57 per cent (58) per cent had worked for the Semcon Group for more than 3 years, 17 per cent (20) between 1 and 3 years and 26 per cent (22) less than 1 year. 24 per cent (24) of Semcon's employees are women. In Sweden this figure was 27 per cent (26). The number of employees for each business area as of 31 December was: Automotive R&D 1,714 (1,565), Design & Development 781 (753) and Informatic 430 (385).

### Research and development

The majority of Semcon's development costs concern deve-

lopment within the framework of customer projects. Other development costs are registered directly in the accounts. These amounts are Note large. Exceptions are made for costs for development of specific programs or technical platforms, which are activated in accordance with IAS 38. Semcon also takes part in several external research projects in the fields of energy, sustainable transport and automotive in order to ensure a prominent position in terms of expertise.

### Environment

Semcon's main contribution for reducing environmental impacts is in the products and services the company develops with customers. Semcon's extensive, specific expertise throughout products' lifecycles and its broad infrastructure means that the company can create sustainable, complete solutions covering energy efficiency, both small and large-scale, light constructions, smart products, lean product development and user behaviour. This provides technology that encourages eco-friendly use or communicates energy-saving functions in such a way that users understand. To reduce the company's own environmental impact Semcon minimizes the number of journeys its employees make and uses, for example, company cars that run on biogas.

### Risks in Group activities

Semcon is exposed to a number of risks that may affect the Group's results. Semcon has chosen to divide the risks the company faces into financial and business-related risks. Semcon evaluates and identifies significant risks continually at the organization and in strategic planning.

#### Financial risks

The company has identified a number of financial risks that could affect earnings including:

- Financing risks
- Interest rate risks
- Liquidity risks
- Credit risks
- Currency risks

For further information about financial risks, see Note 3 on page 62.

#### Business-related risks

The company has identified the following business-related risks that could affect earnings including:

##### *Economic climate dependency*

Semcon's customers are affected to varying degrees by a poor economic climate as this can negatively affect demand for Semcon's services. Semcon constantly works to broaden its customer base to minimize dependency on individual customers affected by a poor economic climate.

Semcon's customer base consists mainly of leading European companies in the automotive industry and Nordic industrial companies in various industries.



### Industry dependency

Semcon's business is affected to varying degrees by developments and dependency on individual industries. To minimize the dependency from the automotive industry Semcon is prioritizing growth in other industries, such as life science and energy.

### Single customer dependency

A customer can end an assignment/project at short notice or gradually cut back on business volumes. This can cause a risk as Semcon cannot always guarantee full cost coverage, especially for the employees that cannot immediately take on an assignment. Semcon works continuously to broaden its customer base in order to minimize its dependency on single customers representing more than 10 per cent of overall sales.

### Employees

There is always a risk that key employees or a large number of employees choose to leave the company. Semcon prioritizes activities to be an attractive employer and thereby improve employees' job satisfaction. Resources are set aside for training, recruiting and induction activities. There is huge competition for expert employees, which generally means that salaries rise above the agreed contracts, both for groups of employees and individual key employees. Increased demand for engineering expertise following a poor economic climate causes greater activity on the labour market.

### Price pressure

The risk of being exposed to price pressure is high in development-intensive industries. Semcon offers competitive prices on all markets and also gives customers the opportunity of utilizing Semcon's entire network or local and international offices. Price pressure remains high but there are variations between the various areas. Semcon is continuing to its set plan of moving away from hourly-based invoicing towards more project invoicing and fixed-price assignments. This can increase the risk but also provides opportunities to improve profitability. Each rise or fall of 1% of the overall fee over a year affects results by SEK 22 million.

### Fixed price

Fixed price projects expose the company to risks if projects cannot be completed on budget and/or if the project cannot be completed on time. All projects are planned, budgeted and carried out according to joint, fixed working methods. The Semcon Group actively works with project management and is ISO 9001 and ISO 14001.

### Responsibilities

There is a risk that incorrectly carried out assignments can affect results. The Group is insured according to industry practice for such eventualities. A review was carried out of all insurance cover on all of the Group's markets in 2011. Over the

years Semcon has only ever used its insurance in a few occasions. Contract terms have been revised as much as possible to minimize the risks.

### Sensitivity analysis

A change in the following variables would affect sales and results as follows:

Variable	Affect on change	Sales	Profit before tax
Utilization level	± 1%	SEK 25 m	SEK 25 m
Fees	± 1%	SEK 22 m	SEK 22 m
Staff costs	± 1%	–	SEK 17 m
Indirect costs	± 1%	–	SEK 4 m
Volume/employees	± 50 consultants	SEK 42 m	SEK 13 m
Working days	± 1 day	SEK 10 m	SEK 8 m
Interest	± 1%	–	SEK 2 m

The number of working days per quarter vary year on year, which is an important factor to consider when analysing the revenues for the various quarters. Each working day represents around SEK 10 million in revenue.

Seasonal variations	Q1	Q2	Q3	Q4	Total
<b>Number of working days</b>	Sweden				
2007	64	58	65	62	249
2008	61	61	67	62	251
2009	62	59	66	63	250
2010	62	59	66	64	251
2011	63	59	66	64	252
2012	64	58	65	62	249
2013	62	59	66	62	249

### Incentive scheme

A long-term share savings scheme was introduced in 2008 to all employees in the Swedish and German companies. Each share acquired under the scheme would entitle the holder to a matching share in the company after three years, providing he or she was still employed by the Semcon Group. A total of 103,039 shares were matched up to the year-end. A final matching of shares will be carried out for the share savings scheme in March 2012.

### The work of the Board of Directors

The work of the Board of Directors is described in the section headed "Corporate Governance" on page 84.

### Remuneration to the Board and senior executives

Remuneration to the Board is decided by the AGM following proposals from the nominations committee. Remuneration

to the Board remains unchanged compared to last year and amounted to SEK 400,000 for the Chairman and SEK 200,000 for other Board members Note employed by the company. The Board decides remuneration to the CEO. Semcon has decided that the Board in its entirety will carry out the remuneration committee's assignments. Board members who are also part of the senior management team do not take part in this work.

All senior executives in the Group management team are entitled to a fixed salary and a flexible salary of no more than six months' salary based on how well they meet their respective targets. The remuneration shall be reasonable, competitive and in line with market conditions. The fixed salary is set every calendar year. In addition to following current collective agreements etc. senior executives have the right to individually arrange a pension, upon which salary or bonus sacrifices can be carried out to boost pension provisions given it does not affect costs for the company over time. All pension solutions agreed upon henceforth will be premium-based. Remuneration guidelines included the individuals, who during the time the guidelines applied, were part of the Group management team. The Board has the right to deviate from the guidelines if there is just cause to do so in special circumstances. Senior executives' remuneration and bonuses are reported in Note 8 on page 67.

### Class of shares and ownership structure

At year-end 2011 Semcon's share capital was SEK 18.1 million, or 18,112,534 shares all with a quotient value of SEK 1. All shares carry the right to one vote and are of the same class.

Every share entitles the holder to equal shares in the company's assets and profits. There are no limits to the shares transfer. At year-end Semcon owned 226,961 of the company's shares. These shares will be used for matching in the share savings scheme and to cover social costs. As of 31 December 2011 Semcon had 4,547 shareholders (4,015), of whom 11.9 per cent (10.5) were registered abroad. At year-end the JCE Group owned 30.5 per cent (30.5) of Semcon's shares, Swedbank Robur fonder 8.2 per cent (8.2) and Skandia Liv 8.2 per cent (12.2). The ten biggest shareholders owned 63.2 per cent (66.3) of the capital and voting rights in the company.

### Financial objectives

The objectives aim at creating long-term shareholder value. Semcon governs the business towards the following financial objectives:

- an operating margin of at least 8 per cent over a business cycle
- an equity/assets ratio of at least 30 per cent
- that dividends to shareholders over the long-term will be around a third of the profit after tax

### Accounting policies

Semcon applies the IFRS standards and their interpretations (IFRIC) as adopted by the EU. From 2011 onwards, a number of new standards and IFRIC statements have been adopted.

None of these have affected the consolidated accounts for 2011. See Note 2, page 58 for more information.

### Events after the end of the financial year

The Board has decided to appoint Markus Granlund as the company's CEO as of 26 April 2012. No other significant events have occurred to affect the value of the company up to the time this annual report was submitted.

### Proposed dividend

In accordance with Semcon's dividend policy, consideration is given to the company's financial position and capital requirements for continued expansion. Due to the negative results reported by the company the Board proposes that no dividend be paid for 2011 (0).

### Outlook

2011 was characterized by good demand with increased sales and improved results in all business areas. Semcon continues to have a positive outlook for future developments, even though uncertainty has increased due to the poorer economic outlook.

### Parent company

Income amounted to SEK 21 million (22) and the profit after financial items was SEK 44 million (20).

For additional results of the Group and parent company and their financial positions, we refer to the following income statements, balance sheets, statements of comprehensive income changes in shareholders' equity and cash flow statement along with the accompanying accounting policies and notes.

### Proposed allocation of profits, SEK

The AGM has the following profit at its disposal in the parent company:

Profit brought forward and share premium reserves	251,285,903
Profit for the year according to the income statement	23,341,095
<b>Total</b>	<b>274,626,998</b>

### The Board proposes that the profits be disposed of as follows:

Carried forward	274,626,998
<b>Total</b>	<b>274,626,998</b>

## Consolidated income statement

SEK m	Note	2011	2010
<b>Operating income</b>			
Net sales	5, 6	2,451.9	2,090.9
<b>Operating expenses</b>			
Purchase of goods and services		-459.2	-338.5
Other external expenses	7, 12	-289.0	-252.5
Staff costs	8, 12	-1,567.1	-1,470.2
Amortization of intangible assets	14	-7.5	-7.5
Amortization of tangible fixed assets	15	-18.7	-22.1
Impairment of tangible fixed assets	15	-	-0.3
Results from shares in associated companies	17	0.8	3.2
<b>Operating profit</b>		<b>111.2</b>	<b>3.0</b>
<b>Financial items</b>			
Interest income and similar items	9	3.8	2.0
Interest expenses and similar items	10	-14.6	-11.1
<b>Profit/loss before tax</b>		<b>100.4</b>	<b>-6.1</b>
Tax	11	-31.0	0.8
<b>Profit/loss for the year</b>		<b>69.4</b>	<b>-5.3</b>
Of which attributable to parent company's shareholders		69.4	-5.3
Of which attributable to minority interests		-	-
EPS before dilution, SEK	13	3.89	-0.29
EPS after dilution, SEK	13	3.83	-0.29
Number of shares at year-end	13	18,112,534	18,112,534
Average number of shares	13	18,112,534	18,112,534
Average number of shares excluding number of own shares	13	17,839,201	17,821,390

## Consolidated statement of comprehensive income

SEK m	2011	2010
Profit/loss for the year	69.4	-5.3
<b>Other comprehensive income</b>		
Translation differences for the year	-3.7	-50.2
Hedging of net investments	2.2	57.5
Cash flow hedging	2.2	-
Tax relating to hedging of net investments	-1.2	-15.1
<b>Total other comprehensive income</b>	<b>-0.5</b>	<b>-7.8</b>
<b>Total comprehensive income for the year</b>	<b>68.9</b>	<b>-13.1</b>
Of which attributable to parent company's shareholders	68.9	-13.1
Of which attributable to minority interests	-	-

## Consolidated balance sheet

SEK m	Note	31 Dec 2011	31 Dec 2010
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	14		
Goodwill		436.0	437.2
Other intangible assets		21.1	24.7
<b>Tangible fixed assets</b>	15		
Plant and machinery		16.1	18.1
Inventory, computers and equipment		20.1	24.9
<b>Financial assets</b>			
Shares in associated companies and joint ventures	17	19.0	18.2
Deferred tax recoverable	11	64.7	69.9
<b>Total fixed assets</b>		<b>577.0</b>	<b>593.0</b>
<b>Current assets</b>			
Accounts receivable	18	372.6	323.8
Current tax receivables		11.1	11.1
Receivables in associated companies and joint ventures	19	0.0	–
Other receivables		14.2	11.5
Accrued non-invoiced income	20	121.7	133.9
Prepaid expenses and accrued income	21	16.0	14.8
Cash and bank balances		39.7	42.5
<b>Total current assets</b>		<b>575.3</b>	<b>537.6</b>
<b>Total assets</b>		<b>1,152.3</b>	<b>1,130.6</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	22	18.1	18.1
Other shareholders' contribution		34.5	34.5
Statutory reserve		–2.1	–1.6
Profit brought forward including profit for the year		391.5	321.6
<b>Total shareholders' equity</b>		<b>442.0</b>	<b>372.6</b>
<i>Of which minority share</i>		–	–
<b>Long-term liabilities</b>			
Pension obligations	23	49.0	48.4
Deferred tax	11	18.2	–
Borrowings	24	223.6	270.1
<b>Total long-term liabilities</b>		<b>290.8</b>	<b>318.5</b>
<b>Current liabilities</b>			
Overdraft facilities	24, 25	0.2	29.2
Accounts payable		85.1	69.9
Current tax liability		7.8	3.9
Other liabilities		72.5	74.9
Non-accrued invoiced income	20	22.7	44.6
Accrued expenses and prepaid income	26	231.2	217.0
<b>Total current liabilities</b>		<b>419.5</b>	<b>439.5</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,152.3</b>	<b>1,130.6</b>
Pledged assets	27	2.4	3.2
Contingent liabilities	28	3.6	3.5



## Consolidated changes in shareholders' equity

SEK m	Share capital	Other capital contribution	Reserves	Profit brought forward	Total	Minority share	Total shareholders' equity
<b>Opening balance on 1 January 2010</b>	<b>18.1</b>	<b>34.5</b>	<b>6.2</b>	<b>326.6</b>	<b>385.4</b>	<b>–</b>	<b>385.4</b>
<b>Comprehensive income</b>							
Profit/loss for the year	–	–	–	–5.3	–5.3	–	–5.3
<b>Other comprehensive income</b>							
Exchange rate differences for the year	–	–	–50.2	–	–50.2	–	–50.2
Hedging of net investments	–	–	57.5	–	57.5	–	57.5
Tax relating to hedging of net investments	–	–	–15.1	–	–15.1	–	–15.1
Total other comprehensive income	–	–	–7.8	–	–7.8	–	–7.8
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–7.8</b>	<b>–5.3</b>	<b>–13.1</b>	<b>–</b>	<b>–13.1</b>
<b>Transactions with company owners</b>							
Share savings scheme	–	–	–	0.3	0.3	–	0.3
Total transactions with company owners	–	–	–	0.3	0.3	–	0.3
<b>Opening balance on 1 January 2011</b>	<b>18.1</b>	<b>34.5</b>	<b>–1.6</b>	<b>321.6</b>	<b>372.6</b>	<b>–</b>	<b>372.6</b>
<b>Comprehensive income</b>							
Profit for the year	–	–	–	69.4	69.4	–	69.4
<b>Comprehensive income</b>							
Exchange rate differences for the year	–	–	–3.7	–	–3.7	–	–3.7
Hedging of net investments	–	–	2.2	–	2.2	–	2.2
Cash flow hedging	–	–	2.2	–	2.2	–	2.2
Tax relating to hedging of net investments and cash flow hedging	–	–	–1.2	–	–1.2	–	–1.2
Total other comprehensive income	–	–	–0.5	–	–0.5	–	–0.5
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–0.5</b>	<b>69.4</b>	<b>68.9</b>	<b>–</b>	<b>68.9</b>
<b>Transactions with company owners</b>							
Share savings scheme	–	–	–	0.5	0.5	–	0.5
Total transactions with company owners	–	–	–	0.5	0.5	–	0.5
<b>Closing balance on 31 December 2011</b>	<b>18.1</b>	<b>34.5</b>	<b>–2.1</b>	<b>391.5</b>	<b>442.0</b>	<b>–</b>	<b>442.0</b>

## Consolidated cash flow statement

SEK m	Note	2011	2010
<b>Current activities</b>			
Operating profit/loss		111.2	3.0
Depreciation/impairment	14, 15	26.2	29.9
Profit from machinery sold		0.5	0.1
Shares in associated companies		-0.8	-3.2
Other items not affecting cash flow		2.7	2.5
Prepaid pensions and paying into pension plans	23	-2.4	-20.8
Interest received and similar items		1.6	1.2
Interest paid and similar items		-11.6	-7.6
Income tax paid		-5.8	-10.9
<b>Cash flow from current activities before changes to working capital</b>		<b>121.6</b>	<b>-5.8</b>
<b>Changes in working capital</b>			
Changes in work in progress		12.2	-27.1
Changes in current receivables		-57.9	46.4
Changes in current liabilities		11.7	-68.6
<b>Total changes in working capital</b>		<b>-34.0</b>	<b>-49.3</b>
<b>Cash flow from current activities</b>		<b>87.6</b>	<b>-55.1</b>
<b>Investment activities</b>			
Investments in intangible assets	14	-4.3	-4.0
Investments in tangible fixed assets	15	-13.1	-10.5
Payment from sales of fixed assets		0.2	3.5
<b>Cash flow from investment activities</b>		<b>-17.2</b>	<b>-11.0</b>
<b>Financing activities</b>			
Changes to overdraft facilities		-28.9	28.8
Borrowings		—	18.4
Repayment of loans	24	-44.4	—
<b>Cash flow from financing activities</b>		<b>-73.3</b>	<b>47.2</b>
<b>Cash flow for the year</b>		<b>-2.9</b>	<b>-18.9</b>
Cash and bank balances at the start of the year		42.5	67.7
Translation differences		0.1	-6.3
<b>Cash and bank balances at year-end</b>		<b>39.7</b>	<b>42.5</b>

## Parent company's income statement

SEK m	Note	2011	2010
<b>Operating income</b>			
Net sales	6	21.4	22.2
<b>Operating expenses</b>			
Other external expenses	7	−20.5	−19.1
Staff costs	8	−33.0	−27.2
Depreciation of tangible fixed assets	15	−0.3	−0.4
<b>Operating loss</b>		<b>−32.4</b>	<b>−24.5</b>
<b>Financial items</b>			
Interest income and similar items	9	21.8	37.7
Group contribution received		64.5	17.0
Interest expenses and similar items	10	−9.6	−10.7
<b>Profit after financial items</b>		<b>44.3</b>	<b>19.5</b>
<b>Appropriations</b>			
Change in additional amortization		—	0.2
Group contribution paid		−10.0	−35.0
<b>Profit/loss before tax</b>		<b>34.3</b>	<b>−15.3</b>
Tax	11	−11.0	3.3
<b>Profit/loss for the year</b>		<b>23.3</b>	<b>−12.0</b>

## Parent company's statement of comprehensive income

SEK m	2011	2010
Profit/loss for the year	23.3	−12.0
<b>Other comprehensive income</b>		
Other comprehensive income	—	—
<b>Total other comprehensive income</b>	<b>23.3</b>	<b>−12.0</b>

## Parent company's balance sheets

SEK m	Note	31 Dec 2011	31 Dec 2010
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>	15		
Equipment, computers and inventory		0.9	1.2
<b>Financial assets</b>			
Shares in Group companies	16	84.1	84.1
Deferred tax receivable		14.4	25.4
Receivables in Group companies		397.2	420.0
<b>Total fixed assets</b>		<b>496.6</b>	<b>530.7</b>
<b>Current assets</b>			
Receivables in Group companies		163.5	144.5
Current tax receivables		0.9	0.9
Other receivables		0.4	–
Prepaid expenses and accrued income		5.9	4.5
Cash and bank balances		10.8	–
<b>Total current assets</b>		<b>181.5</b>	<b>149.9</b>
<b>Total assets</b>		<b>678.1</b>	<b>680.6</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
<b>Restricted shareholders equity</b>			
Share capital	22	18.1	18.1
Statutory reserve		25.1	25.1
<b>Unrestricted shareholders equity</b>			
Share premium reserve		12.9	12.9
Profit brought forward		238.4	250.4
Profit for the year		23.3	–12.0
<b>Total shareholders' equity</b>		<b>317.8</b>	<b>294.5</b>
<b>Untaxed reserves</b>			
Tax allocation reserves		0.2	0.2
<b>Total untaxed reserves</b>		<b>0.2</b>	<b>0.2</b>
<b>Long-term liabilities</b>			
Borrowings	24	238.9	283.7
<b>Total long-term liabilities</b>		<b>238.9</b>	<b>283.7</b>
<b>Current liabilities</b>			
Overdraft facilities	25	–	26.6
Accounts payable		1.8	0.9
Liabilities to Group companies		107.1	69.6
Other liabilities		0.8	0.6
Accrued expenses and prepaid income	26	11.5	4.5
<b>Total current liabilities</b>		<b>121.2</b>	<b>102.2</b>
<b>Total shareholders' equity and liabilities</b>		<b>678.1</b>	<b>680.6</b>
Pledged assets		–	–
Contingent liabilities	28	0.7	0.7



## Parent company's changes in shareholders' equity

SEK m	Share capital	Statutory reserve	Share premium	Profit brought forward incl. profit/loss for the year	Total shareholders' equity
<b>Opening balance on 1 January 2010</b>	<b>18.1</b>	<b>25.1</b>	<b>12.9</b>	<b>250.4</b>	<b>306.5</b>
<b>Comprehensive income</b>					
Profit/loss for the year	–	–	–	–12.0	–12.0
Total other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	–12.0	–12.0
<b>Opening balance on 1 January 2011</b>	<b>18.1</b>	<b>25.1</b>	<b>12.9</b>	<b>238.4</b>	<b>294.5</b>
<b>Comprehensive income</b>					
Profit/loss for the year	–	–	–	23.3	23.3
Total other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	23.3	23.3
<b>Closing balance on 31 December 2011</b>	<b>18.1</b>	<b>25.1</b>	<b>12.9</b>	<b>261.7</b>	<b>317.8</b>

## Parent company's cash flow statement

SEK m	Note	2011	2010
<b>Current activities</b>			
Operating profit/loss		–32.3	–24.5
Impairment	15	0.4	0.4
Interest received and similar items		21.7	36.9
Interest paid and similar items		–9.7	–10.4
Income tax received/paid		1.8	0.3
<b>Cash flow from current activities before changes in working capital</b>		<b>–18.1</b>	<b>2.7</b>
<b>Changes in working capital</b>			
Changes in current receivables		64.7	139.4
Changes in current liabilities		35.6	–180.6
<b>Total change in working capital</b>		<b>100.3</b>	<b>–41.2</b>
<b>Cash flow from current activities</b>		<b>82.2</b>	<b>–38.5</b>
<b>Financing activities</b>			
Change in overdraft facilities		–26.6	26.6
Repayment of loans	24	–44.8	–2.7
<b>Cash flow from financing activities</b>		<b>–71.4</b>	<b>23.9</b>
<b>Cash flow for the year</b>		<b>10.8</b>	<b>–14.6</b>
Cash and bank balances at the start of the year		–	14.6
<b>Cash and bank balances at year-end</b>		<b>10.8</b>	<b>–</b>

# Notes

## Note 1 General information

Semcon AB (publ) is a Swedish listed public company registered with the Swedish Companies Registration Office with Company Registration No. 556539-9549. The company is based in Göteborg, Sweden. The company is listed on the NASDAQ OMX Stockholm Small Cap list under the SEMC ticker. The Group's main business is providing product development services and product information, which are described in the Directors' Report in this Annual Report. The Consolidated Accounts for the financial year ending 31 December 2011 were approved by the Board on 15 March 2012 and will be presented to the AGM on 26 April 2012 for final approval.

## Note 2 Accounting policies

The most important accounting policies applied when these Consolidated Accounts were prepared are stated below. These policies have been applied consistently for each year represented, unless otherwise stated.

### Basis for preparing the reports

The Consolidated Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, IFRIC interpretations, the Swedish Annual Accounts Act and recommendation RFR 1.3 of the Swedish Financial Accounting Standards Council (Additional consolidated accounting regulations). Recommendations that come into effect after the closing day will not have any significant effect on either the results or the financial position of the company. The parent company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2.2 (Accounting for legal entities).

The parent company's functional currency is SEK, which is also the Group's reporting currency. All sums in the financial report are given in SEK millions, unless otherwise stated. The Consolidated Accounts have been prepared in accordance with the acquisition method. Preparing reports in accordance with IFRS requires using a number of important estimates for accounting purposes. It is also necessary for senior management to make a number of estimates when applying the Group's accounting policies. The areas that require a high degree of assessment, which are complex or are such areas where assumptions and estimates are of considerable significance for the Consolidated Accounts appear in Note 4.

### Changes to the accounting policies and disclosures New and amended standard applied by the Group

None of the IFRS or IFRIC interpretations that were obligatory for the first time for the financial year beginning 1 January 2011 have had any significant effect on the Group.

*New standards, amendments and interpretations of existing standards that have not yet entered into force and that have not been applied in advance by the Group.*

- IAS 19 "Employee benefits" was amended in June 2011. The change includes that the Group will stop using the corridor method and instead report all current profit and loss in Other comprehensive income when they arise. The Group intends to apply the amended standard for the financial year beginning 1 January 2013. If the new standard is applied in 2011 then the non-reported actuarial profit of SEK 3 million on 31 December 2011 would have boosted shareholders' equity. The standard has not yet been adopted by the EU.
  - IFRS 9 "Financial instruments" deals with classifying, valuing and reporting financial assets and liabilities. IFRS 9 § 9 was published in November 2009 for financial assets and in October for financial liabilities and replaces sections of IAS 39 related to classification and valuation of financial instruments. IFRS 9 states that financial assets must be classified in two categories: valuing at the fair value or valuing at the accrued acquisition value. The classification is set at the first audit using the company's business model and characteristic properties in the agreed cash flows. No major changes have been introduced for financial liabilities compared with IAS 39. The biggest amendment is for liabilities identified at the fair value. For these, the portion of real value change assignable to own credit risk must be reported in Other comprehensive income instead of profit, as long as it is not an accounting mismatch. The Group intends on applying the new standard no later than the financial year beginning 1 January 2015. The amendments are not expected to have any effect on the consolidated financial reports. The standard has yet to be adopted by the EU.
  - IFRS 10 "Consolidated financial statements" builds on existing principles as it identifies control as the crucial factor for deciding whether a company needs including in the Consolidated financial statements. The standard provides further advice when deciding on control when this is difficult to judge. The Group intends on applying IFRS 10 for the financial year beginning 1 January 2013. The new standard is not expected to have any effect on the Group's financial reports. The standard has yet to be adopted by the EU.
  - IFRS 12 "Disclosures of interests in other entities" includes disclosure requirements for subsidiaries and associated companies. The Group has not yet evaluated the full effect of IFRS 12 for the financial year beginning 1 January 2013. The standard has yet to be adopted by the EU.
  - IFRS 13 "Fair value measurement" aims for the valuing at fair value to be more consistent and less complex by including an exact definition and common source in IFRS to fair valuing and associated disclosures. The demands do not expand on the application area for when fair value is applied but contains advice for how it should be applied when other IFRS already requires or permits valuing at the fair value.
- The Group intends to apply the new standard for the financial year beginning 1 January 2013. The new standard is not expected to have any effect on the consolidated financial statements. The standard has yet to be adopted by the EU. Other IFRS or IFRIC interpretations that have not yet entered into force are not expected to have any impact on the consolidated financial statements.

### Consolidated accounting

In addition to the parent company, the Group consists of all subsidiaries where the Group owns shares and directly or indirectly has the majority of voting rights, or through agreements has a controlling influence. Acquired companies are included in the consolidated accounts from the acquisition date. These consolidated accounts have been prepared in accordance with the purchase method, which means that the acquisition value of the shares in Group companies is divided into identifiable assets and liabilities at the time of the acquisition at the fair value. The difference between the purchase price and the calculated value of equity at the time of the acquisition is reported as consolidated goodwill. All transaction costs relating to acquisitions are expensed. An allowance is made in the acquisition analysis for deferred tax on acquired untaxed reserves. In addition, deferred tax is seen as the difference between the fair values of assets and liabilities and taxable residual value. Untaxed reserves accumulated after acquisition are divided into deferred tax liability and the remaining part, which is reported under profit brought forward. The consolidated shareholders' equity includes the parent company's equity and the part of the subsidiaries' equity accumulated after the date of acquisition. The current method was used for calculating the income statement and balance sheets. This method means that the balance sheets are translated at the closing day rate and the income statements are translated at the average rate for the year. Translation differences are reported in other comprehensive income.

### Pricing between Group companies

Pricing of services between companies in the Group follow market norms.

### Affiliated transactions

Affiliated transactions follow market norms.

### Associated companies

Associated companies are included where the Group has a significant but not decisive influence over operations and financial control and the company is neither a subsidiary nor a share in a joint venture. A significant influence is considered to exist if the company has a minimum holding of between 20 per cent and 50 per cent of the voting rights, or in any other way has a significant influence, but where there is no parent/ subsidiary relationship. Holdings in associate companies are reported in the consolidated income statement and balance sheet according to the equity method from the time that a significant influence is established. The equity method means that shares in a company are reported at the acquisition value at the time of acquisition and then adjusted using the Group's share of the change in the company's net assets. Semcon's share of the associate company's earnings after tax is reported in the consolidated income statement. Unrealized profit on transactions between the Group and associate companies are eliminated in relation to the Group's holding in the associate company.

### Segment reporting

The Group's three business areas Automotive R&D, Design & Development and Informatic make up the Group's reportable operating segments. These are the upper levels that both man-

agement and the board will follow up on. The highest executive function is the CEO who runs the operation along with the rest of group management.

### Cash flow statement

The cash flow statement is produced using the indirect method. Reported cash flow includes only those transactions that have involved payments into or out of the company.

### Revenue recognition

#### *Income from sales of services*

Work in progress is taken up as revenue in line with work being carried out. Fixed-rate work is taken up as revenue in proportion to the respective assignment's degree of completion (successive revenue recognition) on the closing date after reservation for loss risk. The degree of completion is assessed without accrued assignment expenses for work carried out in relation to the assignment's estimated total costs. On account invoices received are reported net against activated assignment expenses. If the net of the expenses paid on account invoices received is positive then the project is reported as an asset in the balance sheet as "Processed but non-invoiced income". Projects are reported as liabilities for which on account invoices received exceed assignment expenses paid as "Invoiced but non-processed income".

#### *Income from sale of goods*

Income from the sale of hardware and software, which is not of significant value, is reported upon delivery, which coincides with the time when risks and benefits accrue to the buyer.

### Income and one-off costs

Income and one-off costs refer to transactions whose result effects are more important to draw attention to when the period's results are compared with other periods concerning:

- Capital gains and losses from the sale of businesses
- Closure or significant reduction of businesses
- Restructuring involving measures in order to reform a business
- Significant impairment
- Other significant nonrecurring income or costs.

One-off items do not appear in the income statement so are specified in Note 12, page 70.

### Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are valued at the closing day rates. Exchange rate differences in current receivables and liabilities are included in the operating profit/ loss while the differences in financial receivables and liabilities are included under financial items.

### Research and development costs

The majority of Semcon's development costs concern development in the framework of customer projects. In other cases the company's development costs are of an ongoing nature and are carried as an expense in the period they occur. These costs are not considered to be significant. Exceptions to this are costs incurred for the development of specific computer programs of technical platforms, which are reported as tangible assets. See below for more information.

**Tangible fixed assets**

Tangible fixed assets mainly consisting of computers, inventory, property and investments in leased premises have been valued at the purchase price with deductions for accumulated depreciation and impairment losses.

Depreciation is based on the acquisition value and is carried out over the expected utilization period. Depreciation according to plan has been based on the expected utilization period as follows:

- Machinery and plant depreciated over 5-10 years
- Computers depreciated over 3-5 years
- Equipment depreciated over 5 years

**Intangible assets****Goodwill**

Acquired goodwill has an indeterminate utilization period and is valued at its acquisition value with deductions for accumulated impairment. Goodwill acquired before 1 January 2004 has been valued at the acquisition value with deductions made for accumulated depreciation relating to the period before 1 January 2004. Goodwill is distributed among cash-generating units and is tested for possible impairment annually.

**Other intangible assets**

Other intangible assets include programs developed internally, acquired licenses and technical platforms. Other acquired intangible assets are valued at acquisition value with deductions made for accumulated depreciation and impairment losses. Acquisition value comprises activated costs that arise from the date when the program or platform is considered to be commercially viable and other criteria according to IAS 38 are fulfilled. Expenses are depreciated over the expected utilization period of 3-8 years. Expenses for internally developed goodwill, trademarks and similar rights are reported as they arise.

**Impairment**

The company's management continually assesses the value of any impairment requirement. Impairment is made in cases where an asset's reported value exceeds its estimated recoverable value. Recoverable value is the higher of the utilization value of the asset in the business and the net sales value. The utilization value is the current value of all inward and outward payments relating to the asset during the period it is expected to be used in the business, plus the current net sales value at the end of the utilization period. A previous impairment is returned when the assumptions used to establish the asset's recovery value have changed, meaning the impairment is no longer appropriate. Returns of previous impairments are tested individually and are reported in the income statement. Impairment of goodwill is not however returned in successive periods.

**Financial instruments**

Financial instruments are valued and reported in the Group according to regulations in IAS 39. Financial instruments reported in the balance sheet include among assets other financial fixed assets, accounts receivable, receivables from associate companies and joint ventures and cash and bank balances. Liabilities and shareholders' equity includes accounts payable - trade, borrowings plus convertibles.

Financial instruments are initially reported at their acquisition

value equivalent to the instruments' actual value with additional transaction costs for all financial instruments, except concerning those belonging to the financial assets (liabilities) category reported at their actual value in the income statement. Reporting and valuing then takes place according to how the financial instrument has been classified.

Trade date reporting is applied when buying and selling of money market and capital market instruments on the spot market. Other financial assets and liabilities are reported in the balance sheet when the company becomes party to the instruments contracted terms. Accounts receivable are reported in the balance sheet when the invoice has been issued. Liabilities are taken up in the balance sheet when the counter-party has performed its agreed liability to pay, even if the invoice has not yet been received. Accounts payable - trade are reported in the balance sheet when the invoice has been received. A financial asset is removed from the balance sheet when the rights of the agreement have been reached, fall due or the company loses control over them. The same applies for parts of financial assets.

A financial liability is removed from the balance sheet when the liabilities of the agreement are met or in any other way become extinct. The same applies for parts of a financial liability.

**Assessment of fair value of financial instruments**

Official market listings on the closing date are used when setting the fair value of financial instruments. If listings are not available, valuation is carried out by using generally accepted methods such as discounting future cash flow at the quoted market price for the respective validity. Translation to SEK is made at the price quoted at the end of the accounting period. Unless otherwise stated the booked value will be a good approximation of the instrument's actual value due to the asset's or liability's short-term nature or fixed-interest term.

**Accrued acquisition value**

The accrued acquisition value is calculated using the effective interest method, meaning that any premiums or discounts and directly attributable costs or income is distributed over the term of the contract with the help of the estimated effective interest. The effective interest is the interest that provides the instrument's acquisition value as a result when current value estimating future cash flow.

**Net reporting of financial assets and liabilities**

Financial assets and liabilities are offset and reported with a net amount in the balance sheet when there is a legal right to offset and when it is intended to regulate the items with a net amount or to realize the asset and regulate the liability.

**Accounts receivable and current receivables**

Accounts receivable and current receivables in associated companies and joint ventures are categorized as "Loan receivables and accounts receivable", which means reporting the accrued acquisition value.

The account receivable's expected duration is short, which is why the value is reported at a nominal amount without discounts with deductions for any possible write-down. Unreliable accounts receivable are considered individually and any possible write-down is reported in the company's liabilities.



**Liquid assets**

Liquid assets are made up of bank balances categorized as "Loan receivables and accounts receivable", whereby reporting takes place at the accrued acquisition value. Because bank balances are payable on demand the accrued acquisition value is equivalent to the nominal amount.

**Accounts payable-trade**

Accounts payable-trade are categorized as "Other financial liabilities", meaning reporting them at their accrued acquisition value.

Accounts payable-trade are expected to have a short duration, which is why the liability is reported at a nominal amount without discounting.

**Other liabilities**

Liabilities to credit institutions, overdraft facilities and other liabilities are categorized as "Other financial liabilities" and valued at their accrued acquisition values. For liabilities in foreign currencies reported in accordance with the hedging method of net investments, the exchange rate gains and exchange rate losses are reported under equity.

**Provisions**

When a formal or informal commitment exists as a result of an event that has occurred and it is possible that resource will be required to fulfill the commitment and a reliable estimate can be made of the amount required, then such a commitment is reported as a provision if the amount and payment date are uncertain.

**Income tax**

The Group's tax expense and tax income are reported as current tax, changes in deferred tax as well as tax in changes to untaxed reserves.

**Current tax**

Current tax is the tax estimated on the taxable results for the period in accordance with the tax regulations in each country. Current tax also includes possible adjustments from previous taxation.

**Deferred tax**

This tax is calculated on the basis of the taxable and tax-deductible temporary differences respectively between the reported and fiscal value of assets and liabilities. Deferred tax liability of loss carry-forwards have only been taken into account to the extent where it is probable that the loss carry-forwards can be deducted from the taxable surplus in future.

**Leasing**

The Group does not have any financial leasing contracts. The Group rents offices, cars and some office equipment. Rental agreements in which the risks and benefits associated with ownership remain to a significant extent with the lease provider are reported as operational leasing agreements. The costs are reported directly in the income statement during the rental period.

**Employee remuneration**

Employees' remuneration is reported as earned and paid wages plus bonus earned. Full remuneration is paid for various commitments such as non-utilized holiday entitlement and payroll overheads.

**Pensions**

For pensions Semcon reports remuneration to employees according to IAS 19. According to IFRS, pensions are divided between defined-contribution and defined-benefit pensions. Defined-contribution plans are defined as plans where the company pays a fixed amount to a third party and where the company no longer becomes liable once the payment has been made. Such plans are reported as a cost when the premium is paid. Other plans include defined-benefit plans where the liability remains within the Group. These liabilities and costs concerning work during the current period are estimated as actuarial with application of the "Projected unit credit method". External actuaries are used for these estimates.

Provisions in the balance sheet are made up of the current value of the defined-benefit obligations adjusted for non-reported actuarial profits and losses. Actuarial profits or losses arise when changes to actuarial assumptions are made and when there's a difference between actuarial assumptions and actual results. The part of the accumulated amount exceeding 10 per cent of the obligation's current value, at the end of the previous year, is reported in the result of the expected average remaining period of service for the employee covered by the plan. For all defined-benefit plans the actuarial costs that burdens the result consists of a cost concerning service in the current period, interest costs and possible amortization of actuarial profits or losses.

Commitments for retirement pensions and family pensions for salaried employees in Sweden are safeguarded via insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined-benefit plan that encompasses several employers. As in previous years the company has not had access to information to enable it to report this plan as a defined benefit plan, which means that the ITP pension plans secured via insurance with Alecta are therefore reported as defined contribution plans.

**Redundancy pay**

Redundancy pay is paid when employment ceases before reaching retirement age, or when an employee terminates employment in return for redundancy pay. The Group reports redundancy pay when it is clear that it is either a case of voluntary redundancy in accordance with the set plan without the possibility of reprisals or that the redundancy offer given was to encourage the voluntary redundancy and accepted by the person who received the offer. Benefits that fall due for payment more than 12 months after the closing date are discounted to the current value, if they are significant.

**Bonuses**

The Group reports liabilities and costs for bonus payments when they are linked to a contract or when there is an established practice that has created an informal duty.

**Share-related remuneration to employees**

The Group has a share-related remuneration scheme (share savings scheme) where settlement is made with Semcon shares (matching shares) and where the company receives services from the employees in return for the matching shares. According to IFRS 2, salary costs must be reported that relate to the

share savings scheme, made up of a measurement of the value for the company concerning the services from the employee for the duration of the scheme. The accrual conditions presuppose that the employee is still employed at the time of matching. The costs are calculated with reference to the number of shares estimated to be matched at the end of the accrual period, at which point an expected staff turnover has been taken into consideration. The actual value of the shares has been based on the share price at the time the employee invested in the shares. The total amount cost-accounted is reported divided over the accrual period, which is the period over which the stated accrual conditions must be met. The amount corresponding to the share savings scheme's costs is reported in the balance sheets as shareholders' equity. Every balance sheet date the company re-evaluates how many shares it expects to be accrued based on the accrual conditions. Any deviation from the original estimates that re-evaluation gives rise to, are reported in the income statement and corresponding adjustments made to shareholders' equity. When share matching takes place, the social security contributions must be paid for the value of the employee's benefit. This value is generally based on the market value on the matching day. Allocations are made for these estimated social security contributions during the accrual period.

#### Accounting policies of the parent company

The parent company has drawn up its Annual Report in accordance with the Annual Accounts Act and RFR 2.2 (Accounting for legal entities) of the Swedish Financial Accounting Standards Council. From 2011 the parent company has amended an accounting policy regarding Group contributions paid as a result to amendments in RFR 2.2. In the past these items were reported directly against shareholders' equity while they are now reported in the income statement as appropriations. Comparable figures have been adjusted accordingly. Otherwise the same accounting policies and calculation methods have been applied for 2011 as for 2010. The differences between the Group and parent company's accounting policies appear below.

#### Group companies

Participations in Group companies are reported at the acquisition value in the parent company's financial reports. Dividends are reported as income for the part they refer to profits generated after the acquisition. Dividends in excess of these profits are considered as repayment of investments and thereby cut the reported value of participations in the Group companies.

#### Financial guarantees

The parent company applies the exception rule in RFR 2.3 to avoid applying the rules in IAS 39 for financial guarantees concerning Group and associate companies. In these cases rules in IAS 37 are applied meaning that financial guarantee agreements must be reported as an allocation in the balance sheet when Semcon has a legal or informal commitment as a result of a previous event and it is likely that an outflow of resources will be required to regulate such an action. It must also be possible to carry out a reliable estimate of the value of such an action.

#### Taxes

In the parent company, untaxed reserves are reported including deferred tax liabilities, as opposed to the consolidated accounts where untaxed reserves are divided into deferred tax liabilities and shareholders' equity.

#### Group contribution/shareholders' contribution

The company reports Group contributions according to a statement from the Swedish Financial Reporting Board, UFR 2. Group contribution paid in order to minimize the Group's total tax reported under appropriations. Group contributions paid classed the same as dividends are reported as financial income with the recipient. All Group contributions to the parent company can be classed the same as dividends and therefore can be reported in the income statement.

## Note 3 Financial risks

#### Financing risks

Financing risks are risks associated with financing the Group's capital needs and refinancing of outstanding loans made more difficult or more expensive. Credit agreements consist of an overdraft facility of SEK 153 million (104) and a loan agreement of EUR 32.8 million (32.8). The loan falls due on 20 July 2012 with a unilateral option for the company to convert it to a three-year loan before the due date. If the option is utilized the loan will be amortized over three years. The loan is conditional on the customary covenants being fulfilled in the form of equity/assets ratio, debt/equity ratio and net loan debt (excluding pensions) in relation to the operating profit/loss before amortization. All loan conditions were met by healthy margins as of 31 December 2011.

#### Interest rate risks

Interest risks are the risks associated with effects on profit and cash flow in case of long-term changes to the market rates. Profit sensitivity can however be limited by selected interest maturity structure. The Group's average fixed interest rate term on loans will not exceed two years. At year-end the fixed interest term was 7 days. During 2011 the short-term 7-day interest rate was considerably lower than the longer term interest rates. An alteration in market rates of +/- 1 per cent would affect future profit by around SEK 2 million based on the borrowings as of 31 December.

#### Liquidity risks

Liquidity risks are the risks associated with not having access to liquid assets or unutilized credits to fulfill payment commitments. The Group's liquid assets at year-end amounted to SEK 40 million (42). In addition, the Group has an unused overdraft facility of SEK 223 million (100). Liquidity in the Group will be placed in cash pools. Cash pools allow Semcon centralized liquidity management at national levels. These cash pools match the excess and shortfalls in the local subsidiaries for the respective countries and currency. Because the Group is the net borrower the excess liquidity will be used to amortize external debts.

**Maturity analysis for contracted payment**

The Group, SEK m	Up to 3 months	3–12 months	Over 12 months
Liabilities to credit	–	0.2	223.6
Accounts payable	85.1	–	–
Other liabilities	72.5	–	–

In addition, interest is payable on any unutilized credit. Based on the current interest and currency exchange rates on 31 December 2011 the annual interest payments are around SEK 5 million, calculated on utilized amounts as at year-end.

**Currency risks**

Semcon's accounting takes place in Swedish kronor, but the Group has business in a number of countries around the world. This means that the Group is exposed to currency risks. The majority of the currency risk is made up of translation differences that arise when foreign companies' income statements are translated to SEK. A change in EUR against the SEK of +/- 10 per cent would affect profits before tax by around SEK 5-7 million and the profit after tax by around SEK 3-5 million.

**Transaction exposure**

Semcon has export income and expenses in a number of currencies, meaning the Group is therefore exposed to currency fluctuations. This currency risk is currently very limited and known as transaction exposure and affects the Group's operating profit.

**Translation exposure (net investments)**

The foreign subsidiaries' net assets make up an investment in foreign currency that upon consolidation causes translation difference. To limit the negative effects of the translation differences on the Group's shareholders' equity most of the hedging takes place through loans in the equivalent foreign currency.

**Translation exposure (income statement)**

Exchange rate changes also affect the Group's profit in connection with translation of the income statements in foreign subsidiaries to Swedish kronor. Expected future profits in foreign subsidiaries are not hedged.

**Credit risks****Customer credit risk**

Most financial assets consist of accounts receivable and processed but non-utilized income. The creditworthiness of these items that have neither fallen for payment due or in need of impairment have been assessed according to external credit ratings (if available) or the customer's payment history. All new customers are checked with respect to their creditworthiness, and Monitoring is also carried out of existing customers. The Group's accounts receivable are largely made up of receivables of large international Swedish and German companies whose financial position is considered good. Of the Group's total accounts receivable most are accounts receivable not fallen due for payment. The majority of the due and non-reserved accounts receivable have very short maturity date. The joint credit risk is

considered small. The maximum credit exposure is countered by the assets' booked value. The maturity structure of accounts receivable is explained in Note 18 on page 74.

**Cash and bank balances**

Cash and bank balances are made up of bankable funds at all the major European banks and the assets are not considered to pose any risk. The maximum credit exposure is countered by the assets' booked value.

**Capital risk management**

The Group's aim regarding its capital structure is to safeguard the Group's ability to continue its business, so that it can continue to generate dividends for shareholders and benefits to other interested parties, and maintain an optimal capital structure to keep capital costs down. One of Semcon's financial aims is to have an equity/assets ratio of over 30 per cent. This key figure is calculated as shareholders' equity divided by total assets. At the end of 2011, the equity/assets ratio was 38.4 per cent (33.0). To maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares, or sell assets to reduce liabilities. Loans are restricted by financial covenants in the loan agreement with the bank that is more clearly described in the section "Financing risks".

**Estimating the fair value**

For accounts receivable, accounts payable and other non interest-bearing receivables and liabilities, reported at the accrued acquisition value with deductions for possible impairment, the fair value is judged to correspond to the reported value.

The Group's borrowing is mainly carried out with short-term fixed interest rates. The fair value is therefore judged to correspond with the reported value.

The Group's currency forward agreements used for hedging have been valued at the fair value based on prices from external banks. The fair value of these contracts amounts to SEK 3.2 million (0.8).

## Note 4

### Critical estimations and assessments

When compiling the annual report in accordance with IFRS and good accounting practices the Group has made estimations and assessments about the future, which affect the reported values of the assets and liabilities. These estimations and assessments are valued on an ongoing basis and are based on historical experience and other factors considered reasonable under the prevailing conditions. In cases where it is not possible to fix the reported value of assets and liabilities through information from other sources these estimations and assessments are the basis of the valuation.

Using other estimations and assessments the result can differ and the actual result will, according to definition, rarely be equivalent to the actual result. The estimations and assessments have the greatest influence over Semcon's results and position as detailed below.

#### Impairment test for goodwill

Every year the Group tests impairment for goodwill in accordance with Note 2 on page 60 above concerning accounting policies. The examination requires an estimate of parameters that affect the future cash flow and stipulation of a discount factor. The recoverable amount of the cash-generating units has thereafter been set using an estimate of the value in use. In Note 14 on page 65 there is an account of the significant estimations carried out upon examining the need for goodwill impairment. As of 31 December 2011 the reported value of the consolidated goodwill was SEK 436.0 million.

#### Assessment of loss carry-forwards

The reported deferred tax assets in the Group concerning loss carry-forwards amounted to SEK 78.2 million on 31 December 2011. The reported value of these tax assets was examined on the balance sheet date and it is judged likely that the tax relief can be used against future tax. The tax assets refer to Germany where loss carry-forwards can be used for an unlimited period. Increased orders and positive results in 2011 mean that the Group's business in this country is expected to generate a surplus and therefore it is considered that the loss carry-forwards attributable to the tax assets may be used against future taxable surplus.

Changes to estimations about fore-casted future taxable profit might result in differences in valuing deferred tax assets. If the future taxable profit in Germany deviates by 10 per cent from management's estimate then the Group would be forced to cut its deferred tax asset by SEK 6.1 million.

#### Pension obligations

Reporting of provisions for defined-benefit pension plans and other pension benefits, is based on actuarial estimates that use the assessments for discount rates, future wage increased, staff turnover and demographic conditions. The assessments made concerning these estimates affect the value of the total pension obligations and major changes to the estimates would be able to affect the Group's results and position. The same is true of a change to the estimates concerning whether pension insur-

ances in Alecta should be reported as a defined-contribution plan or not

On 31 December 2011 the Group's pension allocations amounted to SEK 49.0 million.

If the discount rate changed by 0.25 per cent then the current value of the pension obligations would need to be adjusted by around SEK 2 million. Actuarial assumptions appear in Note 23 on page 76.

#### Assessment of loss risk in projects

The assessment of loss risks in projects is based on estimates of the results of projects in progress. Some projects stretch over the long-term, which is why it cannot be discounted that the result of the projects in progress can have an effect on the Group's results and position.

#### Disputes

Reserves for disputes are estimates of the future cash flow required to regulate the obligations. Disputes mainly refer to contractual measures referring to contracts with customers and suppliers, but other kinds of disputes also occur in the normal day-to-day running of the business. The result of complicated disputes can be difficult to predict and disputes can be time-consuming and costly. It can therefore not be discounted that a poor outcome of a dispute can have a negative impact on the Group's results and position. There are currently no disputes however where the outcome would involve a significant negative impact on results.



## Note 5

### Segment reporting

The Group's three business areas, Automotive R&D, Design & Development and Informatic make up the Group's reportable operating segments. Automotive R&D provides services aimed at concept, design, calculation, construction, prototyping, testing, simulation and production for customers mainly in the global automotive industry. Design & Development works mainly with industrial design, product development, plant design and production development. Informatic provides complete information solutions for interactive market communication and after-market. These three segments are the highest level at which management and the Board carries out follow-ups. The highest executive position in the Group is CEO, who together with the rest of the senior executives, runs the business. The two first operating segments receive revenues mainly from engineering services for designing, developing products and production, while Informatic mainly receives its revenues by developing product information for entire product lifecycles.

No other information concerning income divided between

services is given out as it is not part of financial reporting, and the cost of producing the information is not justifiable. The segments' accounting policies follow the same policies as when compiling the consolidated accounts, which appear in note 2 on page 58.

The Group reports sales between the segments at current market prices. These sales between the segments are meanwhile relatively small and have been eliminated directly in each segment, i.e. sales that are reported are for sales to external customers. The senior executives follow up the segments' earnings based on the operating profit. Financial items are not divided by segment because they are affected by measures taken by the central financial manager. Taxes aren't divided by segment either. The segments' assets and liabilities include directly attributable items together with such items that can reliably be allocated to the respective segment. The Group's long-term borrowing is not considered as a liability by the segments and instead refers to the financial management.

SEK m	Automotive R&D		Design & Development		Informatic		Elimination/ Non-allocated items		The Group total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<b>Income</b>	<b>1,338.3</b>	<b>1,091.0</b>	<b>739.5</b>	<b>670.2</b>	<b>374.1</b>	<b>329.7</b>	<b>–</b>	<b>–</b>	<b>2,451.9</b>	<b>2,090.9</b>
Operating profit/loss excl. one-off items	41.4	–35.0	58.1	23.4	42.4	29.5	–	–	141.9	17.9
One-off items	–16.9	–6.8	–0.8	–8.1	–13.0	–	–	–	–30.7	–14.9
<b>Operating profit/loss</b>	<b>24.5</b>	<b>–41.8</b>	<b>57.3</b>	<b>15.3</b>	<b>29.4</b>	<b>29.5</b>	<b>–</b>	<b>–</b>	<b>111.2</b>	<b>3.0</b>
Net financial items	–	–	–	–	–	–	–10.8	–9.1	–10.8	–9.1
<b>Profit before tax</b>	<b>24.5</b>	<b>–41.8</b>	<b>57.3</b>	<b>15.3</b>	<b>29.4</b>	<b>29.5</b>	<b>–10.8</b>	<b>–9.1</b>	<b>100.4</b>	<b>–6.1</b>
<b>Other disclosures</b>										
Non interest-bearing assets	530.4	518.4	341.2	333.9	98.8	84.3	–	–	970.4	936.6
Shares in associated companies	–	–	18.9	18.2	–	–	–	–	18.9	18.2
Total non interest-bearing assets	530.4	518.4	360.1	352.1	98.8	84.3	–	–	989.3	954.8
Non-divided assets	–	–	–	–	–	–	163.0	175.8	163.0	175.8
<b>Total assets</b>	<b>530.4</b>	<b>518.4</b>	<b>360.1</b>	<b>352.1</b>	<b>98.8</b>	<b>84.3</b>	<b>163.0</b>	<b>175.8</b>	<b>1,152.3</b>	<b>1,130.6</b>
Non interest-bearing liabilities	209.6	190.1	106.2	107.6	58.7	63.9	–	–	374.5	361.6
Non-divided liabilities	–	–	–	–	–	–	335.8	396.4	335.8	396.4
Total consolidated liabilities	209.6	190.1	106.2	107.6	58.7	63.9	335.8	396.4	710.3	758.0
Shareholders' equity	–	–	–	–	–	–	442.0	372.6	442.0	372.6
<b>Total shareholders' equity and liabilities</b>	<b>209.6</b>	<b>190.1</b>	<b>106.2</b>	<b>107.6</b>	<b>58.7</b>	<b>63.9</b>	<b>777.8</b>	<b>769.0</b>	<b>1,152.3</b>	<b>1,130.6</b>
Investments	13.1	11.9	3.1	0.9	0.6	0.8	0.6	0.9	17.4	14.5
Depreciation	14.7	18.3	3.4	3.4	1.4	1.4	6.7	6.5	26.2	29.6
Impairment	–	–	–	–	–	–	–	0.3	–	0.3

Geographic location	Sales according to customers'		Intangible assets and tangible fixed assets		Investments	
	2011	2010	2011	2010	2011	2010
Sweden	1,223.6	1,101.5	270.0	279.5	3.9	1.8
Germany	817.1	673.2	213.3	213.5	10.5	6.2
Other	411.2	316.2	10.0	11.9	3.0	6.5
<b>Total</b>	<b>2,451.9</b>	<b>2,090.9</b>	<b>493.3</b>	<b>504.9</b>	<b>17.4</b>	<b>14.5</b>

There were no individual customers during the year from which the income exceeded 10 per cent of the Group's sales.

## Note 6

### Net sales

Of net sales, income from services accounts for 92.9 per cent (92.0). Other sales comprise licenses, sales of computers, assignment computers, training, sales of materials and goods in projects. The parent company's sales attributable to Group companies amounted to SEK 21.4 million (22.2) and purchases amounted to SEK 0.8 million (0.1).

## Note 7

### Remuneration to auditors

SEK m	The Group		Parent company	
	2011	2010	2011	2010
<b>Deloitte</b>				
Auditing assignments	2.1	2.1	0.2	0.2
Services in addition to auditing assignments	0.2	0.2	0.2	0.2
Tax consultancy	–	–	–	–
Other services	–	–	–	–
<b>Total</b>	<b>2.3</b>	<b>2.3</b>	<b>0.4</b>	<b>0.4</b>
<b>Other auditors</b>				
Auditing assignments	0.1	0.1	–	–
<b>Total</b>	<b>0.1</b>	<b>0.1</b>	<b>–</b>	<b>–</b>
<b>Total remuneration to auditors</b>	<b>2.4</b>	<b>2.4</b>	<b>0.4</b>	<b>0.4</b>

## Note 8

### Personal

The Group	2011		2010	
	Average number of employees	of whom women, %	Average number of employees	of whom women, %
Sweden	1,364	26	1,326	24
Germany	894	20	815	19
Brazil	176	24	135	20
UK	108	9	52	13
India	78	14	69	13
Hungary	47	28	30	23
China	41	68	27	59
Spain	19	1	14	–
Malaysia	–	–	6	50
<b>The Group total</b>	<b>2,727</b>	<b>23</b>	<b>2,474</b>	<b>22</b>
<b>Parent company</b>				
Sweden	12	42	14	36
<b>Parent company total</b>	<b>12</b>	<b>42</b>	<b>14</b>	<b>36</b>

SEK m	2011			2010		
	Total salaries and other remuneration	Payroll overheads	Of which pension costs	Total salaries and other remuneration	Payroll overheads	Of which pension costs
<b>Salaries, remuneration and payroll overheads</b>						
Parent company	18.1	14.9	7.1	16.5	10.7	4.4
Subsidiaries	1,142.0	369.0	72.0	1,057.2	360.6	70.0
<b>The Group total</b>	<b>1,160.1</b>	<b>383.9</b>	<b>79.1</b>	<b>1,073.7</b>	<b>371.3</b>	<b>74.4</b>

SEK m	2011			2010		
	Total salaries and other remuneration	Of which bonuses	Pension costs	Total salaries and other remuneration	Of which bonuses	Pension costs
<b>Of which remuneration to senior executives</b>						
CEO of the parent company	3.4	–	3.7	3.4	–	1.6
CEO of subsidiaries	7.8	0.8	1.0	6.9	0.7	0.9
The Board	1.2	–	–	1.2	–	–
Other senior executives *	14.5	3.0	3.8	12.5	0.4	3.3

\* Details about salaries and remuneration to other senior executives includes parts of the sums that are also included in salaries and remuneration to the CEOs of the subsidiaries in the above table. The amounts are for those CEOs of subsidiaries who are part of the senior executive team.

**Remuneration to the CEO.** According to the terms of the CEO's employment contract, upon notice of dismissal from Semcon, severance pay will be paid for 12 months. If the CEO resigns, notice time is 6 months. A bonus may also be paid in accordance with the rules established by the Board and at a maximum of 6 times the fixed monthly salary. A maximum bonus of SEK 1.8 million was paid in 2011, which was exchanged and paid as a pension provision. No bonus was paid for 2010. The contract also includes a non-competition clause, which limits the CEO from running a competitive business for 24 months from the time of termination of employment. The CEO is entitled to a retirement benefit in the form of a pension scheme. The monthly premium for this pension scheme is 35 per cent of the fixed monthly salary. In 2011 a total of SEK 2.2 million (0.3) was exchanged and paid as a pension provision.

**The Board.** Of fees to the Board in 2011 the Chairman of the Board received remuneration amounting to SEK 400,000. Other external members received SEK 200,000. Board fees totaled SEK 1.2 million.

**Other senior executives.** Other senior executives, 10 individuals (11), refers to Semcon's senior management besides the company's CEO. Other senior executives are entitled to bonuses based on how well they meet their respective business targets. Bonuses paid will be a maximum six times the fixed monthly salary. The period of notice given to other senior executives is a maximum 12 months. The pension agreements for senior executives are paid in accordance with the ITP plan, except for one executive whose monthly premium is 35 per cent of salary. The amounts included in salaries and remuneration for senior executives refer solely to the periods when the employee was part of the Group management team.

**Gender of senior executives.** Two of Semcon's six Board members are women. In 2011 the Group management team consisted of eleven people, of which one woman.

**Other.** The company has not nominated a remunerations committee. Remuneration to the Board is decided by the AGM after proposals by the nominations committee. Remuneration to the CEO and other senior executives is decided by the Board in its entirety. Benefits concerning company cars amounted to SEK 0 (0) for the CEO and SEK 678,000 (661,000) for other senior executives. The benefit value of received matching shares according to Semcon's share savings scheme was SEK 64,000 (0) for the CEO and SEK 78 (0) for other senior executives.

## Note 9

### Interest income and similar items

The Group SEK m	2011	2010
Interest income	1.6	1.1
Exchange rate differences	2.0	0.9
Other financial income	0.2	–
<b>Total</b>	<b>3.8</b>	<b>2.0</b>
Parent company SEK m	2011	2010
Interest income	15.5	8.2
Exchange rate differences, forward cover	4.7	25.3
Other exchange rate differences	1.6	4.2
<b>Total</b>	<b>21.8</b>	<b>37.7</b>

## Note 10

### Interest expenses and similar items

The Group SEK m	2011	2010
Interest expenses	–13.0	–10.4
Other financial expenses	–1.6	–0.7
<b>Total</b>	<b>–14.6</b>	<b>–11.1</b>
Parent company SEK m	2011	2010
Interest expenses	–8.3	–10.5
Other financial expenses	–1.3	–0.2
<b>Total</b>	<b>–9.6</b>	<b>–10.7</b>

## Note 11

### Tax

The Group SEK m	2011	2010
Current tax	9.0	0.3
Tax concerning previous tax years	-0.2	-2.1
Deferred tax expense attributable to temporary differences	22.2	4.4
Deferred tax income attributable to temporary differences	-	-3.4
<b>Total</b>	<b>31.0</b>	<b>-0.8</b>

Parent company SEK m	2011	2010
Deferred tax expense attributable to temporary differences	11.0	-
Deferred tax income attributable to temporary differences	-	-3.3
<b>Total</b>	<b>11.0</b>	<b>-3.3</b>

#### Differences between Group's reported tax and tax expense based on current tax rate

Reported profit/loss before tax	100.4	-6.1
Tax according to current tax rate, 26.3%	26.4	-1.6

#### Tax effect of:

Non-deductible expenses	2.7	2.1
Non-taxable income	-0.7	-0.6
Adjustments for previous years' tax	-0.2	-2.1
Loss carry-forwards not valued in accounts	-	1.6
Effects of other tax rates abroad	2.0	0.4
Other	0.8	-0.6
<b>Tax for the year</b>	<b>31.0</b>	<b>-0.8</b>

#### Differences between parent company's reported tax and tax expense based on current tax rate

Reported profit/loss before tax	34.3	-15.3
Tax according to current tax rate, 26.3%	9.0	-4.0
Tax effect of:		
Non-deductible expenses	2.0	0.7
<b>Tax for the year</b>	<b>11.0</b>	<b>-3.3</b>

Temporary differences apply in cases where assets or liabilities reported and taxable values are different.

#### The Group's temporary differences have resulted in deferred tax assets and deferred tax liabilities for the following items

<b>Deferred tax assets</b>		
Loss carry-forwards	78.2	97.6
Temporary differences, inventories	-	0.1
Temporary differences, accounts receivable	1.0	0.3
Temporary differences, pension obligations	3.9	4.0
Other	0.2	1.3
Netting against deferred tax liabilities	-18.6	-33.4
<b>Total</b>	<b>64.7</b>	<b>69.9</b>



The Group SEK m	2011	2010
<b>Deferred tax liabilities</b>		
Untaxed reserves	2.4	2.1
Accrued income reported in the Group	22.9	22.0
Equity hedge loan	4.0	3.6
Goodwill	5.9	4.7
Other	1.6	1.0
Netting against deferred tax assets	-18.6	-33.4
<b>Total</b>	<b>18.2</b>	<b>-</b>

The taxable loss carry-forward is SEK 457.0 million (515.0). Of this SEK 6.4 million (4.1) falls due within 5 years, SEK, 1.8 million (1.8) after five years and for the remaining SEK 448.8 million (509.1) there is no maturity date. For SEK 199.8 million (187.6) of the taxable loss carry-forward no deferred taxes recoverable have been reported because of uncertainty when sufficient taxable surplus is reported in the future. Deferred income taxes recoverable have been reported at SEK 78.2 million (97.6) as it is judged likely, due to positive results in 2011 that the taxable surplus will be available in future, against which this deficit can be offset.

## Note 12

### One-off items

The Group SEK m	2011	2010
Structural changes, Sweden	-1.8	-11.3
Structural changes outside Sweden	-	-3.6
Reserves for bad debts/work in progress	-28.9	-
<b>Total</b>	<b>-30.7</b>	<b>-14.9</b>

#### Specifications of items in the income statement

Other external expenses	-28.9	-2.3
Staff expenses	-1.8	-12.6
<b>Total</b>	<b>-30.7</b>	<b>-14.9</b>

## Note 13

### Earnings per share

The Group	2011		2010	
	Before dilution	After dilution	Before dilution	After dilution
Earnings attributable to parent company's shareholders, SEK m	69.4	69.4	-5.3	-5.3
Weighted average no. of shares during the year, (ooo)	17,839	18,113	18,113	18,113
<b>Earnings per share, SEK</b>	<b>3.89</b>	<b>3.83</b>	<b>-0.29</b>	<b>-0.29</b>

#### Before dilution

Earnings per share before dilution are calculated by dividing earnings attributable to parent company shareholders by a weighted average number of outstanding ordinary shares during the period excluding buy-back shares held as own shares by the parent company, see Note 22 on page 75. Since the results have been negative, all outstanding shares are used in the assessment for 2011 and 2010.

#### After dilution

When calculating earnings per share after dilution the weighted number of outstanding ordinary shares is adjusted for the dilution effect of all potential ordinary shares.

## Note 14

### Intangible assets

The Group SEK m	2011	2010
<b>Goodwill</b>		
Opening acquisition value	632.7	675.4
Sales/disposals	–8.5	–
Translation difference for the year	0.0	–42.7
<b>Closing accumulated acquisition value</b>	<b>624.2</b>	<b>632.7</b>
Opening impairment	–195.5	–200.2
Sales/disposals	8.5	–
Translation difference for the year	–1.2	4.7
<b>Closing accumulated impairment</b>	<b>–188.2</b>	<b>–195.5</b>
<b>Closing booked value</b>	<b>436.0</b>	<b>437.2</b>
Business area, SEK m	2011	2010
<b>Specification of goodwill</b>		
Goodwill is distributed across the Group's business units as follows:		
Automotive R&D	272.4	273.6
Design & Development	163.6	163.6
Informatic	–	–
<b>Closing booked value</b>	<b>436.0</b>	<b>437.2</b>

Testing for impairment losses for goodwill is carried out annually and when there are indications that impairment losses are required. Recoverable amounts for each business area (cash-generating units) have been set according to management's calculated usable value. These calculations use the estimated future cash flow for 2012. The budgeted cash flow is based on the current year's results, orders and management's expectations for market development in 2012. For 2013-2017 an assumption has been made that revenues will rise by 3 per cent annually and then a long-term growth of 2 per cent. Sensitivity analyses have been carried out and if the assumed growth worsens by one per cent then there will be no need for impairment.

The cash flow has been discounted with a weighted capital cost equivalent to 9 per cent before tax and 7 per cent after tax. This is calculated using the Group's targeted capital structure, current risk-free long-term interest rate and a risk premium for shareholders' equity of 5 per cent and a margin for borrowed capital of 1 per cent. If the discount rate after tax increased by 1 per cent to 8 per cent, it means that the beneficial value is still greater than the reported value.

Further assumptions used when calculating value in use for 2011:

Exchange rates and share of income	Share of income per currency			
	Exchange	Automotive R&D	Design & Development	Informatic
SEK	1.00	27%	93%	55%
EUR	9.00	61%	1%	9%
GBP	10.50	5%	–	26%
Other		7%	6%	10%
		100%	100%	100%
Average tax rates		30%	27%	26%

The estimated value in use for 2011 exceeded the reported values by a good margin. The same long-term growth, weighted capital cost and tax rates were used for estimating value in use for 2011 as for 2010. The exchange rates used in 2010 were EUR 9.00 and GBP 11.00.

The Group SEK m	2011	2010
<b>Other intangible assets</b>		
Opening acquisition value	84.1	85.9
Investments	4.3	4.0
Translation difference for the year	-1.0	-5.8
<b>Closing accumulated acquisition value</b>	<b>87.4</b>	<b>84.1</b>
Opening depreciation	-59.4	-57.4
Depreciation for the year	-7.5	-7.5
Translation difference for the year	0.6	5.5
<b>Closing accumulated depreciation</b>	<b>-66.3</b>	<b>-59.4</b>
<b>Closing booked value</b>	<b>21.1</b>	<b>24.7</b>

Other intangible assets in the Group consist of licences and computer software. Depreciation occurs linearly over the period of use.

## Note 15

### Tangible fixed assets

The Group SEK m	2011	2010
<b>Plant and machinery</b>		
Opening acquisition value	92.2	95.6
Investments	3.3	1.4
Sales/disposals	-1.0	-4.0
Reclassification	0.9	7.7
Translation difference for the year	-0.7	-8.5
<b>Closing accumulated acquisition value</b>	<b>94.7</b>	<b>92.2</b>
Opening depreciation	-74.1	-75.3
Sales/disposals	0.7	3.4
Reclassification	-	-3.5
Depreciation for the year	-5.6	-5.8
Translation difference for the year	0.4	7.1
<b>Closing accumulated depreciation</b>	<b>-78.6</b>	<b>-74.1</b>
<b>Closing booked value</b>	<b>16.1</b>	<b>18.1</b>
<b>Inventories, computers and equipment</b>		
Opening acquisition value	194.4	245.4
Investments	9.8	9.1
Sales/disposals	-37.9	-36.0
Reclassification	-0.8	-7.7
Translation difference for the year	-1.3	-16.4
<b>Closing accumulated acquisition value</b>	<b>164.2</b>	<b>194.4</b>

The Group SEK m	2011	2010
Opening depreciation/impairment	-169.5	-205.1
Sales/disposals	37.5	35.1
Reclassification	—	3.5
Impairment for the year	—	-0.3
Depreciation for the year	-13.1	-16.3
Translation difference for the year	1.0	13.6
<b>Closing accumulated depreciation/impairment</b>	<b>-144.1</b>	<b>-169.5</b>
<b>Closing booked value</b>	<b>20.1</b>	<b>24.9</b>
<b>Parent company SEK m</b>	<b>2011</b>	<b>2010</b>
<b>Inventories, computers and equipment</b>		
Opening acquisition value	1.7	1.7
<b>Closing accumulated acquisition value</b>	<b>1.7</b>	<b>1.7</b>
Opening depreciation	-0.5	-0.1
Depreciation for the year	-0.3	-0.4
<b>Closing accumulated depreciation</b>	<b>-0.8</b>	<b>-0.5</b>
<b>Closing booked value</b>	<b>0.9</b>	<b>1.2</b>

## Note 16

### Shares in Group companies

Parent company	Group company	Capital share, %	Voting rights, %	Booked value, SEK m	Co.reg.no	Registered office
Semcon AB	Semcon Förvaltnings AB	100	100	58.8	556530-6403	Göteborg
	Semcon Informatic AB	100	100	15.5	556606-0363	Göteborg
	Semcon International AB	100	100	9.8	556534-4651	Göteborg
<b>Total</b>				<b>84.1</b>		

The accumulated acquisition value of shares in Group companies amounts to SEK 307.1 million. A statutory specification of company registration number and registered office of all Group companies in the Group can be obtained from Semcon's head office.

## Note 17

### Shares in associated companies

Parent company	Group company	Capital share, %	Voting rights, %	Booked value, SEK m	Co.reg.no	Registered office
Semcon International AB	Kongsberg Devotek AS	30	30	19.0	883 602 382	Kongsberg, Norway
<b>Total</b>				<b>19.0</b>		

SEK m	2011	2010
<b>Shares in associated companies</b>		
Opening booked value	18.2	15.0
Share of earnings	0.8	3.2
<b>Closing booked value</b>	<b>19.0</b>	<b>18.2</b>

The share in associated companies' revenue was SEK 38.8 million (37.1), share of assets was SEK 15.9 million (13.3) and share of liabilities was SEK 14.2 million (9.3).

## Note 18

### Accounts receivable

		2011			2010		
The Group	SEK m	Gross	Reserve	Reported value	Gross	Reserve	Reported value
<hr/>							
Accounts receivable, not due for payment		318.1	—	318.1	300.9	—	300.9
Due for payment, 1–30 days		46.2	—	46.2	15.2	–0.5	14.7
Due for payment, 31–60 days		5.0	–0.2	4.8	3.2	–0.1	3.1
Due for payment, over 60 days		18.5	–15.0	3.5	28.1	–23.0	5.1
<b>Total</b>		<b>387.8</b>	<b>–15.2</b>	<b>372.6</b>	<b>347.4</b>	<b>–23.6</b>	<b>323.8</b>
<hr/>							
The Group	SEK m	2011			2010		
<hr/>							
<b>Provisions</b>	<b>for bad debts</b>						
Provisions at the start of the year				–23.6			–31.7
Reservations for expected losses				–33.5			–1.7
Confirmed losses				39.3			1.5
Actual payments of reserved receivables				2.5			4.6
Translation difference				0.1			3.7
<b>Provisions at the end of the year</b>				<b>–15.2</b>			<b>–23.6</b>

## Note 19

### Receivables from associated companies

The Group	SEK m	2011	2010
Receivables with associated companies		0.0	—
<b>Total</b>		<b>0.0</b>	<b>—</b>

## Note 20

### Accrued non-invoiced income and invoiced but non-processed income

Accrued non-invoiced income is reported in the consolidated accounts by project at the net value of the invoice in line with processing minus invoiced sub-amounts and deductions for possible losses. In 2011 the accrued non-invoiced income stood at SEK 99.0 million (89.3). Receivables from customers are reported in the balance sheet for the projects for which the total of the assignment expense until the closing day exceeds the partly invoiced amount including deductions for possible losses. Customer liabilities are reported for projects for which partly invoiced amounts exceed the total of the assignment expense. No value is shown in the subsidiaries for work in progress, but the amount is accounted for at the time of invoicing, amounting to SEK 87.1 million (83.6).

The Group	SEK m	2011	2010
<b>Processed but non-invoiced income</b>			
Income/assignment expenses		169.6	187.8
Partly invoiced amount		–47.9	–53.9
<b>Total</b>		<b>121.7</b>	<b>133.9</b>
<b>Invoiced/non-processed income</b>			
Income/assignment expenses		84.3	78.8
Partly invoiced amount		–107.0	–123.4
<b>Total</b>		<b>–22.7</b>	<b>–44.6</b>



## Note 21

**Prepaid expenses and accrued income**

The Group SEK m	2011	2010
Accrued income	1.7	1.9
Prepaid expenses	14.3	12.9
<b>Total</b>	<b>16.0</b>	<b>14.8</b>

## Note 22

**Share capital**

Date	Type of issue	No. of shares issued	Share capital after issue, SEK
7 March 1997	Formation of company	500,000	500,000
14 April 1997	Cash issue	4,003,700	4,503,700
14 April 1997	Non-cash issue	496,300	5,000,000
25 April 1997	Cash issue	12,338,521	17,338,521
31 August 2001	Cash issue	52,500	17,391,021
1 June–31 December 2006	Conversion of promissory note	351,245	17,742,266
1 January–31 May 2007	Conversion of promissory note	40,268	17,782,534
18 June 2008	New issue	330,000	18,112,534

The parent company's holding of own shares on 31 December was 226,619. These shares will be used for future matches and to cover social security contributions in the share savings scheme.

## Note 23

**Pension obligations**

Commitments for retirement pensions and family pensions for salaried employees in Sweden are safeguarded via insurance with Alecta. According to a statement from the Swedish Financial Accounting Standards Council UFR 3, this is a defined-benefit plan that encompasses several employees. The Group does not have access to such information that makes it possible to report this plan as a defined benefit plan for the 2011 financial year. Therefore the ITP pension plans secured via insurance with Alecta are reported as defined contribution plans. The plans reported as defined-benefit plans below are in Germany. The company's costs and the value of the outstanding obligations have been calculated with the help of actuarial calculation that aims to set the current value of the obligations.

SEK m	2011	2010	2009	2008	2007
<b>Reconciliation of pension obligations</b>					
Current value of non-funded obligations	61.9	62.1	70.6	73.7	63.8
Managed assets	-15.9	-15.9	–	–	–
<b>Total</b>	<b>46.0</b>	<b>46.2</b>	<b>70.6</b>	<b>73.7</b>	<b>63.8</b>
Non-reported actuarial profit (+) and loss (-)	3.0	2.2	2.4	1.7	-0.1
<b>Net provisions in the balance sheet</b>	<b>49.0</b>	<b>48.4</b>	<b>73.0</b>	<b>75.4</b>	<b>63.7</b>

SEK m	2011	2010
<b>Specification of changes in the defined benefit obligation</b>		
At the start of the year	62.1	70.6
Costs for employment during the current year	0.9	0.8
Interest expenses	3.0	3.1
Payment of pensions	-2.9	-3.0
Non-reported actuarial profit (+) or loss (-)	-0.8	0.2
Exchange rate differences	-0.4	-9.6
<b>At year-end</b>	<b>61.9</b>	<b>62.1</b>

SEK m	2011	2010
<b>Specification of changes in managed assets</b>		
At the start of the year	15.9	—
Plan payments paid	—	17.8
Plan payments	−0.5	—
Received	0.6	0.5
Return on managed assets	−0.1	−2.4
<b>At year-end</b>	<b>15.9</b>	<b>15.9</b>
<b>Specification of managed assets</b>		
Shares	0.9	0.9
Interest-bearing securities	9.1	8.9
Cash and bank balances	5.5	5.7
Other	0.4	0.4
<b>Total managed assets</b>	<b>15.9</b>	<b>15.9</b>
<b>Specification of changes in pension provisions</b>		
At the start of the year	48.4	73.0
Net cost reported in the income	3.3	3.4
Statement Payment of pensions	−2.9	−3.0
Plan payments received	—	−17.8
Plan payments paid	0.5	—
Exchange rate differences	−0.3	−7.2
<b>At year-end</b>	<b>49.0</b>	<b>48.4</b>
<b>Specification of total costs for pension payments reported in the income statement</b>		
Costs for defined benefit plans:		
Costs for employment during the current year	−0.9	−0.8
Yield on managed assets	0.6	0.5
Interest expenses	−3.0	−3.1
<b>Costs for defined benefit plans</b>	<b>−3.3</b>	<b>−3.4</b>
<b>Costs for defined contribution plans</b>	<b>−78.2</b>	<b>−73.6</b>
<b>Total costs reported in the income statement</b>	<b>−81.5</b>	<b>−77.0</b>
Of which:		
Amounts that negatively affected the operating profit/loss (staff costs)	−79.1	−74.4
Amounts that negatively affected financial income and costs	−2.4	−2.6
<b>Total costs reported in the income statement</b>	<b>−81.5</b>	<b>−77.0</b>
<b>Significant actuarial assumptions, %</b>		
Discount rate	4.8	4.8
Expected salary increase	3.0	3.0
Future pension increase	1.5	1.5

Expenses during the year for pension insurance policies signed with Alecta amounted to SEK 32.4 million (32.8). Alecta's surplus can be allocated to the policyholder and/or the insured. At year-end 2011 Alecta's surplus in the form of the collective consolidated level was 124 per cent (146). The collective consolidated level is the market value of Alecta's assets as a percentage of the insurance commitment calculated according to Alecta's actuarial assumptions, which do not comply with IAS 19.

## Note 24

### Borrowings

The Group	SEK m	2011	2010
<b>Long-term</b>			
Liabilities to credit institutions		223.6	270.1
<b>Total long-term</b>		<b>223.6</b>	<b>270.1</b>
<b>Short-term</b>			
Overdraft facilities		0.2	29.2
<b>Total short-term</b>		<b>0.2</b>	<b>29.2</b>
<b>Total borrowing</b>		<b>223.8</b>	<b>299.3</b>

The Group's long-term borrowings are carried out mainly within credit frameworks with long-term credit, but tied up over the short-term, which is why they are considered to have an actual value equivalent to the reported value.

Parent company	SEK m	2011	2010
<b>Long-term</b>			
Liabilities to credit institutions		238.9	283.7
<b>Total long-term</b>		<b>238.9</b>	<b>283.7</b>
<b>Short-term</b>			
Overdraft facilities		–	26.6
<b>Total short-term</b>		<b>–</b>	<b>26.6</b>
<b>Total borrowing</b>		<b>238.9</b>	<b>310.3</b>

The long-term credit consists of a loan agreement of EUR 32.8 million (32.8) of which EUR 30.0 million (30.0) was utilized as at 31 December. The loan falls due in July 2012 with a unilateral option for the company, prior to the due date, to extend credit to a three-year loan. The loan has been reported as long-term because it is the company's intention to either extend the credit for a further year or extend it to a three-year loan. The loan was taken out for the acquisition of Group companies and reported as translated to the acquisition date's rate in the parent company, according to the method for hedging net investments.

## Note 25

### Overdraft facilities

Of the Group's permitted overdraft facility of SEK 153.4 million (103.8), SEK 0.2 million (29.2) has been utilized. The credit runs on an annual basis. Of the parent company's permitted overdraft facility of SEK 150 million (100.0), SEK 0.0 million (26.6) has been utilized.

## Note 26

### Accrued expenses and prepaid income

The Group	SEK m	2011	2010
Staff-related costs		168.9	162.6
Other items		62.3	54.4
<b>Total accrued expenses and prepaid income</b>		<b>231.2</b>	<b>217.0</b>
<b>Parent company</b>			
Staff-related costs	SEK m	2011	2010
Staff-related costs		10.1	3.8
Other items		1.4	0.7
<b>Total accrued expenses and prepaid income</b>		<b>11.5</b>	<b>4.5</b>

## Note 27

### Pledged assets

The Group SEK m	2011	2010
<b>For own liabilities</b>		
Rental guarantees	2.4	3.2
<b>Total pledged assets</b>	<b>2.4</b>	<b>3.2</b>

## Note 28

### Contingent liabilities

The Group SEK m	2011	2010
Conditional loan, Swedish Energy Agency	3.6	3.5
<b>Total contingent liabilities</b>	<b>3.6</b>	<b>3.5</b>
<b>Parent company SEK m</b>	<b>2011</b>	<b>2010</b>
Guarantees provided	0.7	0.7
<b>Total contingent liabilities</b>	<b>0.7</b>	<b>0.7</b>

## Note 29

### Information concerning acquisitions and divestment of companies

Acquisition of business. In 2011 Semcon carried out a minor assets and liabilities acquisition in Sweden to strengthen its range of services for the development of pharmaceuticals and med-tech products.

The Group SEK m	2011	2010
<b>Acquisitions</b>		
Other intangible assets	2.6	–
<b>Purchase price paid</b>	<b>2.6</b>	<b>–</b>
Liquid assets in acquired company	–	–
<b>Effect on Group's liquid assets</b>	<b>2.6</b>	<b>–</b>

## Note 30

### Transactions with related parties

#### The Group

Sales to associated companies amounted to SEK 0.0 million (2.1) with no purchases made. The JCE Group is Semcon AB's largest shareholder with a shareholding of 30.5 per cent (31 December 2011). Sales to companies in the JCE Group amounted to SEK 0.0 million (1.1) with no purchases made.

#### Parent company

No transactions have taken place between associated companies or shareholders. For purchases/sales between Group companies, see Note 6 on page 66. Remuneration to senior executives appears in Note 8 on page 62.

## Note 31

### Operational leasing

The Group rents offices at around forty sites in Sweden, Brazil, UK, India, China, Spain, Germany and Hungary. All rental contracts have been signed according to usual market rates and with normal duration periods. Besides the rental agreements the Group has a number of leasing contracts mainly for company cars. These contracts run in line with usual market terms and with a remaining contract term of one to three years.

	2011			2010		
	Rent for premises	Other	Total	Rent for premises	Other	Total
<b>The Group</b> SEK m						
Within 1 year	58.3	8.0	66.3	64.8	7.0	71.8
Between 1 and 5 years	125.4	9.4	134.8	132.9	5.8	138.7
More than 5 years	16.8	0.0	16.8	34.6	–	34.6
<b>Future minimum leasing charges</b>	<b>200.5</b>	<b>17.4</b>	<b>217.9</b>	<b>232.3</b>	<b>12.8</b>	<b>245.1</b>
Minimum leasing charges for the year	69.9	9.9	79.8	80.3	10.1	90.4
<b>Parent company</b> SEK m						
Within 1 year	–	0.5	0.5	–	0.3	0.3
Between 1 and 5 years	–	0.7	0.7	–	0.3	0.3
More than 5 years	–	–	–	–	–	–
<b>Future minimum leasing charges</b>	<b>–</b>	<b>1.2</b>	<b>1.2</b>	<b>–</b>	<b>0.6</b>	<b>0.6</b>
Minimum leasing charges for the year	–	0.3	0.3	–	0.4	0.4

## Note 32

### Events after the balance sheet date

The Board has decided to appoint Markus Granlund as the new CEO of the company from 26 April 2012. Apart from this no events of a significant nature have occurred from the end of the financial year to the publication of the Annual Report.

The Board and CEO give assurance that the consolidated accounts have been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU and give a true account of the Group's position and results. The Annual Report has been drawn up in accordance with generally accepted accounting policies and gives a true account of the parent company's position and results. The Directors' Report for the Group and parent company give a fair overview of the development of the Group's and parent company's business, position and results and describe significant risks and uncertainty factors that the parent company and the Group companies face.

**Göteborg, 15 March 2012**

Hans-Erik Andersson  
(Chairman of the Board)

Gunvor Engström

Kjell Nilsson  
(CEO)

Håkan Larsson

Marianne Brismar

Joakim Olsson

Christer Eriksson

Roland Kristiansson

Ronny Lundberg

**Our audit was issued on 15 March 2012**  
**Deloitte AB**

Peter Gustafsson  
Authorized Public Accountant

## Auditor's report

To the annual meeting of the shareholders of Semcon AB

Corporate identity number 556539-9549

### Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Semcon AB for the financial year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 47–79.

### Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

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

### Auditor's responsibility

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

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

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

### Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared

in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

### Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Semcon AB for the financial year 2011.

### Responsibilities of the Board of Directors and the CEO

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 CEO are responsible for administration under the Companies Act.

### Auditor's responsibility

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

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

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

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

### Opinions

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

Göteborg, 15 March 2012

Deloitte AB

Peter Gustafsson

Authorized Public Accountant



## Definitions

### Balance sheet total

The value of all assets such as equipment, accounts receivable and bank balances.

### Shareholders equity per share after dilution

Shareholders' equity divided by the number of shares at year-end adjusted for the dilution effect on potential shares.

### Shareholders equity per share before dilution

Shareholders' equity divided by the number of shares at year-end excluding shares held as own shares by the parent company.

### Value added

Operating profit plus salary costs including payroll overheads.

### Cash flow per share

Cash flow for the year divided by the weighted average number of outstanding shares over the year adjusted for the dilution effect on potential shares.

### Net borrowings

Interest-bearing provisions and liabilities with deductions for liquid assets and interest-bearing receivables.

### P/E ratio

Price per share at year-end divided by the earnings per share after full dilution.

### P/S ratio

Price per share at year-end divided by net sales per share.

### EPS after dilution

Profit/loss after tax attributable to the parent company's owners divided by the average number of outstanding shares adjusted for the dilution effect of potential shares.

### EPS before dilution

Profit/loss after tax attributable to the parent company's owners divided by the average number of outstanding ordinary shares excluding shares held as own shares by the parent company.

### Return on average shareholders' equity

Profit for the year after tax divided by the average shareholders' equity.

### Return on average capital employed

Profit before tax plus financial costs divided by the average capital employed.

### Interest cover ratio

Profit before tax plus interest costs divided by interest costs.

### Operating margin

Operating profit as a percentage of net sales.

### Debt/equity ratio

Net borrowings divided by shareholders' equity including minority interests.

### Equity/assets ratio

Shareholders' equity as a percentage of the balance sheet total.

### Capital employed

The balance sheet total minus non interest-bearing provisions and liabilities.

### Profit margin

Profit before tax as a percentage of net sales.

## Glossary

### BRIC countries

Brazil, Russia, India and China.

### Derivates

Product versions built on the same basic models.

### Front office/back office

Semcon's principle for the model front office/back office is that assignments and work should be carried out where we have the best skills and available resources. Back office carried out the main part of the work and the front office is responsible for project coordination and client interaction.

### Embedded system

Computer dedicated to perform one or more functions, usually integrated in a larger unit together with other components.

### Lean production

Lean production is a method for managing resources. The aim is to identify and eliminate all factors in a production process that don't create value for the end customer.

### Life science

Collective name for the pharmaceutical, med-tech and bio-tech industries.

### PLM

Product Lifecycle Management. The processes that handle data and information about a product throughout the entire product lifecycle

with clear links to customers' business processes, such as costs, environmental impact, qualities, convertibility and service intervals.

### Production development

Development of equipment, tools and processes in order to produce a product.

### Product lifecycle

A product's lifecycle on the market, i.e. from sale to scrapping.

### Product development cycle

The cycle from idea to end product.

### Satellite offices

An office that is physically situated far from the home environment, but network connections and software make it possible to work in a home environment computer system as if on site.

### Skill centres

Semcon offices with cutting-edge skills in specific areas.

### Simultaneous production

Conveyor production where each phase takes an equal amount of time to complete, creating simultaneous production flow.

### XLPM

Excellence in Project Management.

Project methodology developed by Semcon based on Ericsson's PROPS methodology.

# Semcon's shares

Semcon's shares have been quoted on the NASDAQ OMX Stockholm since 1997 for small companies in the industry sector under the SEMC ticker.

## Price trend and turnover

Semcon's share price fluctuated a lot in 2011. During the first half of the year the share price rose substantially and then, like the rest of the stock market, fell dramatically after the end of Q2. Compared with last year the share price fell by 18 per cent from SEK 29.40 to SEK 24.00 equivalent to a market value of SEK 435 million. During the same period the OMX Stockholm PI index fell by 17 per cent. The highest price paid in 2011 was SEK 53.00 (9 May) and the lowest price paid was SEK 21.10 (23 September). A total of 13.5 million Semcon shares were sold on the Stockholm exchange in 2011 totaling SEK 460 million. The turnover rate, calculated as the number of shares sold in relation to the total number of shares sold in the company amounted to 74 per cent.

## Share capital and number of shares

Semcon's share capital on the closing day was SEK 18.1 million, divided between 18,112,534 ordinary shares all with a nominal value of SEK 1 each. Each ordinary share entitles the shareholder to one voting right and an equal right to a share of the company's assets and profits. Changes to the share capital and number of shares over time appear in Note 22 on page 75.

## Long-term incentive scheme

At an EGM in February 2008 it was decided to introduce a long-term incentive scheme for Group employees. The share savings scheme includes a maximum of 330,000 shares, of which 250,000 shares are matching shares and 80,000 shares are mainly to cover social security contributions. Participants of the share savings scheme have acquired the maximum number of shares possible. Each savings share entitles people still employed by the company between August 2011 and March 2012 to a matching share. People who have participated in the share savings scheme but who were made redundant are entitled to a matching share in advance for each share owned. A total of 103,039 shares were matched for these individuals up to 31 December 2011. On 31 December Semcon owned 226,961 of its own shares to be used for future matching and to cover social security expenses as part of the share savings scheme.

## Shareholders

On 31 December 2011, Semcon had 4,547 shareholders (4,015). The registered amount of foreign ownership at year-end was 11.9 per cent (10.5) of which 4.0 per cent (3.2) is made up of owners in Finland, 2.0 per cent (1.6) in the US and 1.9 per cent (1.8) in Switzerland.

On 31 December the JCE Group owned 30.5 per cent (30.5) of Semcon's shares, Swedbank Robur fonder 8.2 per cent (8.2), Skandia Liv 8.2 per cent (12.2) and Avanza Pension 4.7 per cent (1.9). The ten largest shareholders controlled 63.2 per cent (66.3) of the share capital and voting rights, of which the three largest shareholders controlled 46.9 per cent (50.9).

## Share dividends

One of Semcon's financial objectives is that dividends to shareholders over the long-term will be equivalent to at least one third of the profit after tax. In accordance with Semcon's dividend policy, consideration is given to the company's financial position and capital requirements for continued expansion. Due to the current uncertain macro-economic situation around the world and that the company wants to bolster its financial position the board proposes that no dividend be paid for 2011 (0).

## Contacts with the equity market

Equity market contacts are mainly carried out through quarterly financial reports, press releases and company presentations by Semcon. Semcon actively informs the market about the company in order to facilitate accurate valuations of the company's shares. The contacts for this include the company's CEO, CFO and IR Manager. Enquiries can be made by contacting: [ir@semcon.com](mailto:ir@semcon.com)

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**Analysts regularly monitor Semcon's financial development and at year-end these included:**

### Danske Bank

Peter Trigarszky, [peter.trigarszky@danskebank.se](mailto:peter.trigarszky@danskebank.se)

### Enskilda Securities

Andreas Joelsson, [andreas.joelsson@enskilda.se](mailto:andreas.joelsson@enskilda.se)

### Öhmans Fondkommission

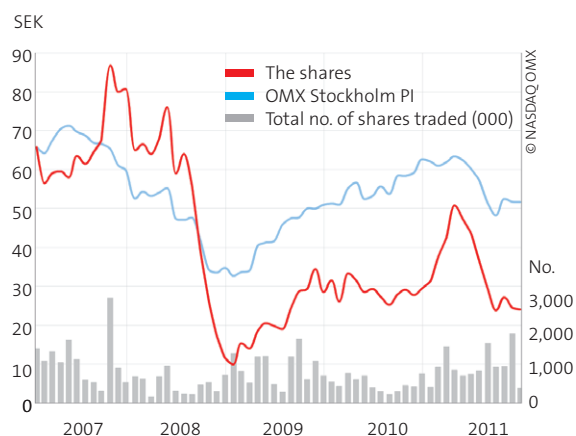
David Jacobsson, [david.jacobsson@ohman.se](mailto:david.jacobsson@ohman.se)

### Share structure, 31 december 2011

Size	No. of share shares	No. of holders	Holding, %	Market-value 31/12, SEK 000
1–500	2,835	581,288	3.20	13,951
501–1000	836	701,329	3.90	16,832
1001–10000	782	2,267,717	12.50	54,425
10001–100000	76	2,016,440	11.10	48,395
100001–	17	12,318,799	68.00	295,651
Own shares	1	226,961	1.30	5,447
<b>Total</b>	<b>4,547</b>	<b>18,112,534</b>	<b>100.00</b>	<b>434.01</b>

Source: Euroclear Sweden AB shareholders' register on 31 December 2011.

### Semcon's shares 2007–2011

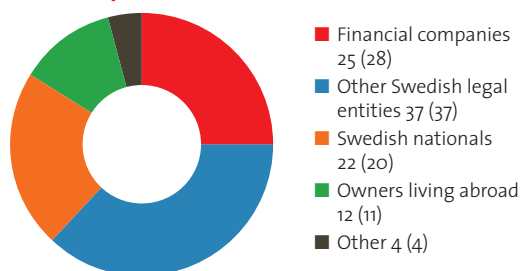


### Semcon's 10 largest shareholders on 31 december 2011

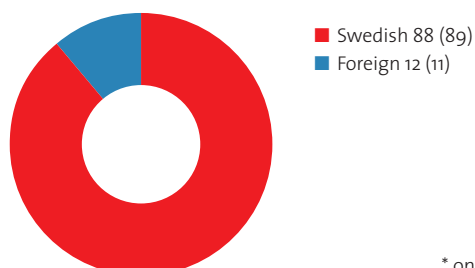
Name	No. of shares	Share-holding, %
JCE Group	5,526,271	30.5
Swedbank Robur fonder	1,484,802	8.2
Skandia Liv	1,478,573	8.2
Avanza Pension	850,075	4.7
FIM Bank	556,597	3.1
Andra AP-fonden	541,759	3.0
Nordnet Pensionsförsäkring	349,646	1.9
SIX SIG AG	269,000	1.3
Mellon Omnibus	209,500	1.2
Tanglin	196,978	1.1
<b>Total</b>	<b>11,463,201</b>	<b>63.2</b>
Own shares	226,961	1.3
Other	6,422,372	35.5
<b>Total</b>	<b>18,112,534</b>	<b>100.0</b>

Source: Euroclear Sweden AB shareholders' register on 31 December 2011.

### Ownership structure\* (%)



### Swedish and foreign shareholding\* (%)



\* on 31/12 2011

# Corporate governance

## Corporate governance

Semcon is governed in accordance with Swedish corporate law. Semcon's Articles of Association regulates the alignment of the business, share capital and how and when the notice to attend the AGM takes place. The entire Articles of Association are available on Semcon's website at: [semcon.com](http://semcon.com). Semcon also complies with other applicable Swedish and foreign laws and regulations.

## Application

Semcon applies the Swedish code of Corporate Governance and has no deviations to report. The current code is available at: [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

## Annual General Meeting

The notice to attend the Annual General Meeting (AGM) appears in the Articles of Association. The notice to attend must be published in the Swedish Official Gazette and Dagens Industri newspaper. At AGMs, shareholders get the opportunity to place their voting rights and, in accordance with Swedish corporate law and Semcon's Articles of Association, to take decisions concerning the composition of the Board and other central issues. Shareholders or proxies can vote for the number of shares he/she owns or represents at the meeting.

## Annual General Meeting 2011

The 2011 AGM was held on 27 April at Semcon's head office in Göteborg. Representatives of 47 per cent of the share capital were present, of which underlying shares held by the members of the nominations committee represented 43 per cent. Hans Erik Andersson was elected to chair the meeting. The AGM decided that the Board shall consist of 6 directly

elected members. The meeting also approved the nominations committee's proposals for Board members, remuneration to the Board and its chairman. The meeting re-elected Hand-Erik Andersson (Chairman of the Board), Gunvor Engström, Kjell Nilsson, Marianne Brismar and Håkan Larsson and elected Joakim Olsson as a new Board member.

The AGM also gave the Board, as in previous years:

- authorization to carry out a new share issue in the company
- authorization to acquire ordinary shares and to transfer ordinary shares

The full minutes of the AGM are available at: [semcon.com](http://semcon.com)

## AGM 2012

The AGM for 2012 will be held on 26 April at Semcon's head office in Göteborg. More information is available on Semcon's website at: [semcon.com](http://semcon.com).

## Share structure and voting rights

Semcon's share class, ordinary shares, have a quotient value of SEK 1 and entitle the owner to one voting right. There were 18,112,534 (18,112,534) ordinary shares at year-end.

## Shareholders

On 31 December 2011, the JCE Group owned 30.5 per cent (30.5) of Semcon's shares, Skandia Liv 8.2 per cent (12.2), Swedbank Robur fonder 8.2 per cent (8.2), Avanza Pension 4.7 per cent (1.9) and FIM Bank 3.1 per cent (2.6). Foreign ownership amounted to 11.9 per cent (10.5) and the number of shareholders amounted to 4,547 (4,015).

## Nominations committee

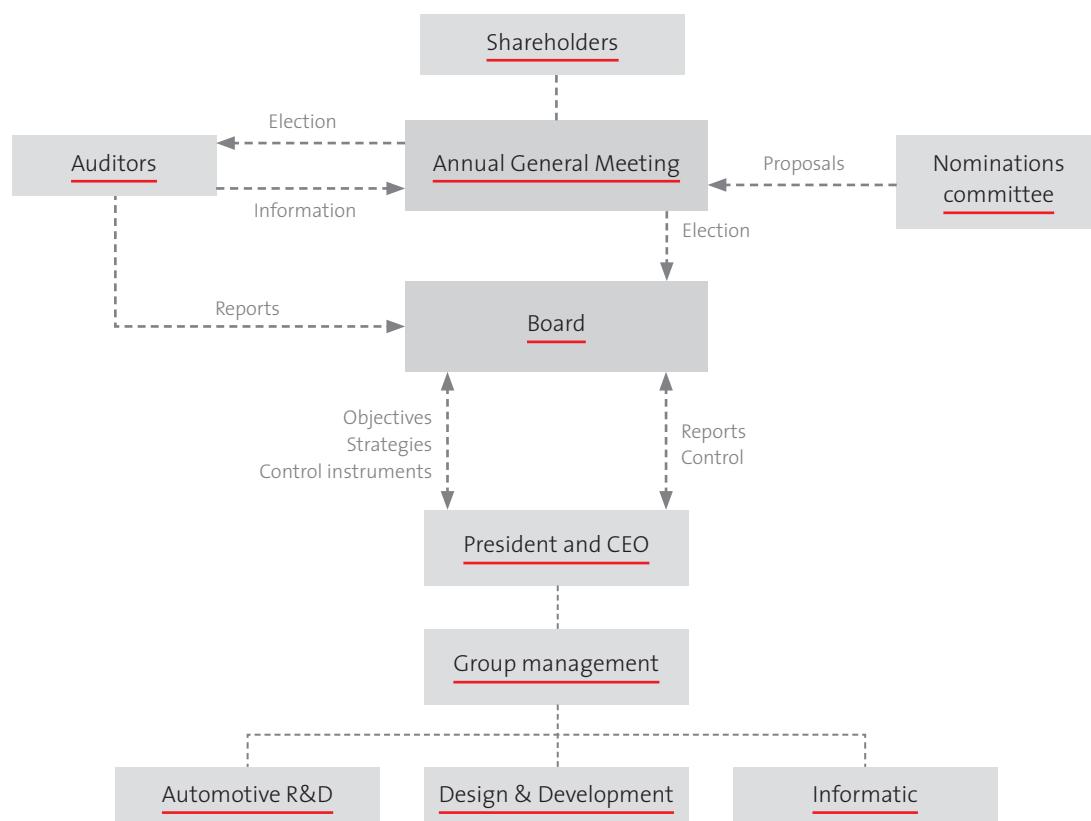
Based on ownership statistics from Euroclear Sweden AB on 31 August for each respective year, the Chairman of the Board must convene the three largest shareholders in the company, who together shall appoint members of the nominations committee. If any of them decline then the right to nominate transfers to the next shareholder in terms of size, who doesn't already have the right to nominate members to the nominations committee. The member nominated by the largest shareholder will be the nominations committee's chairman. The job of the nominations committee is to prepare and present proposals to the Board, Chairman of the Board and in certain cases auditors and remuneration to the Board and auditors. The nominations committee will also submit proposals to the AGM concern-

## Nominations committee ahead of the AGM 2012

	Representing	Voting rights, %*
Hampus Ericsson	JCE Group	30.5
Jimmy Bengtsson	Skandia Liv	8.2
Kerstin Stenberg	Swedbank Robur fonder	8.2
Hans-Erik Andersson	Semcon AB	0.1
Total		47.0

\* No. of voting rights 29/2/2012

The summary below illustrates how responsibility for management and control of Semcon AB is divided between shareholders at the AGM, the Board and the CEO according to external regulations and internal policies.



ning principles for the structure of the nominations committee and proposals to the chairman at the meeting. The nominations committee's members will be announced no later than six months before the AGM. Information about the nominations committee's members and how proposals can be submitted are available at: [www.semcon.com](http://www.semcon.com) and in the Q3 report

#### Nominations committee 2011/2012

The nominations committee's members in 2011/2012 were Hampus Ericsson, JCE Group AB (nominations committee's chairman), Jimmy Bengtsson, Skandia Liv, Kerstin Stenberg, Swedbank Roburs fonder and Hans-Erik Andersson (Chairman of the Board). No remuneration was paid to the members. The nominations committee met four times and also held individual meetings with directly elected members ahead of the 2012 AGM. The basis of the nominations committee's work has mainly been the company's strategies and priorities and an evaluation of the Board and its

size and structure. The nominations committee's proposal for election of chairman of the meeting, Board members, Chairman of the Board and auditors is given in the notice to attend the AGM and also published on Semcon's website. Questions to the nominations committee can be submitted to: [valberedning@semcon.se](mailto:valberedning@semcon.se)

#### Board

The work of the Board is regulated by the Companies' Act, the Articles of Association and the procedures adopted annually by the Board.

#### Board structure

The Annual General Meeting elects Board members and their deputies to Semcon AB. The Board must consist of no fewer than three members and no more than eight members with no more than two deputies. Semcon AB's Board consists of six members elected by the AGM without deputies, of which two are female, and three members with

their deputies elected by employees. Of the nine Board members, all are Swedish Citizens. The Board's structure meets the requirements for being independent set by the Swedish Code for Corporate Governance and in association with the NASDAQ OMX Stockholm.

#### **Work of the Board**

The Board held seven ordinary meetings in 2011. The Board has adopted a number of steering documents and policies. The Board oversees the CEO's work by continuously monitoring the business throughout the year, and is responsible that the organization, management and guidelines for administering the company's affairs are suitably put together and that there is suitable internal control. The Board is furthermore responsible for developing and following-up the company's strategies through plans and objectives, decisions regarding the acquisition and divestment of businesses and major investments. The Board also determines six-monthly and annual accounts. The work of the Board follows an agenda with fixed points for Board members. The Chairman leads and delegates Board work and ensures that urgent matters in addition to the fixed points on the agenda are dealt with. Attendance at the Board meeting is given in the table on page 87. Other salaried employees in the company take part in Board meetings as co-opted members, speakers and secretary.

#### **Board meetings 2011**

**No. 1:** Final accounts and financial statement 2010, financial report, remuneration issues, CEO evaluation, debriefing of audit (auditors present).

**No. 2:** Review of annual report and decision proposals and notice to attend ahead of the AGM.

**No. 3:** Q1 report, January–March, financial report.

**No. 4:** Statutory meeting.

**No. 5:** Interim financial statement, January–June, financial report.

**No. 6:** Follow-up and setting of strategies, election of deputy CEO.

**No. 7:** Q3 report, January–September, financial report, debriefing of audit (auditors present).

**No. 8:** Business plans for the business areas and setting budgets for 2012, Board evaluation.

All meetings took place at the company's head office in Göteborg.

The Board decided on a written agenda at the statutory Board meeting, close to the AGM. At the statutory Board meeting, the Board set its agenda, instructions for the CEO, subsidiary instructions, financial reporting instructions, certification procedures and financial policy.

#### **Audit committee**

Semcon has decided the entire Board will carry out the

audit committee's tasks. The entire Board aims at keeping in close contact with the company's auditors so that it can satisfactorily follow significant issues concerning the company's accounts, reporting routines, management of company assets and internal control. These kinds of issues are therefore dealt with by the Board as a whole. To make sure that the Board's need for information is reached, the company's auditors report to the Board at least twice a year. Peter Gustafsson the responsible authorized public accountant at Deloitte, have reported their views over the past year about the Group's internal control and routines for reporting, financial accounting routines, reviewing the interim report for January–September and final balance sheet examination.

#### **Remuneration issues**

##### **Remuneration committee**

Semcon has decided that the entire Board will carry out the remuneration committee's tasks. Members of company management will not participate in this work.

##### **Remuneration to the Board**

Remuneration to the Board is decided by the AGM following proposals from the nominations committee. The AGM decided that remuneration to the Board in 2011/2012 should be the same as the previous financial year, i.e. remuneration to the Board of SEK 400,000 for the Chairman and SEK 200,000 for other Board members not employed by the company.

##### **Remuneration to the CEO and senior executives**

The AGM decides on remuneration principles and other employment guidelines concerning the CEO and senior executives that report to him. Remuneration to the CEO is decided by the Board.

The CEO's remuneration and benefits are reported in Note 8 on pages 67. No flexible remuneration was paid in 2010. Senior executives' remuneration is proposed by the CEO and decided by the Board. All senior executives in the Group management team are entitled to a fixed salary and a flexible salary of no more than six months' salary based on how well they meet their respective targets. The fixed salary is adjusted to conditions on the market and set every calendar year. Remuneration guidelines include the individuals, who during the time the guidelines applied, were part of the senior management team. The Board has the right to deviate from the guidelines if there is just cause to do so in special circumstances. Senior executives' remuneration and bonuses are reported in Note 8 on pages 67.

#### **Auditors**

Deloitte AB was elected as the company's auditor by the AGM in 2011 until 2012. The company's main auditor is Peter



Gustafsson. Peter Gustafsson was born in 1956. In addition to audit work for Semcon Peter Gustafsson carries out audit work for companies like Ekman & Co AB, LKAB, Ledstiernan AB, Specialfastigheter Sverige AB, Göteborgs Hamn AB and Göteborgs Kommunala Förvaltnings AB.

The auditors' interaction with the Board is described above.

In addition to auditing, Deloitte AB also provides advice on accounting issues to Semcon. All services provided in addition to the statutory auditing service are checked specially to ensure there is no conflict of interest or disqualification issue. No senior executive at Semcon has held any position at Deloitte AB. Semcon's remuneration to auditors and purchase of services in addition to auditing, appear in Note 7 on page 66.

### Group management

At year-end 2011 Group management consisted of the CEO and managers of the business areas and Group staff. See page 93. Group management holds regular meetings led by the CEO. The meetings follow an agenda and are minuted. In addition to these meetings, a number of meetings are held where all, or parts of, the Group management are present along with to the employees from the Group. Group management works towards close contact with every business area in order to support and provide help and the tools to make the business more effective, marketing, business development and internal exchange of knowledge.

### Business areas

Semcon's business activities are organized into three business areas. Semcon's organization is characterized by far-reaching decentralization, where every unit is highly independent with lots of authorization. Group management's control of the business areas takes place, in addition to continual contacts, mainly through monthly internal debriefings by business area managers and controllers and by internal meetings with members of the Group management.

The Group has certification and decision-making that clearly regulates authorization at every level in the company, from individual employees to Semcon's management. The areas regulated include contract levels, handling quotes/tenders, investment, rental and leasing contracts, insurances, expenses and guarantees.

The organization for an assignment/project varies according to the assignment/project's size, location and complexity. Semcon and its Swedish subsidiaries are certified and apply quality and environmental management systems according to ISO 9001:2008 and ISO 14001:2004, which are constantly reviewed by external auditors.

### More information about corporate governance

The following information is available at semcon.com:

- More in-depth information about internal control instruments, such as Corporate Governance and Code of Conduct.
- Information from Semcon's AGMs from 2005 (notices to attend meetings, minutes etc.).

### Semcon's Board 2011

		Elected	Present	Dependent	Audit committee	Remuneration committee
Hans-Erik Andersson	Chairman	2007	8/8	No	Yes	Yes
Kjell Nilsson	President and CEO	2007	8/8	Yes*	No	No
Gunvor Engström	Member	2007	8/8	No	Yes	Yes
Håkan Larsson	Member	2008	8/8	No	Yes	Yes
Marianne Brismar	Member	2008	8/8	No	Yes	Yes
Jorma Halonen **	Member	2008	3/3	No	Yes	Yes
Joakim Olsson **	Member	2011	5/5	No	Yes	Yes
Roland Kristiansson	Employee representative	2004	6/8		Yes	Yes
Christer Eriksson	Employee representative	2007	8/8		Yes	Yes
Stefan Novakovic ***	Employee representative	2007	6/6		Yes	Yes
Ronny Lundberg***	Employee representative	2011	2/2		Yes	Yes
Kenneth Straschko	Deputy employee repr.	2011	1/1			

\*Kjell Nilsson is dependent to the company and the company's main owners.

\*\*Jorma Halonen was replaced by Joakim Olsson at the AGM 2011.

\*\*\*Ronny Lundberg has replaced Stefan Novakovic as employee representative.

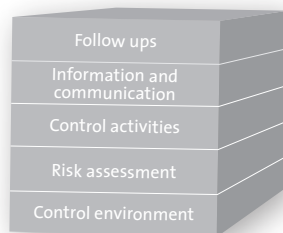
The presentation of Board members appears on pages 90-91.

## Internal control for financial reporting

The Swedish Companies Act regulates the Board and CEO's responsibility concerning internal control. The Board's responsibility is also regulated by the Swedish Code of Corporate Governance, which also includes demands for annual external information flow concerning how the financial reporting is organized.

### Internal control

Semcon has defined internal control as a process designed to provide reasonable assurance that Semcon's objectives are achieved in terms of an appropriate, effective business, reliable reporting and how to follow applicable rules and regulations. The internal control is influenced by the Board, CEO, Group management and other employees and is based on a control environment that creates the basis for the other four components in the process - risk assessment, control activities, information, communication and follow-ups. The process bases itself on the framework for internal control issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO). The control environment includes the values and ethics that the Board, CEO and Group management communicate and use and that are documented in Semcon's Code of Conduct and the Group's organizational structure, management, decision-making, authorization, responsibility and expertise of the employees. Semcon's vision, business concept, objectives and strategies are the basis of day-to-day work. Semcon is characterized by a decentralized organization driven from target-steered management with clear objectives.



*Framework for internal control*

### Internal control concerning financial reporting

Internal control concerning financial reporting aims to give reasonable assurance concerning reliability of the external financial reporting in the form of quarterly reports, financial statements and annual reports, and that the external financial reports are drawn up in accordance with laws, applicable accounting standards and other demands made on listed companies. The following description has been drawn up in accordance with the Swedish Code of Corporate Governance and the current application instructions and make up the Board's report for internal control concerning the financial reporting.

### Control environment

The Board has overall responsibility for the internal control of financial reporting. The Board has set out written standing orders that clarify the Board's responsibilities and that regulate the work of the Board. The Board will ensure that set principles for financial reporting and internal control are observed and that applicable relationships with the company's auditors are maintained. The Board has drawn up instructions for the CEO and for financial reporting. Responsibility for ensuring effective control environments is delegated to the CEO. The Group's Internal Control is a support function for the internal control of financial reporting in the Group's companies and business areas. Internal control instruments for financial reporting are made up of the Group's finance policy, information policy, investment rules, authorization rules and the Group's accounting and reporting rules.

Semcon's ethical values are documented in the Group's Code of Conduct and staff policies complement other rules and instructions for employees. Implementing business, management and CRM systems, as well as clearer routines and regulations for submitting tenders/bids, conditions of contract and drawing up agreements on all geographic markets, are going according to plan. To make sure these routines are

adhered to a number of training initiatives were completed over the year.

### Risk assessment

Semcon's risk assessment covering financial reporting, i.e. identification and evaluation of the most significant risks in the Group's companies, business areas and processes regarding financial reporting, consist of a foundation for how they are managed. They are managed by the risks being accepted, reduced or eliminated, with demands on controls and control levels within the frameworks set by the Board, CEO and Group management. Risk assessment has taken place during the year in the respective business area's management groups and with Group staff function managers and controllers.

### Control activities

The significant risks identified for financial reporting are managed through various control activities and processes in the Group's companies, business areas and that aim to safeguard that the basic demands on external financial reporting are met. The control activities build on the Group's minimum requirements for internal control for financial reporting and consist of comprehensive, detailed controls that can be preventative and exploratory in nature. The respective business areas are responsible for the Group's control instruments being implemented and observed and that any possible deviation is reported. In 2010 all Group companies and business areas completed an Internal Control questionnaire in order to evaluate the internal controls.

### Information and communication

Information and communication about internal control instruments for financial reporting is published on Semcon's intranet, which is accessible to every employee. External communication consists, for example, of external financial reporting such as quarterly reports and the annual report. There is a communication handbook to support the information procedures in the Group. This clearly states who is allowed to communicate what type of information and that the information must be correct, coordinated, consistent, fast and able to be monitored, both internally and externally. The results of the internal control of financial reporting procedures are reported by the Group's function for Internal Control to the Board and Group management.

### Follow-ups

Follow-ups for ensuring effective internal control for financial reporting are carried out by the Board, CEO, Group management, the Internal Control function and by the Group's companies and business areas. Follow-ups are carried out informally and formally and comprise follow-ups of monthly financial reports against budgets and objectives such as quarterly reports, which in certain cases are complemented with independent examinations by external auditors. Semcon has introduced a Group-wide reporting system for working on the internal control of financial reporting, which includes self-evaluation of all the Group's companies and business areas that provides a picture of how the Group's subsidiaries live up to the minimum requirements of internal control for financial reporting for significant risks identified and also provides information concerning the status of subsidiaries' work. Every company and business area is responsible for drawing up action plans for divergence that is then followed-up by the respective internal Board in each business area. In addition, the Group's Internal Control function has tested the self-evaluations and reported divergences in the audit reports to the affected parties. In view of the results of the tests, the company has so far found no reason to introduce a special internal audit function.

The Board  
Göteborg 15 March 2012

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## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of the shareholders of Semcon AB, corporate identity number 556539-9549.

It is the Board of Directors who is responsible for the corporate governance report for the year 2011 included in the printed version of this document on pages 92–97 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance report is different and substantially less in scope than an

audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Göteborg 15 March 2012  
Deloitte AB  
Peter Gustafsson  
*Authorized Public Accountant*

# The Board



## Hans-Erik Andersson

(Chairman)

Board member since 2007. Elected Chairman of the Board in 2008

Born 1950

Qualifications: Financial studies at Stockholm University

Nationality: Swedish

Other board assignments: Chairman of Erik Penser Bankaktiebolag and Canvisa Consulting AB. Board member of Cision AB and Gjensidige Forsikring ASA

Shareholding in Semcon: 28,000 of which 15,000 shares in capital insurance.



## Gunvor Engström

Board member since 2007

Born 1950

Qualifications: Master of Business Administration (MBA), Stockholm School of Economics

Nationality: Swedish

Other board assignments: Länsförsäkringar Liv Försäkringsaktiebolag (publ), Apoteksgruppen, Metria AB, Hexicon AB and Tredje APfonden

Shareholding in Semcon (own and family): 30,000



## Roland Kristiansson

Employee representative since 2004.

Employed since 2000

Born 1948

Qualifications: Technical College Engineer

Nationality: Swedish

Shareholding in Semcon: 1,270



## Joakim Olsson

Board member since 2011

Born 1965

Qualifications: MBA Master of Business Administration from INSEAD Fontainebleau France and graduate engineer from The Royal Institute of Technology in Stockholm

CEO of SAG (Germany)

Nationality: Swedish

Other board assignments: Concentric AB and Teknikföretagen

Shareholding in Semcon: 4,000



### Marianne Brismar

Board member since 2008

Born 1961

Qualifications: Pharmacist Graduate and BA in Economics

Nationality: Swedish

Other board assignments: Chairman of Newbody AB. Board member of Engelhardt AB, Wollenius Invest AB, Imego AB, Beijer Alma AB and Concentric AB

Shareholding in Semcon: 5,000



### Ronny Lundberg

Employee representative since 2011.

Employed since 2009

Born 1960

Qualifications: Vocational School, officers' degree

Nationality: Swedish

Shareholding in Semcon: –



### Håkan Larsson

Board member since 2007

Born 1947

Qualifications: Master of Business Administration (MBA), School of Business, Economics and Law, University of Göteborg

Nationality: Swedish

Other board assignments: Chairman of Schenker AB, Impension Asset Management and Valea AB. Board member of Bure Equity AB, Chalmers University of Technology, Handelsbanken Region Väst, Rederi AB Transatlantic, StoltNielsen Ltd. and Wallenius Lines AB

Shareholding in Semcon: 10,000



### Kjell Nilsson

(President and CEO)

Board member since 2007

Born 1948

Qualifications: Economics and Business Studies Graduate from the School of Business, Economics and Law, University of Göteborg

Nationality: Swedish

Other board assignments: Chairman of Symbrio AB. Board member of Choice Hotels AS, Home Properties AB and Home Invest AS

Shareholding in Semcon: 127,859



### Christer Eriksson

Employee representative since 2007.

Employed since 2000

Born 1969

Qualifications: Master of Engineering (M.E.) in Mechanical Engineering, Materials and Machining Technology, Luleå University of Technology

Nationality: Swedish

Shareholding in Semcon: 2,057



# Group management

**Björn Strömberg**

CFO

Born 1960

Qualifications: Master of Business Administration (MBA); School of Business, Economics and Law, University of Gothenburg  
Employed since: 2007  
Shareholding in Semcon: 11,430

**Stefan Ohlsson**

President of business area

Automotive R&D

Born 1967

Qualifications: Mechanical Engineer, Marketing Economist, IHM Business School  
Employed since 2004  
Board assignments: FKG, Fordonskomponentgruppen  
Shareholding in Semcon: 3,000

**Markus Granlund**

Deputy CEO (CEO as of 2012)

Chief Legal Officer

Born 1975

Qualifications: Bachelor of Law, Lund University, Trade Law n Australia

Employed since 2008

Shareholding in Semcon: 4,000

**Anders Atterling**

IR & PR manager

Born 1960

Qualifications: Bachelor of Science (B.Sc), Economics, Örebro University  
Employed since 1991  
Shareholding in Semcon: 16,715

**Kjell Nilsson**

President and CEO

Born 1948

Qualifications: Economics and Business Studies Graduate from the School of Business, Economics and Law, University of Göteborg

Employed since 2008

Other board assignments:

Chairman of Symbrio AB.

Board member of Choice Hotels AS, Home Properties AB and Home Invest AS

Shareholding in Semcon: 127,859





**Anders Löwgren**

Group Financial Controller

Born 1965

Qualifications: Master of Business Administration (MBA), School of Business, Economics and Law, university of Gothenburg

Employed since 1998

Shareholding in Semcon: 1,600

**Klas Elmby**

IT Manager

Born 1969

Qualifications: Technical College Engineer, courses taken at HTU and Chalmers University of Technology

Employed since 1990

Shareholding in Semcon: 20,000

**Johan Ekener**

President of business area Informatic

Born 1964

Qualifications: Master of Science (MSc.) Chalmers University of Technology Master of Business Administration (MBA), School of Business, Economics and Law, University of Göteborg

Employed since 2004

Shareholding in Semcon: 4,000

**Mats Körner**

President of business area Design & Development

Born 1964

Qualifications: Mechanical Engineer

Employed since 1995

Other board assignments:

Board member of Svenska

Teknik- och Designföretagen

Shareholding in Semcon: 3,859

**Urban Kihlén**

Purchasing manager and HR manager

Born 1959

Qualifications: Economics and Business Studies Graduate from the School of Business, Economics and Law, University of Göteborg

Employed since 1998

Shareholding in (own and family): 7,200

## Five-year summary

SEK m	2011	2010	2009	2008	2007
<b>Income statement</b>					
<b>Net sales</b>	<b>2,451.9</b>	<b>2,090.9</b>	<b>2,281.1</b>	<b>3,298.8</b>	<b>2,497.4</b>
Operating expenses*	-2,340.7	-2,087.9	-2,522.3	-3,148.9	-2,508.5
<b>Operating profit/loss</b>	<b>111.2</b>	<b>3.0</b>	<b>-241.2</b>	<b>149.9</b>	<b>-11.1</b>
Financial income	3.8	2.0	8.2	6.9	5.0
Financial expenses	-14.6	-11.1	-23.7	-28.9	-29.4
<b>Profit before tax</b>	<b>100.4</b>	<b>-6.1</b>	<b>-256.7</b>	<b>127.9</b>	<b>-35.5</b>
Taxes	-31.0	0.8	48.1	-35.7	-20.7
Profit/loss after tax, remaining business	69.4	-5.3	-208.6	92.2	-56.2
Profit/loss after tax, sold business	—	—	—	—	284.2
<b>Net profit/loss for the year</b>	<b>69.4</b>	<b>-5.3</b>	<b>-208.6</b>	<b>92.2</b>	<b>228.0</b>
* Of which:					
Goodwill impairment and participations in associated companies.	—	—	-78.2	—	-112.2
Other one-off items.	-30.7	-14.9	-92.6	-66.2	-49.3
<b>Balance sheet</b>					
Goodwill	436.0	437.2	475.2	564.3	516.6
Other intangible assets	21.1	24.7	28.5	30.0	18.9
Tangible fixed assets	36.2	43.0	60.6	82.2	90.6
Deferred tax receivables	64.7	69.9	89.0	87.2	62.3
Other financial assets	19.0	18.2	17.2	23.0	23.0
Accounts receivable	372.6	323.8	324.2	658.1	662.1
Processed but non-invoiced income	121.7	133.9	108.2	134.5	192.0
Other current assets	41.3	37.4	93.7	79.3	421.2
Cash and bank balances	39.7	42.5	67.7	117.6	117.1
<b>Total assets</b>	<b>1,152.3</b>	<b>1,130.6</b>	<b>1,264.3</b>	<b>1,776.2</b>	<b>2,103.8</b>
Shareholders' equity	442.0	372.6	385.4	596.2	494.0
Long-term liabilities	290.8	318.5	383.6	589.2	465.3
Current liabilities	419.5	439.5	495.3	590.8	1,144.5
<b>Total shareholders' equity and liabilities</b>	<b>1,152.3</b>	<b>1,130.6</b>	<b>1,264.3</b>	<b>1,776.2</b>	<b>2,103.8</b>
<b>Cash flow statement</b>					
Cash flow from current activities	87.6	-55.1	104.1	137.8	23.8
Cash flow from investment activities	-17.2	-11.0	-19.3	282.7	-687.5
Cash flow from financing activities	-73.3	47.2	-133.3	-425.2	751.9
<b>Cash flow for the year</b>	<b>-2.9</b>	<b>-18.9</b>	<b>-48.5</b>	<b>-4.7</b>	<b>88.2</b>
<b>Key figures</b>					
Sales increase, %	17.3	-8.3	-30.8	32.1	83.4
Operating margin before one-off items, %	5.8	0.9	-3.1	6.6	6.0
Operating margin, %	4.5	0.1	-10.6	4.5	-0.4
Profit margin, %	4.1	-0.3	-11.3	3.9	-1.4
Interest cover ratio, (multiple)	8.7	0.4	-10.0	5.5	-0.3
Return on average shareholders' equity, %	17.3	-1.4	-42.1	16.9	60.2
Return on average capital employed, %	15.5	0.6	-25.7	14.1	-1.2

SEK m	2011	2010	2009	2008	2007
Equity/assets ratio, %	38.4	33.0	30.5	33.6	23.5
Debt/equity ratio, (multiple)	0.5	0.8	0.8	0.7	1.6
Average number of employees	2,727	2,474	2,791	3,631	2,672
Sales per employee, (SEK 000)	899	845	817	909	935
Value added per employee, (SEK 000)	615	595	524	592	555
Profit before tax per employee, (SEK 000)	36.8	-2.5	-92.0	35.1	-13.3
Investments in other fixed assets, (SEK m)	17.4	14.5	18.5	39.7	36.6
<b>Data per share</b>					
Earnings per share after tax, SEK	3.89	-0.29	-11.52	5.18	12.84
Earnings per share after dilution, SEK	3.83	-0.29	-11.52	5.14	12.82
Shareholders' equity per share before dilution, SEK	24.71	20.57	21.28	33.53	27.78
Shareholders' equity per share after dilution, SEK	24.40	20.57	21.28	32.92	27.78
Share price/equity per share, (multiple)	0.98	1.43	1.34	0.35	2.91
Cash flow from current activities per share, SEK	4.84	-3.04	5.75	7.68	1.34
Dividend per share	—	—	—	—	—
P/E ratio	6.17	neg	neg	2.26	6.29
P/S ratio	0.18	0.25	0.23	0.06	0.57
Share price at year-end, SEK	24.00	29.40	28.50	11.60	80.75
Market value at year-end, SEK m	435	533	516	206	1 436
No. of shares at period's end, (000)	18,113	18,113	18,113	18,113	17,783
Average no. of shares, (000)	18,113	18,113	18,113	17,948	17,762
No. of own shares at year-end, (000)	227	289	299	330	—
No. of own shares at year-end, (000)	273	291	312	165	—
Average no. of own shares, (000)	—	—	—	—	21
No. of shareholders	4,547	4,015	4,430	3,939	3,411

## Shareholder service

### Financial information

Q1 report Jan–March	26 April
Annual General Meeting	26 April
Q2 report Jan–June	13 July
Q3 report Jan–Sept	25 October
Financial statement	7 February 2013

Information about Semcon's business, financial reporting, share information, corporate governance, activities and press releases etc. can be found on Semcon's website at: [www.semcon.com](http://www.semcon.com) where you can also subscribe and order financial information via email.

Previous years' Annual Reports and quarterly reports are available at: [www.semcon.se](http://www.semcon.se) or can be ordered by telephone on: +46 (0)31 721 00 00 or by email: [ir@semcon.com](mailto:ir@semcon.com). For environmental and cost reasons

Semcon has chosen to only send the Annual Report to shareholders who have specifically requested it. Before the Annual Report is published each year, new shareholders are sent an order form giving them the opportunity of subscribing for the coming printed version of the Annual Report.

### Contacts

Kjell Nilsson, President and CEO  
Email: [kjell.nilsson@semcon.com](mailto:kjell.nilsson@semcon.com)

Markus Granlund, succeeding President and CEO  
Email: [markus.granlund@semcon.com](mailto:markus.granlund@semcon.com)

Björn Strömberg, CFO  
Email: [bjorn.stromberg@semcon.com](mailto:bjorn.stromberg@semcon.com)

Anders Atterling, Investor Relations Manager  
Email: [anders.atterling@semcon.com](mailto:anders.atterling@semcon.com)

