# Annual Report 2011


Beijer
ELECTRONICS

# Invitation to the Annual General Meeting

The Annual General Meeting (AGM) will be held at 4 p.m. on Wednesday, April 25, 2012 at Malmömässan, Mässgatan 6, 215 32, Malmö, Sweden.

### Entitlement to Participate in the AGM

For entitlement to participate in the AGM, shareholders should:

- First, be included in the share register maintained by Euroclear Sweden AB by no later than Thursday, April 19, 2012;
- Second, notify the company of their intention to participate, and assistants they may wish to bring, by no later than 12 noon on Thursday, April 19, 2012.

### Notification

Notifications, which should state the shareholders' name, personal or corporate identity number, shareholding, address and telephone number, can be made via the company's website, www.beijerelectronics.se, by telephone on +46 (0)40 35 86 44, by fax on +46 (0)40 29 26 70, by e-mail to arsstamma@beijerelectronics.se or by mail to Annika Johnsson, Beijer Electronics AB (publ), Box 426, 201 24 Malmö, Sweden. (Please mark the envelope 'AGM').

If participation is through power of attorney, a dated original should be sent to the company by no later than April 19, 2012. Power of attorney forms are available to order from the company by telephone, e-mail or mail as above. Representatives of legal entities should present certificates of incorporation or equivalent documentation stating authorized signatories. In order to participate at the Meeting, shareholders with nominee-registered holdings must temporarily register their shares in their own name. Shareholders should request such temporary re-registration with their nominees in good time before April 19, 2012.

### Dividend

The Board of Directors is proposing an ordinary dividend of 2.25 SEK per share for the financial year 2011. The proposed record date for the dividend is April 30, 2012. Dividends are scheduled for payment via Euroclear Sweden AB on May 4, 2012.

# Financial Information 2012

**April 25, 2012.................. AGM, 4 p.m. at Malmömässan**
**April 25, 2012....................Three-month Interim Report**
**July 17, 2012........................Six-month Interim Report**
**October 25, 2012.................Nine-month Interim Report**

All financial information is uploaded to Beijer Electronics' website www.beijerelectronics.se, where an e-mail subscription list for press releases and financial reports is also available.

Questions relating to the Beijer Electronics group should be addressed to Executive Assistant Annika Johnsson on tel +46 (0) 40 35 86 55, or via e-mail: info@beijerelectronics.se.

### Global HMI Program in Place

The launch of the Beijer Electronics' global HMI range, based on our self-developed iX software, was completed in the first quarter of 2012. With a complete product range, we are now pushing the limits of what effective operator communication means.

- **Read more at www.beijerelectronics.com**

# Contents

## Our Operations



## Financial Information



## Investor and Shareholder Information



SOLUTIONS THROUGH EXPERIENCE

30 YEARS

1981-2011

For 30 years, Beijer Electronics has been creating innovations and technology solutions that bring our customers greater efficiency and lower cost. Since start-up, we have grown into a global automation and communication corporation with offices in 19 countries and customers worldwide. But our focus on customer relations remains just as sharp.

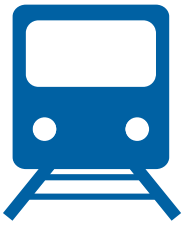
# Highlights in 2011

### Stronger in Asia

A group-wide manager for our Asia-Pacific region was appointed in the year, a new function that puts an even sharper focus on our already-strong initiative in Asia. More sales units and a stronger market presence are on the agenda.

### High Sales Growth in North America

The acquisition of QSI Corporation and successes in HMI and data communications meant that sales in North America were up by 135%, with their share of total sales moving from 3 to 16%.



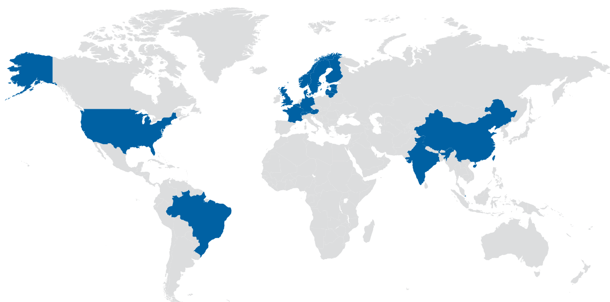
### Global Success for IP Train

Our advanced industrial data communications solutions have scored big successes in the rail segment. The functionality, robustness and compact design of our products is attracting customers worldwide.

80

### Self-developed Products Dominate

Thanks to major investments and a global product development organization, our self-developed products now represent 80% of total sales.



### New Phase of Global Expansion

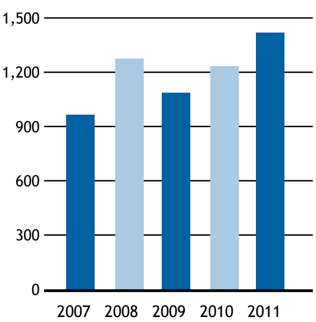
Global presence is an important component of Beijer Electronics' growth strategy. More sales units were opened in the UK and France in the year. Beijer Electronics has also moved into Brazil and India, two markets in high economic growth with a pressing need for automation.

### Key figures

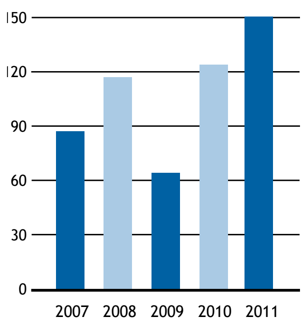
| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Sales, MSEK | 1,417.7 | 1,232.3 | 1,088.5 |
| EBITDA, % | 14 | 15 | 10 |
| Operating profit, MSEK | 150.3 [a] | 124.3 | 63.8 |
| Operating margin, % | 10.6 [a] | 10.1 | 5.9 [c] |
| Profit after tax, MSEK | 99.1 | 89.5 | 40.2 |
| Earnings per share, SEK | 5.03 | 4.61 | 2.04 |
| Dividend per share, SEK | 2.25 [b] | 2.00 | 1.33 |
| Equity ratio, % | 29.7 | 27.2 | 33.3 |
| Average number of employees | 668 | 538 | 534 |

*a Including non-recurring items of -0.3 MSEK (5.4).*
*b The Board's proposed dividends (a 3:1 share split was conducted in the year. Earnings and dividend per share for previous periods have been recalculated).*
*c Including non-recurring expenses of 7.5 MSEK and inventory impairment of 10 MSEK.*

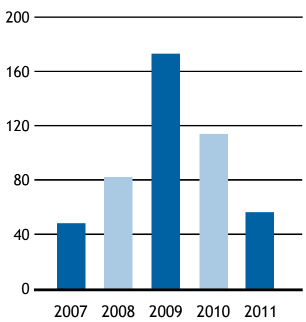
Sales (MSEK)




Operating Profit (MSEK)




Operating Cash Flow (MSEK)




### Sales and Results of Operations

Consolidated sales were up 15% to 1,417.7 MSEK. Net profit was 150.3 MSEK, a 21% increase year on year. Operating margin also expanded, from 10.1% in 2010 to 10.6% in the year. The Board of Directors is proposing a dividend of 2.25 per share for the year.

"It's really satisfying to be able to conclude that last year's acquisitions, QSI Corporation and Korenix Technology, generated good profits as early as their first year in the group. This bodes very well for the future."

# Successful Strategy Produces the Best Year Yet

In 2010, I opened my CEO's statement with: "2010 was a really good year for Beijer Electronics." I'm pleased to be able to say the same this year. The fact is that 2011 beat the previous year, and is the best in our company's history in sales and profit terms.

But that doesn't mean we can just sit back and relax. We're facing big challenges and we'll need to work hard to continue the company's positive progress.

### High Potential on an Uncertain Global Market

The present situation on the automation market features uncertainty. The full consequences of the European financial crisis are still hard to take in and the US economy is also stuttering, even if the post-recession recovery has gone faster there. Asia started the year well, but strains on lending and deferred investments in China caused a clear slowdown in the final six months of the year.

We have a strong offering and with our still-small market shares, a lower growth rate on the market would still offer enough potential to keep developing Beijer Electronics in the future.

### New Countries—New Opportunities

One of our strategic goals is to create a well-balanced global business, present on all the world's most promising markets. Our initiative in China and the rest of Asia, managed at business area level so far, is now entering its next phase. We have created a group-wide division whose mission is to increase our sales in Asia with an even greater presence and focus.

Meanwhile, in the year, we started up our own sales units on two new markets, Brazil and India. Both countries are strong growth economies, and we're excited about progress through the coming years.

### Two Successful Acquisitions

Last year, much of the company's focus was on executing two strategic acquisitions, of QSI Corporation in the US and Korenix Technology in Taiwan. Last year, the focus was on integrating these companies into Beijer Electronics. I'm satisfied to be able to conclude that both QSI and Korenix generated very good profits as early as their first year in the group.

For QSI Corporation, the year brought a 30% sales increase, with a profit margin of 11%; Korenix also increased its sales by 26% and achieved very strong profits. Considering that integration work is still ongoing, this bodes very well for the future.

### One Clear Product Development Strategy

In our sector, future-focused and customer-oriented product development is an absolute necessity for success on the market. In 2011, we invested more funds than ever before in our development operation, and we got a very good pay-off in the form of world-leading products and solutions.

On the operator system side, we're just starting the launch of a complete global product range of operator panels and industrial PCs with very competitive functionality and attractive design. In the industrial data communications segment, we're well advanced in robust network products with sophisticated Ethernet technology.

### Sharper Sales Work for Improved Processes

New markets, acquisitions and product launches are important, but we also work for growth with profitability in many other ways. In the year, we upscaled sales resources in the US, Europe and Asia and conducted extensive segmentation work to identify which customer segments have the greatest potential more clearly—so that ultimately, we can tailor our offering even better.

We also continued our work on rationalizing our supply chain, and commenced implementation of a group-wide ERP system in the year, which will facilitate analysis and integration between companies and markets.

I'm looking forward to Beijer Electronics' continued development with great confidence and I'd like to thank all the employees, customers and collaboration partners who are on this exciting journey with me.

Fredrik Jönsson
CEO and President

A global corporation with proprietary operations in 19 countries and customers in many more. A technology development leader in HMI and industrial data communications. And a much-appreciated automation partner with expertise in a raft of application segments. This is Beijer Electronics.

# A Global Group Centering on Innovation

Beijer Electronics is a high-growth technology corporation focusing on industrial automation and robust data communications. Since start-up in 1981, the company has evolved into a multinational group with 678 employees and sales of 1,418 MSEK. We deliver leading products and solutions in automation and data communications with the aim of controlling, monitoring and optimizing industrial processes and functions. Our customer base is active in many different segments, including end-customers, OEMs, integrators and brand label partners.

Beijer Electronics' success builds on our capacity for innovative product development and the creation of effective complete solutions. But also on our sharp focus on support and skills in creating close relations with our customers and collaboration partners.

### Major Technology Development Initiatives

Currently, some 20% of the company's employees work in our global development organization and our self-developed products represent as much as 80% of total sales. Continuously improving hardware that satisfies the tough standards of manufacturing and high-functionality software based on the latest technology are both key components of our product development.

### A Global Business and Three Business Areas

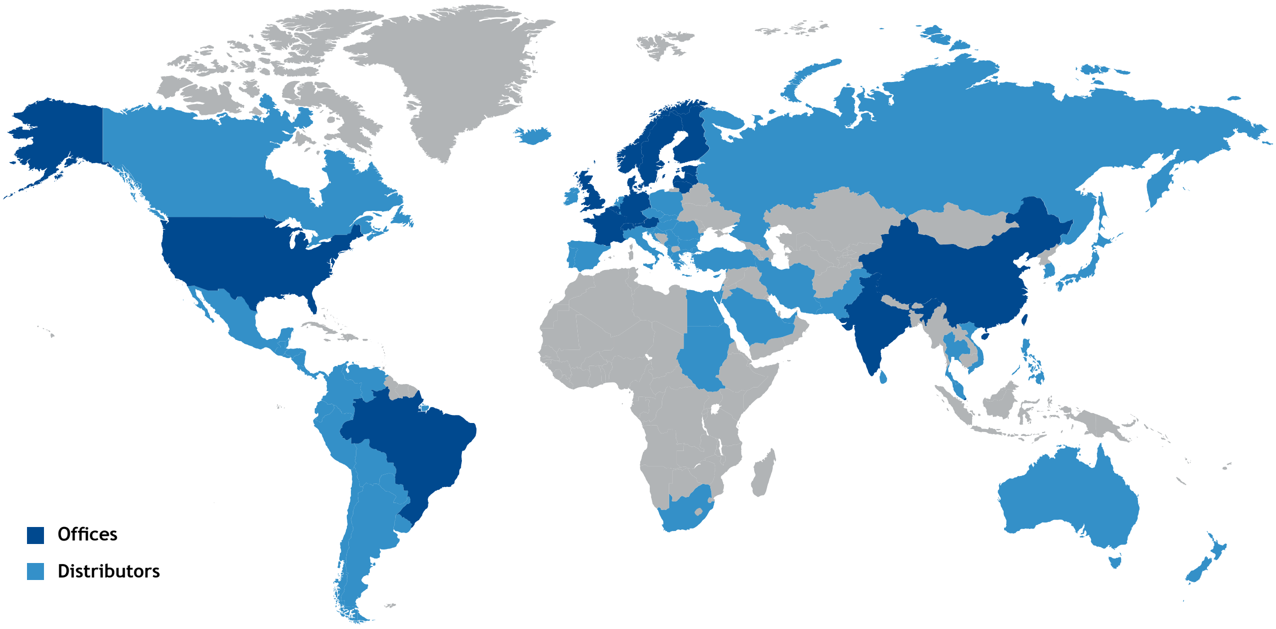
Traditionally, most of Beijer Electronics' sales have been in the Nordics and Europe, but recently, markets in Asia and North America have become more significant, now representing a total of 29% of the company's sales. Beijer Electronics' organization has also become increasingly globalized, with sales units in 19 countries and development centers in Europe, Asia and the US.

### Business Concept

Driven by a strong commitment to people and technology, we provide automation solutions that our customers can trust.

The group is divided into three business segments. HMI Products delivers self-developed solutions for HMI (human machine interface, also known as operator communication), from cost-efficient operator terminals to sophisticated industrial PCs. Customers are worldwide and in a wide range of segments, from OEMs to water treatment plants and maritime activities. The IDC business area delivers the industrial data communications offering. These products are sold under the Westermo and Korenix brands to customers in segments including energy, transport, mining, security and water treatment. Our broad-based automation offering in the Nordics and Baltics is managed by the Automation business area. This adds products from other business areas, as well as a broad range from leading vendors.

## Geographical Coverage

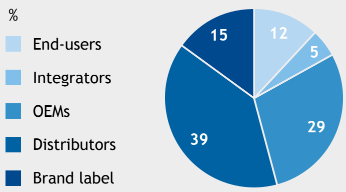



## Business Areas

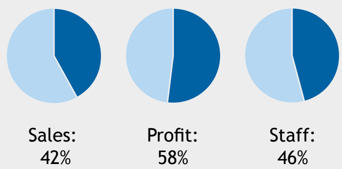
### HMI PRODUCTS

Develops, manufactures and markets leading operator panels, mobile terminals and industrial PCs centering on user-friendliness and high functionality.

## Customers

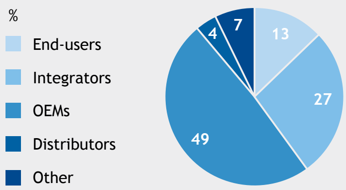


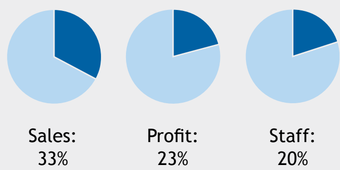

## Share of Group




### AUTOMATION

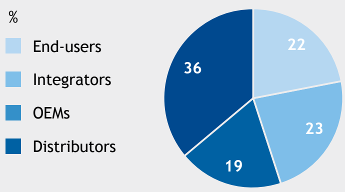
Responsible for marketing and sales of self-developed products in the Nordics and Baltics and a supplementary range from leading vendors.

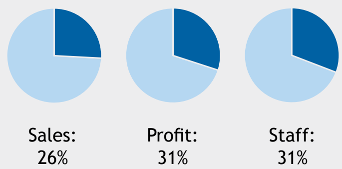



### IDC

Develops, manufactures and markets routers, switches and other types of industrial data communications product for environments with challenging robustness requirements.



The first things that spring to mind when you hear "industrial automation" might be conveyor belts and industrial robots. But in reality, there is a need for effective automation in most social sectors. And the automation industry has a key role to play in the future challenges facing the world.

# A Growth Sector with a Bright Future

With continuously growing populations, climate change and rapid urbanization, our world is facing major challenges, and industrial automation has a key role to play. Industrial production, energy distribution, transport systems and water supply are just a few of the sectors where automation can bring greater efficiency and less environmental impact.

### Drivers and Trends

The overarching demand driver on the automation market is the need for greater efficiency—in different senses. Intense competition and short product life-cycles are pushing industry towards greater production efficiency and environmental consideration. Emerging economies' striving for higher standards of living are putting the focus on energy consumption, and migration into cities is putting greater demands on transport systems and the supply of resources.

Technological progress is also driving the market and creating the prospects for product development in the automation industry. Old technology is being upgraded and technological advances offer the prospects for all-new functionality. New, advanced graphics in operator panels and the transfer to IP-based data communications in industrial networks are two such examples. Other current trends on the automation market include:

- Demand for global suppliers with local project and other support
- Demand for complete solutions, integration know-how and the ability to build open solutions
- A higher degree of segment-specific customer requirements
- Greater demands for industrial solutions that can deliver the same experience for the user as consumer products, in the interface design of operator panels, for example.

### Competition in Consolidation

The automation industry is a multifaceted sector extending right from broad-based global vendors of major automation systems to niche players with specialist competences in small segments. Beijer Electronics' edge on the really large automation corporations like Siemens (Germany) and Rockwell (US) lie in the smaller company's greater flexibility and closeness to customers, while our international presence makes us an attractive alternative for global customers.

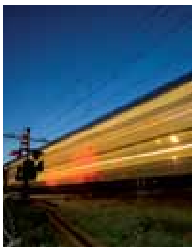
There are a number of specialist players in the operator communication market that compete directly with Beijer Electronics' offering, such as Advantech (Taiwan) and Red Lion (US) as well as a growing number of Asian competitors, two being Weintek (Taiwan) and Weinview (China).

The market for industrial data communications is continuing to consolidate, with Belden (US) being a major competitor through its subsidiaries Hirschmann and Garrettcom. Other big players in industrial data communications are Ruggedcom (Canada) and Moxa (Taiwan). Against these competitors, our important competitive edges lie in robustness, quality and compact design.

## Market Segments

### Mining, Gas and Oil

The gas, oil and mining industry is a segment where modern control, data communications and operator management technology can offer substantial rationalization gains and improve the safety of workers, not least in the world's emerging economies.

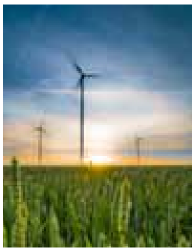


### Transportation

Contemporary complex road and rail transportation systems set challenging standards for information management. IP-based data communications on trains, coaches and trucks are an important component in satisfying the world's transport needs.

### Maritime and Offshore

Systems for loading and unloading freight from freighters, climate control on cruise vessels and cooling systems for fishing vessels are a few examples of application segments for automation solutions in maritime activities.

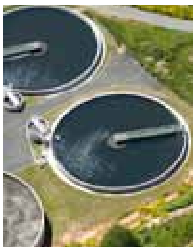


### Energy

The world's energy systems are on the verge of an extensive and necessary realignment to intelligent distribution networks and the migration to a higher share of renewable energy sources like wind and solar. This is driving demand for automation solutions.

### Buildings

Building automation cuts costs and improves comfort in homes and workplaces. Manufacturing, where production and building management are optimized together, is an especially expansive segment offering major savings.



### Water and Wastewater

Access to clean water is one of the key issues for humankind and far from a matter of course. Open systems for controlling and monitoring water treatment plants are an important application segment for industrial automation.

### Manufacturing

Higher standards on productivity and greater complexity are driving demand for the automation of industrial processes. This is also raising the pressure on the world's OEMs to sharpen their offering to manufacturing.

### Infrastructure

Many countries need large-scale investments in new infrastructure, there is a need for automation in a raft of segments, such as highway toll systems, controlling bridge traffic, tunnel ventilation and signaling systems for rail networks.

## Market Size and Market Shares

41 billion SEK

### Addressable Total Market

Of a total global market for automation worth SEK 675 billion, SEK 41 billion is addressable for Beijer Electronics.

28 billion SEK

### Operator Communication

Beijer Electronics has a share of some 2.5-3% of the global HMI market.

8 billion SEK

### Industrial Data Communications

Beijer Electronics has a share of some 5% of the global industrial data communications market.

5 billion SEK

### Automation

Beijer Electronics has a market share of some 10% on the Nordic and Baltic automation markets.

Since start-up, Beijer Electronics has evolved from a local automation enterprise to a global group with world-leading products on all the world's continents. And we are continuing our journey to the future with a clear strategy.

# On a Straight Course towards Our Vision

Growth with profitability is the overarching goal of all strategy work at Beijer Electronics. The route to this vision of being a leading global vendor of user-friendly automation solutions goes via a clear strategy for growth and cost control to the company's operational business plans and all the company's operations.

### Core Values Are Our Foundation

Our core values of *commitment, drive* and *trust* form the foundation of our work and are the collective platform for all employees. Work on securing and concretizing our values is a constant process, not least in the integration of acquired companies and the introduction of new employees.

### Strategies for Growth and Profitability

Strategy work at Beijer Electronics is conducted in four strategic building blocks and reflects a parallel focus on aggressive work for growth and good cost control. Our strategy for growth and geographical expansion, intensive market presence and substantial investment in product development are bringing improved market positions. Meanwhile, we also have to keep the supply of competence, cost control and effectiveness of internal processes in focus to be able to lift profitability even when the company is in high growth.

### Focusing on Our Customer Offering

Work on our five e's (economy, energy, environment, ease of use and efficiency) clarifies our customers' drivers and keeps our focus right the way from development to sales. By formulating the benefits of our products and solutions in these terms, we can define and quantify the effects of our offering more simply. And by understanding the composition and change of drivers over time, we can develop solutions that match and satisfy customer needs more easily.

### Clear Customer Value

**economy**–effective automation means low cost for implementation and operation
**energy**–effective automation reduces energy consumption and cuts energy costs
**environment**–effective automation means reduced environmental impact through rationalized production
**ease-of-use**–effective automation is user friendly and brings a better working environment
**efficiency**–effective and well-considered automation means better utilization of production resources.

# VISION

A leading provider of user-friendly automation solutions on a global basis.

## Strategic Building Blocks for Growth and Expansion

### ORGANIC GROWTH

Development of existing markets is the foundation of our future growth. Good customer relations and effective sales work are two of the key factors.

**In 2011 we:**

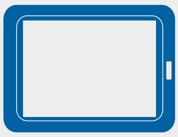
- Secured a number of new OEM accounts
- Strengthened our Asian organization
- Created a clear focus in our sales work through customer segmentation
- Strengthened our sales organization on many markets

### GEOGRAPHICAL EXPANSION

Our strategy for geographical expansion includes opening proprietary sales units on new markets, expanding our distribution network and strategic corporate acquisitions.

**In 2011 we:**

- Increased our presence in the US, UK and France
- Started up on growth markets in Brazil and India
- Completed the previous year's acquisitions in the US and Taiwan

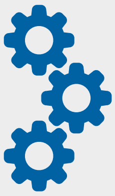


### MARKET-DRIVEN PRODUCT DEVELOPMENT

Major development investments in HMI and Industrial Data Communications and a global product development organization ensures our competitiveness.

**In 2011 we:**

- Launched the first models of HMI products' global product range
- Scored successes in data communications solutions for rail
- Launched new releases of the iX and WeOS software solutions



### OPERATIONAL EXCELLENCE

Good cost control is a precondition of our strategy and profitable growth. Optimal cost-efficiency end to end in the chain from purchasing to delivery is our goal.

**In 2011 we:**

- Started implementing a group-wide ERP system
- Implemented processes to integrate acquired companies into the group's work
- Continued work on rationalizing processes in the supply chain

## Core Values

### COMMITMENT

We are devoted to our work of maximizing customer benefit and creating good relationships with customers and partners.

### DRIVE

We are proactive in technology development, always endeavoring to be one step ahead of our competitors.

### TRUST

We take responsibility, engender trust and conduct ourselves with honesty and transparency in all our relationships.

Over the past ten years, Beijer Electronics has more than trebled its sales and continued growth is the focus of the company's ongoing development. This is being achieved through a combination of organic growth, new markets and strategic acquisitions.

# Full Focus on Continued Growth

Growth is a priority goal for Beijer Electronics. We remain a small player on the global automation market with great potential to grow. Meanwhile, it's important for us to retain the smaller competitor's benefits of flexibility and close customer relationships.

### A Market without Limits

We estimate that the global industrial data communications and HMI market is worth some SEK 36 billion. Along with the Nordic and Baltic automation market, where the Automation business area operates, this means Beijer Electronics has an addressable market worth SEK 41 billion this year. Relative to our current sales of SEK 1.4 billion, the size of the market presents no barrier to the company's growth whatever.

### A Multifaceted Strategy for Growth

The overarching goal of our growth strategy is to increase our market shares and achieve stable market positions on all the world's attractive markets. Work for achieving this goal is through a combination of different measures, and incorporates organic growth through higher sales on current markets, geographical expansion onto new markets with high potential and strategic acquisitions that complement our offering and open new channels to the market.

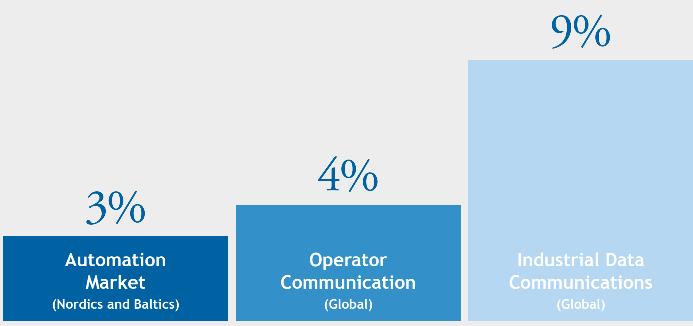
### Organic Growth Is Our Base

Increased sales on existing markets are a basic precondition for our future growth. One tool is an active sales organization with high presence, backed by clear customer segmentation. Another is an attractive product offering with the right functionality at the right cost.

In the year, we strengthened our sales organization on several markets to be able to satisfy customer needs better and identify more market opportunities. We also worked on creating sales teams targeting specific customer segments, such as building automation and water and wastewater customers.

### Expected Market Growth in 2012

Ahead of next year, we anticipate that the automation and operator communication markets will maintain fairly moderate growth rates while industrial data communications will make faster progress, largely due to an ongoing technology migration to IP-based communications solutions.



### Strategic Acquisitions complements

Beijer Electronics' way ahead includes a proactive acquisition strategy, and work on identifying and screening attractive targets is continuous.

The group made two acquisitions in 2010. QSI Corporation of the US was incorporated into the HMI Products business area, and Korenix of Taiwan complements Westermo as a brand of the IDC business area. In both cases, the intention of acquisition was to supplement and deepen product ranges and competence, while bringing access to more market channels on the North American and Asian markets respectively.

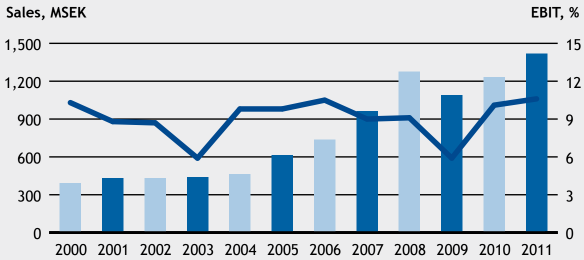
The results of these acquisitions to date have been very positive, and QSI and Korenix have already contributed positive earnings and sales increases above estimates.

### A Global Agenda

Many of the major automation customers are becoming more globalized, thus also setting high standards on suppliers' multinational presence and local support. Accordingly, we view geographical expansion as an important route to future growth. Minimizing the company's sensitivity to the business cycle and financial turbulence on individual markets is another driver.

Our internationalization strategy covers all functions of the company, from developing and manufacturing to sales and support, tailored to the needs of local markets. Beijer Electronics already has proprietary offices in 19 countries and development centers on three different continents, and is working continuously on identifying and developing new, attractive markets for start-ups. There is more information on our global strategy in the next section.

### Group Sales and Profitability, 2000-2011




### Growth and Profit Goals

| | Sales | EBIT |
|---|---|---|
| Group | >15% | >10% |
| HMI Products | >15% | >13% |
| Automation | >5% | >8% |
| IDC | >15% | >12% |

*These goals apply over a business cycle.*

Ten years ago, Sweden and the rest of the Nordics were the base of Beijer Electronics' business. But this is no longer the case. We have evolved into a genuine global corporation, with customers worldwide. And with Asia as the powerful engine of our future growth.

# Asia—the Engine of Global Expansion

In recent years, Asia, led by China, has been a key growth engine for the whole global economy. Commentators expect this trend to continue. Investment bank Goldman Sachs estimates that in just 15 years, 2027, China will have overtaken the US as the world's largest economy. Other heavily populated countries in the region, such as India, Indonesia and Vietnam, are also expected to become highly significant to the future global economy.

Asia has major, and continuously increasing, significance to the automation market too. In the light of financial turbulence in Europe and a stuttering US economy, strong market positions in Asia are important for all automation providers, including Beijer Electronics. Estimates indicate that in our business segments, market growth in Asia will be several percent higher than the rest of the world through the coming years.

The base of Beijer Electronics' operations in Asia is Taiwan, with development, production and sales. But the majority of sales are in China, where Beijer Electronics operates a number of sales units. Southeast Asia is another attractive market, addressed from the sales unit in Singapore.

A group-wide organization for the Asia and Pacific region was created in 2011, with the primary mission of strengthening our market presence in China further, with more salespeople and a focus on clear customer segments. As a further step in the Asian initiative, in December, the group opened its first sales office in India, a growth market with high future potential, where we offer our full self-developed product portfolio.

***Europe***

Traditionally, Europe, and primarily the Nordics, has been a strong market for Beijer Electronics. To extend European sales, in the year, Beijer Electronics strengthened its presence in the UK and France. Southern Europe is an attractive region for starting up proprietary sales units, which has a pressing need for automation solutions, not least in maritime activities.

***North and South America***

The acquisition of QSI Corporation has brought a good platform for HMI sales on the North American market, which has already provided a sales increase. The IDC business area is also focusing sharply on the US and has attracted major interest, not least for its IT Train concept.

In September 2011, Beijer Electronics opened a sales unit in São Paulo, Brazil, the first on the South American market. Brazil is a large and growing industrial country and a nation that is on the verge of substantial investments in infrastructure—and thus the need for automation solutions. The operation in Brazil will be run in close collaboration with existing partners and deal with the full portfolio of self-develop products.

***Rest of World***

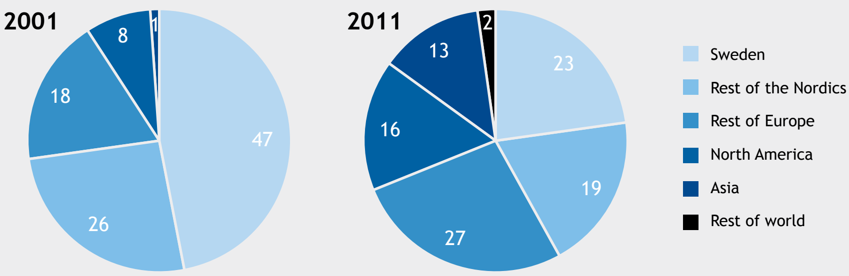
The year brought major successes for the IDC business area in the Middle East, where the need for data communications for energy and water treatment plants is driving the market. Russia, where the acquisition of Korenix brought a base of promising customer relations, is another attractive market.

"High growth, rapid migration to the region's megacities and major investments in energy and infrastructure make Asia a decisive market for automation companies. That's why we're investing so heavily here."

**Berndt Köhring, Business Area Director, Asia**

## From Local to Global in a Decade

In the past ten years, Beijer Electronics has evolved from being a company with a clear focus on Sweden and the rest of the Nordics into a global group. Almost one-third of sales are now generated outside Europe.




Total sales: 430.6 MSEK

Total sales: 1,417.7 MSEK

User-friendliness, reliability and forward-thinking technology choices are some of the starting-points of our product development. The result is world-leading products at the absolute cutting edge of technology.

# Development Leads the Way to the Future

Beijer Electronics is a development-intensive corporation with 80% of its sales from proprietary products and the development of software and hardware within HMI and industrial data communications. Development also involves development projects conducted close to customers and software-based concept development for specific customer segments. A total of 122 people are employed on development, and in 2011, Beijer Electronics invested 106.8 MSEK, or 7.5% of sales, in technology and product development.

### A Global Development Organization

Our customers' needs and preferences differ in different global regions, at least to some extent. Accordingly, a global organization with resources for development close to the customer is necessary to be able to satisfy customer needs fully. Development is conducted at a number of development centers in Europe, Asia and the US, where our local market know-how is utilized in a shared development agenda.


*The first operator panels in our global operator communication product range were launched at the beginning of the year. More will follow in 2012.*

Development in Focus

# World-class Self-developed Software

**In a world** of high data volumes that needs fast communication and sophisticated graphics, the software solutions of products are getting more important. iX and WeOS mean that Beijer Electronics is taking things into its own hands. With its self-developed software platform iX, Beijer Electronics becomes the world's only vendor that can offer an HMI solution based on .NET technology. This offers powerful functionality and impressive graphics. Simultaneously, Windows-based technology means an open system with the capacity for each customer to set their own stamp on applications.

Software is also an important competitive factor in industrial data communications. Our self-developed operating system WeOS enables robust and secure communication across industrial networks and increases security levels, which is an important factor when IP-based communication is becoming more common in manufacturing.

The development centers for HMI solutions are in Malmö, Sweden (software), Unterensingen, Germany (hardware) Salt Lake City, US (robust operator panels and mobile terminals) and Taipei, Taiwan (motherboards and production design). The IDC business area has development centers in Stora Sundby and Västerås, Sweden and Taipei, Taiwan, which all develop industrial data communications products.

### A Complete HMI Range with full iX Functionality

Work on developing an all-new global product range fully tailored to the iX software platform began in the HMI segment last year. The first models were launched at the beginning of the year, and a number of new models will be launched on the market in the first quarter of 2012. This means that Beijer Electronics can offer a complete global product range with leading-edge functionality and design, which simultaneously, is highly cost-efficient to enhance and produce.

### Ethernet Technology at the Leading Edge

Beijer Electronics also scored major successes in industrial data communications through self-developed products, one example being Viper 12, a world-leading solution for communication infrastructure specially tailored for train cars. High robustness, compact design and simplicity of installation are important success factors for developing network products. But new software functionality is also a priority, which is realized in the proprietary WeOS operating system (more above).

### Conceptual Development Creates Value-added

Apart from proprietary standard products, customer-specific projects and concept development are important components of development operations. Development projects alongside OEMs or integrators, for example, bring good market knowledge and often contribute to developing standard products. One way of giving customers value-added also lies in the development of concept solutions for specific customer segments. Preconfigured automation solutions for building automation or waste water plants and specially certified products for maritime activities, for example, bring our customers benefits and open up business opportunities.

*Viper 12 is the name of a range of Ethernet switches specially developed as the core of the next generation of IP-based communication on trains.*

Our strategies for growth are important guides in our operations, but it's our people's competence and the ability to collaborate across cultural borders that make our strategy a reality. And through well-engineered internal processes, we can increase profitability even in a high growth.

# We Realize Our Strategy Together

One big challenge facing a company like Beijer Electronics is to hire, retain and develop people in a complex cultural context. We currently have 678 employees in 19 countries, many with backgrounds in acquired companies. The objective of the group's HR work is to utilize the dynamism of cultural differences based on our collective values of commitment, drive and trust. That's why cultural competence is another important parameter in hiring managers and leadership development in the company.

### Group-wide ERP Systems

For the same reason, internal communication is a priority segment of Beijer Electronics. Our intranet disseminates information between companies and geographical markets. A group-wide ERP system is also being implemented, which covers all mission-critical functions such as accounting, supply chain management and sales, and will bring greater efficiency and comparability between the group's units.

### Quality and Management Systems

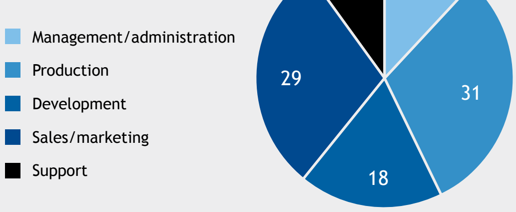
The quality management system of the Swedish parent company is certified according to ISO 9001:2008. Other crucial components of quality work are certifying products for use on certain markets or in specific segments such as maritime environments or the oil and gas industry, developing testing operations and enhancing production processes.

### Environmental Policy and Code of Conduct

Beijer Electronics' group-wide environmental policy and the code of conduct it adopts each year are key tools for directing operations towards sustainable and ethical attitudes. Environmental work includes shared transportation between distribution centers, satisfying directives for using environmentally hazardous compounds and ISO 14001 environmental certification. The code of conduct formalizes ethical approaches in segments such as supplier relations and occupational health and safety issues.

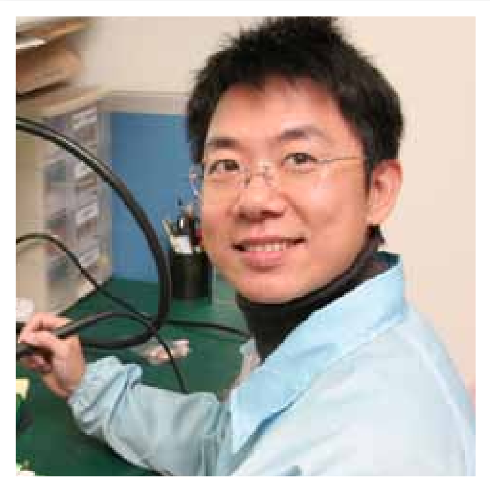
### Job Category

(average number of employees, %)




### Key figures, Employees

| | 2011 | 2010 |
|---|---|---|
| Average number of employees | 668 | 538 |
| Sales per employee, MSEK | 2.1 | 2.3 |
| Profit per employee, SEK 000 | 225.0 | 166.3 |
| Division men/women, % | 68/32 | 71/29 |



**Taipei, Taiwan**

"I really appreciate working for a global corporation like Beijer Electronics. This is where I have the chance to develop my own competence and get to know people from other countries to exchange experiences with."

**Henry Hung, Production Engineer**

**Malmö, Sweden**

"Our developers get to work on the latest technology and create products that are attractive to markets and users. And I get the benefit of working with really devoted and competent colleagues."

**Stefan Klein, Software Development Manager**


**Salt Lake City, USA**

"When my employer QSI was integrated into Beijer Electronics, it brought new opportunities for me to extend my customer base and develop in the company. I'm looking forward to an exciting future with Beijer Electronics!"

**Anissa Howell, Industrial Key Account Manager**

# HMI Products Business Area

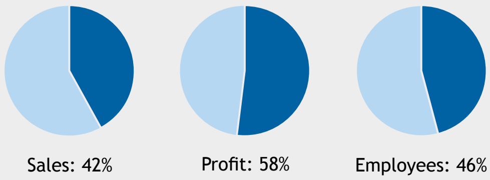
The HMI Products business area, develops, manufactures and sells products for visualizing, interpreting and controlling information in the interaction between humans and machines (human machine interface), also known as operator communication. The offering consists of a broad range of operator panels, mobile terminals and industrial PCs, that center on user-friendliness, innovative design and high functionality. Beijer Electronics-branded sales are through the Automation business area in the Nordics and Baltics, proprietary sales units in Germany, France, the UK, the US, China, Taiwan, India and Brazil, and through a global network of distributors. There are also several brand label partners such as ABB, Mitsubishi Electric and SEW Eurodrive, which sell products under their brands.

4

### Global Development

With four development centers on three continents, our development competence is always close to the market and our customer needs. We are showing the way to the HMI solutions of the future in Sweden, Germany, the US and Taiwan.

### Share of the Group



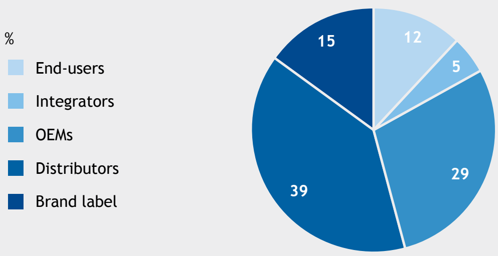

HMI Products offers a complete HMI product range, from basic operator panels to advanced PC solutions.

### Sales and Results of Operations, 2009–2011

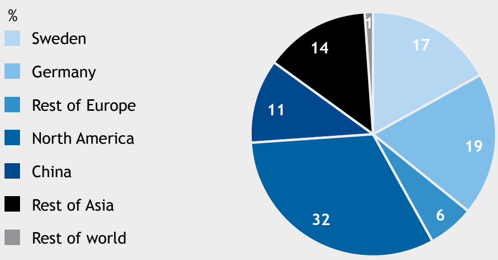
| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Sales, MSEK | 627.2 | 559.7 | 423.2 |
| Operating profit, MSEK | 87.4 | 85.3* | 32.7* |
| Operating margin, % | 13.9 | 15.2* | 7.7* |

** Excluding non-recurring items.*

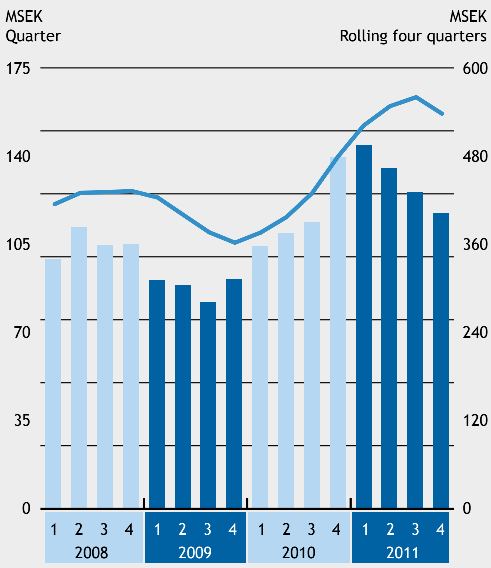
### Customer Type, Sales Share 2011



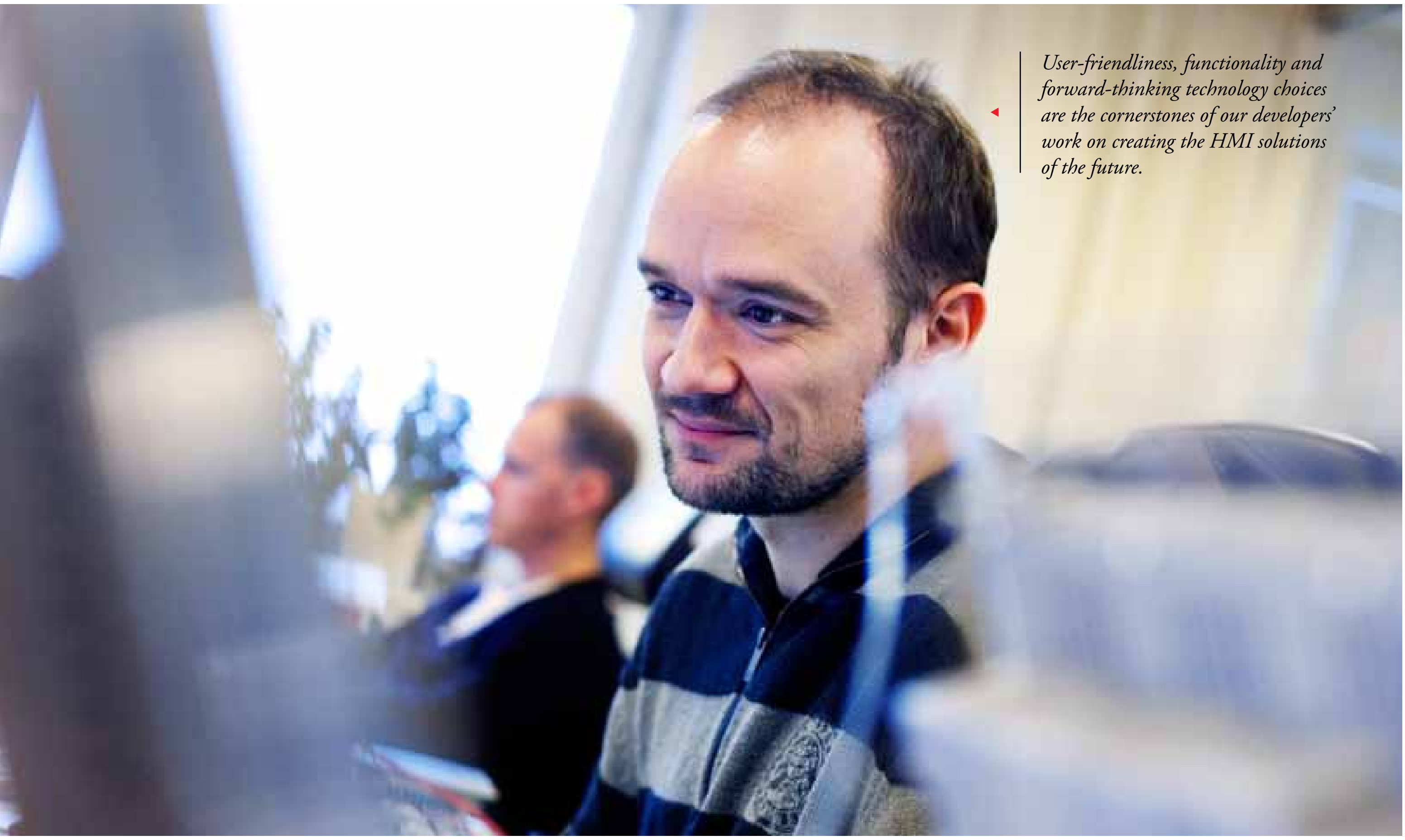

### Sales Share by Market, 2011




### Quarterly Sales, 2008–2011




The bars and left scale show quarterly sales.
The curve and right scale show rolling four-quarter sales.



*User-friendliness, functionality and forward-thinking technology choices are the cornerstones of our developers' work on creating the HMI solutions of the future.*

# New Product Range and Success in the US

**One of the biggest events in HMI Products last year was the acquisition of QSI Corporation in the US. Has the company lived up to expectations in its first year in the group?**

Absolutely. QSI posted very good results, increasing sales and expanding its margins. Our self-developed iX software, combined with QSI's competence in robust operator panels, makes a very attractive product offering, simultaneous with the company being a good platform for sales of the rest of our range on the North American market.

**Which customer segments do you view is especially important to focus on for the business area's continued development?**

Global OEMs will remain one of our primary customer groups, with machinery for the packaging and food industries being especially attractive. But maritime applications, the transportation sector and the oil and gas industries are also attractive segments.

**The first operator panels in your new complete product range were launched in the year. What's happening now?**

We're releasing more new models in the first quarter of 2012. Then we'll have a very competitive offering across all customer segments—from cost-efficient terminals to sophisticated industrial PCs. And what's more, a product range that is modular, and thus very efficient to develop and manufacture.

**Christian Benz**
**Business Area Director, HMI Products**

## Challenge

Volvo Cars' SCADA program was obsolete and needed an upgrade. The goal was to increase the pace of the car plant and facilitate future development and support work.

## Solution

Volvo Cars selected Beijer Electronics' HMI solution based on iX. The decision was founded on factors including the solution's open architecture and world-leading vector-based graphics.

## Result

Thanks to iX, Volvo Cars can identify production bottlenecks quickly, and thus markedly reduce set-up times, optimize flows and increase profitability.

*Final assembly of one of the 160,000 cars produced by Volvo Cars' plant at Torslanda, Sweden this year.*

# iX helps Volvo Cars **Increase** the Speed of its Plant

As in traffic, planning, movement and tempo are decisive in car manufacture. Using Beijer Electronics' HMI solution iX, Volvo cars can optimize its flows and thus rationalize the work of its body plant.

The Torslanda plant in Gothenburg, Sweden, where some 3,000 people work, builds Volvo Cars' larger models like the XC90, S80, V70 and V60.

Production is order based, which puts a lot of demand on production planning and reliability.

"Even if we have small buffer stocks at different points, the flow through our plant is completely decisive to our rate of production, and thus profitability," explains John Selander, one of the managers of maintenance and enhancement of the body plant's automation systems.

### Optimized Flow

An extensive technology upgrade was conducted here in fall 2009, when iX replaced obsolete SCADA software as the superordinate system. One result is that there are now around a dozen large displays at different locations around the plant where people can monitor production status easily.

"By being able to identify potential problems and bottlenecks in production lines quickly, we can reduce setup times and optimize flows," continues John.

### Complete Control

With the aid of the Windows-based iX Developer tool, an intuitive superordinate production monitoring system has been created, which also enables administrative staff and managers to log in via the internal datacom network and monitor production status.

Volvo Cars was invited to pilot development of iX early. This brought benefits to Volvo Cars that could influence development, and meant that Beijer Electronics was able to trial iX in a demanding environment like the automotive industry.

Volvo Cars has also been purchasing PLCs and operator terminals from Beijer Electronics for many years. The implementation of iX deepens the two companies' already good relationship, which is something John sees major benefits with: "we have a single vendor of all the key components, so if there's a problem, all we have to do is make one call."

# Automation Business Area

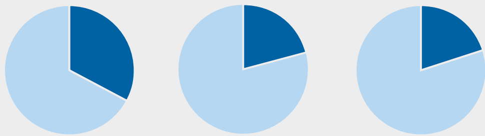
The Automation business area makes our automation offering in the Nordics and Baltics, consisting of the group's self-developed products and a supplementary range of automation products from leading vendors. With its in-depth automation know-how, tailored solutions and extensive project support, Beijer Electronics is a strategic partner for effective automation end to end from project start-up to support. Products are used in many segments, from traditional industrial production to building automation, energy systems and maritime activities. Sales are to technology consultants and integrators, OEMs and end-customers through a total of 20 offices in Sweden, Denmark, Finland, Norway, Estonia, Latvia and Lithuania.

80

### Big Profit Increase

The automation business area increased operating profits by 80% in 2011 year on year. Good cost control, a more sales and customer-driven organization and an attractive product offering are some of the reasons.

### Share of the Group



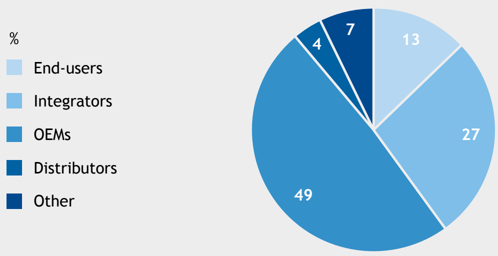

Automation is a full range vendor of PLCs, I/O Systems, operator panels and communication products.

### Sales and Results of Operations, 2008–2011

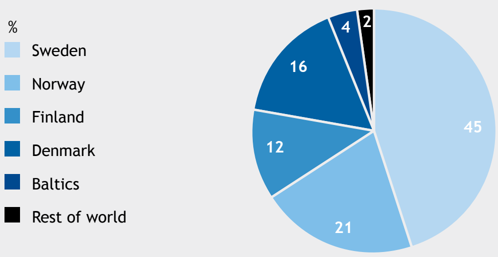
| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Sales, MSEK | 497.2 | 467.9 | 480.8 |
| Operating profit, MSEK | 34.5 | 19.4* | 16.1* |
| Operating margin, % | 6.9 | 4.1* | 3.4* |

** Excluding non-recurring items.*

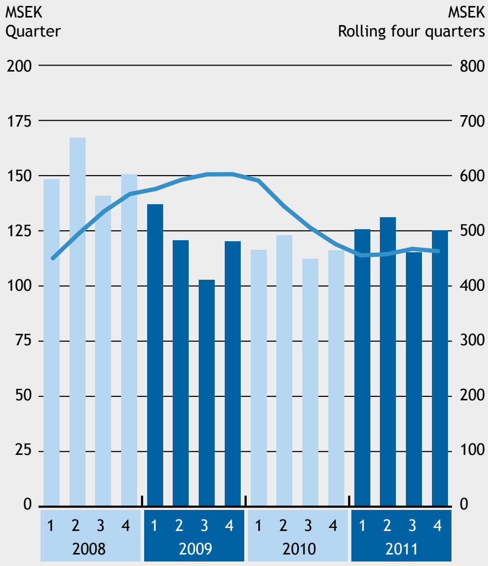
### Customer Type, Sales Share 2011




### Sales Share by Market, 2011




### Quarterly Sales, 2008–2011




The bars and left scale show quarterly sales.
The curve and right scale show rolling four-quarter sales.

*High support availability and in-depth knowledge of our customers' needs and circumstances are two of the success factors of the Automation business area.*

# Targeted Sales Team and Increased Sales

**2010 was a tough year on the Nordic automation market. How was 2011?**

Much better. We made strong progress in Sweden, Denmark and Finland and signed up several major OEM accounts in the year. The increase is dependent, not least, on the group's new, competitive offering in operator systems. The recovery has only been slower in Norway. The maritime sector was hard hit by the recession, and despite a brisk rally in the second half-year, still has some way to go before being back at previous levels.

**You have also made some changes in your sales organization. What's happened?**

Back last year we started forming sales teams addressing specific segments like OEMs, building automation and water treatment, involving technologists, salespeople and product managers collaborating across borders to be able to satisfy customers' specific needs better. This work continued this year, and we're already seen a good pay-off from supplementing regional sales organizations in this way.

**Is there anything that's been an especially positive surprise in the year?**

The Baltics posted a big sales increase this year and look very promising for the future. I'm also pleased that many of the agreements signed this year will produce good volumes for the coming years. We're also proud to be selected as one of the vendors when the Öresund bridge link is modernized—this is one of Sweden's biggest infrastructure projects.

**Roger Kroon**
**Business Area Director, Automation**

*The Jarlsberg Tunnel is part of the 12 km extension of the Vestfold rail link. This tunnel is the first in Norway to be built for train speeds of up to 250 km/h.*

# Complete Delivery Safeguards Jarlsberg Tunnel

**A complete delivery, tried-and-tested products and extensive project support were some of the reasons Beijer Electronics was selected as the collaboration partner on construction of the Jarlsberg Tunnel in Norway.**

The Norwegian National Rail Administration is currently conducting an extensive refit of the crucial Vestfold link, part of which passes through the 1,750 m long Jarlsberg Tunnel, where power supply, safety functions and emergency lighting and ventilation are controlled with the aid of Beijer Electronics products.

### A Multi-link Collaboration

A project of this scale involves a lot of parties, each of which contribute their expertise. Beijer Electronics is operating on assignment from control system vendor Aventi Technology AS on this project, which in turn was appointed by YIT, the main contractor on the Tunnel's power and telecom systems. Nevertheless, Beijer Electronics has played a very active role on the project, according to Mats Karlsson, Aventi Technology's Project Manager. Over and above delivering all the necessary hardware, he comments on the support the team received from Beijer Electronics over the term of the project.

"Beijer Electronics presented a well worked-out system set-up for us. We thought the technology solution was really attractive, and by building on it, we've certainly saved time."

Mats also views Beijer Electronics' ability to offer a complete delivery as a big benefit. This freed him up from having to search for additional products himself.

"It meant the right pricing, and also, security in the tendered hardware being optimized to work together," Mats explained.

### Safety First

The client, the Norwegian National Rail Administration, made safety an emphatic first on its list of requirements. And the system topology employs three separate fiber rings, redundant PLC models and duplication of installations including power feeds are also optimized for maximum reliability.

Rune Bårdsen Røer, Construction Manager at the Norwegian National Rail Administration, confirms that safety is always first in rail applications.

"My impression of this system is very positive. We're prioritizing a safe and stable solution. And if cost is reasonable, that's a bonus."

## Challenge

There was no room for compromise on the Jarlsberg Tunnel's safety systems. One requirement was uninterrupted communication with management systems through standard protocols.

## Solution

Modular PLCs connected to IE fiber rings were selected to guarantee performance and redundancy. Several functions, like local power supply, were duplicated to increase reliability.

## Result

Sector and professional know-how have been combined with tried-and-tested automation products to create a cost-efficient solution that satisfies the Norwegian National Rail Administration's high standards.

# The IDC Business Area

The Industrial Data Communications business area develops, manufactures, markets and sells industrial data communications products, a market with very high robustness and reliability standards. The product portfolio includes Ethernet switches, ADSL and 3G routers and market-leading industrial Ethernet products. Products are marketed under the Westermo and Korenix brands through the Automation business area, proprietary sales units in Sweden, the UK, Germany, France, the US, India, China and Singapore, and through a large number of distributors worldwide. Demand for industrial data communications is driven by increasing needs for data transmission in many segments like water and energy systems, industrial production, mining and transportation.

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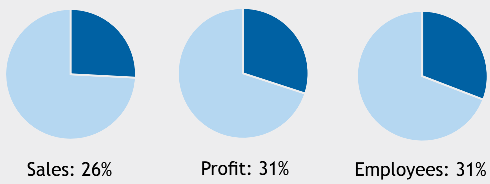
### Moving Forward in Southeast Asia

The IDC business area secured leadership in the transportation segment, primarily in Singapore, in the year. Thanks to a stronger sales organization, we achieved sales gains as high as 151% in Southeast Asia.

### Share of the Group



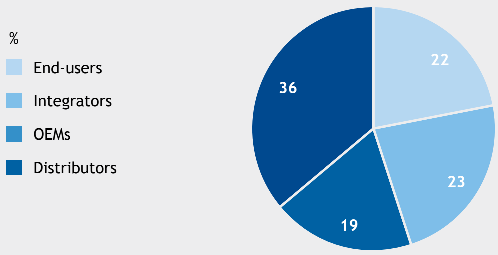

IDC offers network switches, routers, Ethernet switches and other data communication products for harsh environments.

### Sales and Results of Operations, 2008—2011

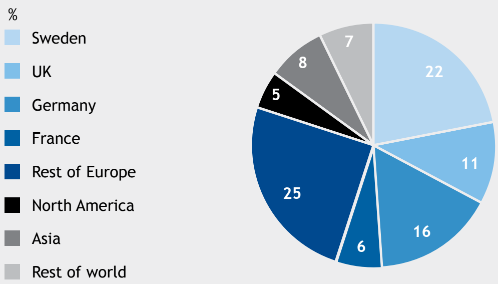
| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Sales, MSEK | 385.2 | 284.4 | 262.7 |
| Operating profit, MSEK | 46.2 | 34.0** | 28.6* |
| Operating margin, % | 12.0 | 12.0** | 10.9* |

** Excluding non-recurring items.*
*** Including minority share in Korenix.*

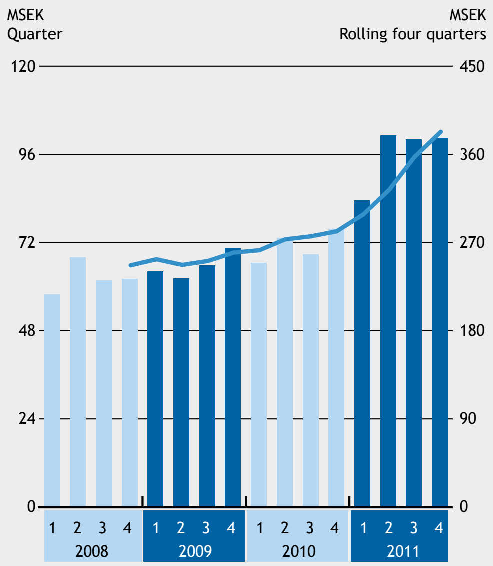
### Customer Type, Sales Share 2011




### Sales Share by Market, 2011




### Quarterly Sales, 2008—2011




The bars and left scale show quarterly sales.
The curve and right scale show rolling four-quarter sales.


*Thorough quality control and continuous improvements are integral parts of our work procedures on the production sites in Stora Sundby and Taipei.*

# Rail Success and Stronger in Asia

**2011 was a good year for the IDC business area wasn't it?**

Yes, you could say it's going like a steam train. The fact is that our data communications solutions for rail are a key reason to us being able to post a good sales increase with profitability again. And our world-leading technology, packaged into a new IP train offering has had a good impact in the US, Asia and Europe, with its superior robustness and compact design.

**More success factors?**

Our product development has been successful, and we succeeded in combining advanced functionality and world-leading robustness in our products. We've also been goal-oriented in addressing specific segments where we have the best prospects, such as transportation, mining operations, energy and water treatment plants.

**What has been the significance of the acquisition of Korenix of Taiwan for the business area?**

The acquisition of Korenix has supplemented our product offering, opened new customer segments and given us a good platform for expansion in China. Successes in the year show the enormous potential of our products on Asian markets. But other parts of the world are also important. Our new start-up in the US has performed well, and we've also signed several promising agreements in the Middle East.

**Lars-Ola Lundkvist**
**Business Area Director, IDC**

## Challenge

The data communication solution in ABB FM's control systems require up to six different network products from different vendors, a complex system, which in many senses, is hard to operate.

## Solution

Westermo's RedFox with the WeOS operating system captured all network functionality in a single product, ready configured and very easy to install.

## Result

ABB FM has now been delivering control systems with RedFox since 2010 without problems. Day-to-day work has been simplified, it has been possible to keep support and maintenance to a minimum.

*Measurement and control systems from ABB ensure that rolled steel is of precisely the right quality and thickness once it has passed through rolling mills.*

# RedFox in Networks Simplifies the Work of ABB FM

**Previously, ABB Force Measurement's control systems for rolling mills required up to six different network products to manage data communication. In its new solution, a single unit does the whole job—RedFox from Westermo.**

ABB FM is a world-leading vendor of control systems for rolling mills. The system consists of an array of measurement and control instruments, which together, optimize the process of producing high-quality steel plate.

ABB's previous solution consisted of a control system network of up to six different network products from different vendors. This was a complex network solution, which was difficult to install and maintain. And which also caused compatibility problems and difficulties in realizing critical functions.

### One Product for the Whole Network

The control system's new data communication network builds on a single product—a RedFox Ethernet switch. RedFox is delivered preconfigured, and installation is so simple that basically, it's a matter of connecting a few cables.

Once in place in the system, the network is practically maintenance free. If updates or servicing are needed, ABB FM's technical support team can get access to the network over a secure Internet link, a function in Westermo's own operating system, WeOS.

"We've been delivering systems with RedFox since 2010, and we've had practically no problems with data communications since," says Christer Gustafsson, ABB FM's satisfied Data Communications Manager.

### Built for Tough Environments

ABB's control systems are installed in the harsh industrial environments of steel mills, and RedFox has been developed especially to work trouble-free in precisely these conditions. The Ethernet switch works smoothly even under strains like high levels of electromagnetic disruption and extreme temperature changes, from -40° C up to +70° C.

"We'd tested a whole lot of industrial data communications products from several different vendors, but simply, they weren't good enough," continues Christer, and concludes:

"This new solution with Ethernet switches from Westermo really works well and there's almost no need for support."

# Directors' Report

The Board of Directors and Chief Executive Officer of Beijer Electronics AB (publ), corporate identity number 556025-1851, hereby present the Annual Accounts and Consolidated Accounts for the financial year 2011. The information in brackets is for the previous year.

### Group Operations

Beijer Electronics is a company that develops, manufactures and sells products and solutions in industrial automation and data communications. The company's products and solutions feature high technology content, quality and user friendliness.

Beijer Electronics offers the market a broad selection of products and solutions that run, optimize and control critical processes in many different types of operation. Proprietary technology and product development is an important precondition for Beijer Electronics' competitiveness on the market. The company has development centers in Sweden, Germany, Taiwan and the USA.

The group's vision is to be a leading global vendor of user-friendly automation solutions. Parent company Beijer Electronics AB is a holding company with central functions like strategic development, accounting and Finance, IT, human resources, quality and environment, as well as communications. Products and solutions from Beijer Electronics are sold through proprietary sales units in 19 countries, and via a network of independent distributors in another 38 countries. See also Note 14 for more information on Beijer Electronics' subsidiaries.

The group is divided into three business areas: Automation, HMI Products and Industrial Data Communications (IDC). The HMI Products and IDC business areas have proprietary product development and manufacture, and global sales responsibility, while the Automation business area is a sales company responsible for the Nordic and Baltic markets.

### Operations in the Year

Growth on the global industrial automation market is driven by investments in new products, the ongoing rationalization of production controls and logistics, the rationalization of manufacturing processes and the need for more efficient energy consumption. Infrastructure like railways, highways, tunnels and energy distribution are growing market segments for automation applications and industrial data communications.

In 2011, the industrial automation market achieved good growth for the full year. However, there were tendencies towards a demand slowdown in the second half-year, especially in some sub-markets and segments. The market for infrastructure was healthy, but slowed down in some parts of manufacturing.

#### *Order Intake, Sales and Profits*

The group's order intake increased by 11% to 1,406.9 MSEK (1,273.6) in 2011. Acquisitions represented 211.5 MSEK (29.8) of order intake for the year. Currency adjusted and excluding acquisitions, order intake decreased by 4%. Sales rose by 15% to 1,417.7 MSEK (1,232.3). Acquisitions had a positive sales effect of 203.1 MSEK (20.8). Currency adjusted and excluding acquisitions, sales were unchanged.

In Sweden, which is the group's single biggest market, sales increased by 11%, making up 23% of the group's total sales. Other Nordic countries represented a total of 19% of group sales. In Denmark and Finland, sales increased by some 9% each, and rose by 2% in Norway.

The rest of Europe represented 28% of sales. In Germany, which represented 13%, sales decreased by 9%. In North America, sales increased by 135%, which meant that this share was 16% of total sales. Sales reduced somewhat in China, but increased in the rest of Asia. Asia represented a total of 13% of group sales.

Self-developed products represented some 80% of the group's total sales.

Group operating profit increased by 21% to 150.3 MSEK (124.3), the group's highest profit to date. Operating margin was 10.6% (10.1). The profit increase is explained by higher sales volumes and acquisitions. Simultaneously, profit was charged with increased development expenses, totaling 106.8 MSEK (72.7).

The group's profit before tax increased to 133.0 MSEK (120.0). Profit was charged with net financial income/expenses of -17.3 MSEK (-4.3). The change is explained by higher indebtedness due to acquisitions. Profit after tax was 99.1 MSEK (89.5).

### Significant Events

In March 2011, Beijer Electronics acquired the remaining 8% of Taiwanese company Korenix, and subsequently held 100% of this company. The acquisition has been a step acquisition, with 37% in July 2010 and 55% in December 2010. Korenix has been consolidated into Beijer Electronics' accounts since year-end 2010. The total purchase price is 130 MSEK for all the shares of Korenix. A performance-related additional purchase price based on year-2012 profits may be added.

A new issue of 90,000 shares was conducted in June 2011, followed by a 3:1 share split. Each share was split into three shares of the same class, which means that in total, the number of shares increased from 6,221,488 to 18,934,464.

Beijer Electronics started up in Brazil in September 2011 by incorporating a sales enterprise and opening an office in São Paulo. The group opened an office in Pune, India in December. These initiatives are part of increasing Beijer Electronics' organic growth and strengthening local support and servicing to customers and collaboration partners. The new offices market and sell the group's complete self-developed product portfolio.

### HMI Products Business Area

The HMI Products business area, which develops, manufactures and sells operator communication products on the global market, achieved good growth and high profitability in the year. The acquisition of QSI of the US progressed well, and exceeded expectations. In the third, and fourth, quarters, the business area's organic order intake and sales reduced due to lower demand from the Chinese market and downscaled orders from some brand label customers. These low volumes had a negative effect on profits, which were also charged with non-recurring expenses of 2.8 MSEK in the fourth quarter resulting from the floods in Thailand.

Product development was intensive, with primarily, an all-new global platform of HMI terminals based on iX software.

***Order Intake, Sales and Profits***

Order intake increased by 13% to 636.3 MSEK (562.0). Currency adjusted and excluding acquisitions, order intake decreased by 4%. Sales increased by 12% to 627.2 MSEK (559.7). QSI represented 140.2 MSEK (20.8) of sales. Operating profit increased to 87.2 MSEK (85.3), equivalent to a margin of 13.9% (15.2).

### Automation Business Area

The automation business area, which addresses markets in Sweden, Norway, Denmark, Finland and the Baltics, made positive progress in the year.

Restructuring in recent years has resulted in a more sales and customer-driven organization and improved cost control. The actions have had the intended effect, with good growth and higher operating profit, simultaneous with all Nordic and Baltic countries being in positive profitability.

***Order Intake, Sales and Profits***

Business area order intake amounted to 494.0 MSEK (472.9). Sales increased by 6% to 497.2 MSEK (467.9). Operating profit increased by 80% to 34.5 MSEK (19.2), corresponding to an operating margin of 6.9% (4.1). The sharp profit increase is explained by higher sales volumes.

### IDC Business Area

The IDC business area develops, manufactures and sells industrial data communications products on the global market, where infrastructure projects like rail systems, energy distribution, road transport and mining operations are important components. IDC performed very positively in the year, with high growth and a robust profit increase. The acquisition of Korenix of Taiwan exceeded expectations. The initiative on the American market has resulted in significant sales in the year, and operations there produced positive profits as early as the fourth quarter. In 2011, IDC secured its position as a leading vendor in the rail and mining segments.

***Order Intake, Sales and Profit***

Order intake increased by 21% to 370.2 MSEK (306.3), with Korenix representing 62.0 MSEK. Sales increased by 36% to 385.2 MSEK (284.3). Korenix contributed 62.6 MSEK. Operating profit increased by 36% to 46.2 MSEK (34.0). This corresponded to an operating margin of 12.0% (12.0). The sharp profit improvement is explained by higher volumes and acquisitions.

### Investments, Cash Flow and Financial Position

The group's investments including capitalized development expenses and excluding acquisitions were 62.3 MSEK (50.5) in 2011. Cash flow from operating activities was 56.5 MSEK (114.1). Equity was 420.3 MSEK (337.7) at year-end. The equity ratio was 29.7% (27.2). Cash and cash equivalents were 178.3 MSEK (105.1). Interest-bearing liabilities were 607.8 MSEK (459.1).

### Profitability

Return on equity was 24.6 % (26.5). Return on capital employed and net operating assets were 17.3% (17.2) and 20.4 % (19.8) respectively.

### Human Resources

The average number of employees increased to 668 (538). The increase was due to the acquisitions of QSI and Korenix. Sales per employee were 2.1 MSEK (2.3).

### Product Development

The group's product development is conducted in the HMI Products and IDC business areas. Development projects are continuously conducted to extend the range of new products and solutions, and to enhance the existing offering.

HMI Products develops operator panels and software used to give operators and maintenance staff fast and accurate data. Development includes the production of hardware, software and the associated documentation.

There are development centers for HMI solutions in Malmö in Sweden, Unterensingen in Germany, Salt Lake City in the USA and Taipei in Taiwan. The first models of an all-new global product range based on the iX software platform were launched in the year, and more models will be introduced to the market in the first quarter of 2012. Development expenses in HMI Products were 66.5 MSEK (50.3). This corresponded to 10.6% (8.9) of sales.

Product development is a central component of IDC's operations and is conducted in close collaboration with production. Development consists of hardware and software. There are development units in Stora Sundby and Västerås, Sweden and Taipei, Taiwan. Development expenses were 40.3 MSEK (22.4), corresponding to 10.5% (7.9) of sales. The group's total development expenses were 106.8 MSEK (72.7).

### Currencies

Beijer Electronics' sales are conducted globally in different currencies. Euro-denominated sales were the equivalent of 482 MSEK, or 34% of total sales. Sales denominated in Swedish kronor were 298 MSEK, 312 MSEK denominated in US dollars, 113 MSEK in Norwegian kroner and 212 MSEK in other currencies.

### Environmental Impact

Primarily, the group's environmental activities focus on the environmental impact of its products. Close collaboration with suppliers is a key driver of environmental work. The company's standard products satisfy the RoHS directive, which prohibits the usage of lead in electrical and electronics products. The operations of the Swedish companies are ISO 14001 certified to ensure that applicable standards are complied with, and work on environmental issues is structured and contributes to continuous improvement.

### IFRS
Beijer Electronics adopted International Financial Reporting Standards (IFRS) for its financial reporting on January 1, 2005.

### Risks
Beijer Electronics' business is affected by a number of exogenous factors, whose effects on consolidated profits and financial position can be controlled to varying degrees. The group has a close collaboration with Mitsubishi Electric, which is important to operations, and accordingly, is a risk factor. Mitsubishi Electric is a supplier to the group and buyer of Beijer Electronics products, creating a balance and mutual dependency that reduces these risks. The collaboration with Mitsubishi Electric has lasted over 30 years, and was strengthened by Mitsubishi Electric acquiring 15% of Beijer Electronics Automation in 2006.

Other business risks like market risks, collaboration agreements, product liability, technological progress and dependency on staff are subject to continual analysis, and where necessary, measures are taken to reduce the group's risk exposure. Beijer Electronics has sales and purchasing in foreign currencies and is thus exposed to currency risks. Normally, the group does not hedge its various currency flows. Beijer Electronics has some financial risks. Interest-bearing liabilities were 607.8 MSEK at year-end. Net debt amounted to 429.5 MSEK.

### Shares and Ownership Structure
The parent company's share capital was 6,311,488 SEK, divided between 18,934,464 shares with a quotient value of 0.33 SEK as of December 31, 2011. At year-end, the largest shareholders of Beijer Electronics were Stena Sessan Rederi AB, holding 29.6% of the capital and votes. SEB Asset Management SA held 10.4% of the votes and capital and Svolder AB 10.0% of the votes and capital.

#### *New Issue and Share Split (3:1)*
In June 2011, Beijer Electronics conducted a new issue of 90,000 shares. The total number of shares increased to 6,311,488. The AGM 2011 resolved on a share split, so that each share was divided into three shares (3:1). This resolution meant that the number of shares increased by 12,622,976 to 18,934,464. The purpose of the share split is to increase the liquidity of the share.

### Guidelines for Remuneration to Senior Managers
The Remuneration Committee is appointed each year by the Board of Directors. The Remuneration Committee consults on the Board of Directors' decisions on remuneration for the Chief Executive Officer and takes decisions on remuneration to other members of management. The Remuneration Committee also consults on proposals regarding potential incentive plans. The principles governing the work of the Remuneration Committee are reviewed in more detail in the Corporate Governance Report on page 74.

Basic salary and customary employment benefits are paid to management, plus pension benefits and incentive plans that include warrants granted in 2008–2009, and a performance-related component. Guidelines for remuneration to, and other employment terms of, senior managers for the financial year 2011 were approved by the AGM in April 2011. In 2011, remuneration to the Board of Directors and management, and a review of the incentive plan, is stated in Note 7 on pages 56-57.

### Outlook for 2012
Beijer Electronics made positive progress in the full year 2011, but demand slowed in the fourth quarter. Simultaneously, the group made aggressive initiatives in product development and marketing. For HMI Products, there is some uncertainty regarding sales performance for the first half-year 2012.

### Proposed Appropriation of Profit
The following funds are at the disposal of the Annual General Meeting:

| SEK 000 | |
|---|---|
| Retained profits | 41,600 |
| Net profit | 31,936 |
| **Total** | **73,536** |

The Board of Directors and Chief Executive Officer propose that these funds are appropriated as follows:
Dividends of 2.25 SEK per share to shareholders.

| SEK 000 | |
|---|---|
| Total dividend | 42,603 |
| Carried forward | 30,933 |
| **Total** | **73,536** |

The proposed record date for entitlement to dividends is April 30, 2012.

If this proposal is approved by the AGM, dividends are scheduled to be payable on May 4, 2012.

The proposed dividend reduces the group's equity ratio to 27.6% and the parent company's equity ratio to 7.4%. Against the background of the group's operations remaining profitable, the equity ratio is satisfactory. The Board of Directors also judges that the liquidity in the group can be maintained at a satisfactory level.

The Board considers that the proposed dividend is justifiable in terms of the stipulations of Chap. 17 §3 of the Swedish Annual Accounts Act relating to the requirements made by the nature, scope and risks of the operations on the amount of equity and need to strengthen the Balance Sheet, liquidity and financial position of the parent company and group generally.

The Income Statement and Balance Sheet will be submitted to the AGM for adoption on April 25, 2012.

### Post Balance Sheet Events
There were no significant events in the period between the end of the year and the signing of these Annual Accounts.

# Consolidated Income Statement

| SEK 000 | 2011 | 2010 | Note |
|---|---|---|---|
| Revenues | 1,417,705 | 1,232,321 | 2 |
| Cost of goods sold | -776,324 | -692,611 | 3 |
| **Gross profit** | **641,381** | **539,710** | |
| Sales overheads | -188,148 | -160,312 | 3 |
| Administration overheads | -303,312 | -258,521 | 3 |
| Other operating revenue and operating expenses | 461 | -511 | 4 |
| Revenue from participations in associated companies | -112 | 3,956 | 15 |
| **Operating profit** | **150,270** | **124,322** | 2,4,5,6,7,8 |
| Financial income | 1,526 | 3,910 | |
| Financial expenses | -18,818 | -8,211 | |
| Net financial items | **-17,292** | **-4,301** | 9 |
| **Profit before tax** | **132,978** | **120,021** | |
| Tax | -33,854 | -30,534 | 11 |
| **Net profit** | **99,124** | **89,487** | |
| *Attributable to parent company shareholders* | *95,288* | *87,358* | |
| *Attributable to con-controlling interests* | *3,836* | *2,129* | |
| *Earnings per share, SEK* | *5.03* [a] | *4.61* | 20 |
| **Statement of Comprehensive Income** | | | |
| Net profit | 99,124 | 89,487 | |
| Translation differences | 8,210 | -20,553 | |
| **Comprehensive income** | **107,334** | **68,934** | |
| *Attributable to parent company shareholders* | *104,070* | *67,859* | |
| *Attributable to non-controlling interests* | *3,264* | *1,075* | |

*a Earnings per share before dilution amounts to 5.11 SEK.*

# Consolidated Balance Sheet

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 | Note |
|---|---|---|---|
| ASSETS | | | |
| **Fixed assets** | | | |
| Property, plant and equipment | 77,332 | 68,844 | 13 |
| Intangible assets | 692,339 | 675,580 | 12 |
| Participations in associated companies | 451 | 559 | 15 |
| Long-term receivables | 5,541 | 6,521 | 17 |
| Deferred tax assets | 22,429 | 26,785 | 25 |
| **Total fixed assets** | **798,092** | **778,289** | |
| **Current assets** | | | |
| Inventories | 253,699 | 231,949 | 18 |
| Accounts receivable | 189,231 | 183,460 | 19 |
| Income taxes recoverable | 17,459 | 11,027 | |
| Other receivables | 32,184 | 16,854 | 19 |
| Prepaid expenses and accrued income | 9,832 | 15,691 | 19 |
| Cash and cash equivalents | 178,258 | 105,064 | |
| **Total current assets** | **680,663** | **564,045** | |
| **Total assets** | **1,478,755** | **1,342,334** | |
| EQUITY AND LIABILITIES | | | |
| **Equity** | | | |
| Share capital | 6,311 | 6,222 | |
| Other contributed capital | 17,648 | 1,943 | |
| Translation reserves | -9,291 | -18,073 | |
| Accumulated profit or loss | 405,597 | 347,637 | |
| Equity attributable to parent company shareholders | 420,265 | 337,729 | |
| Non-controlling interests | 18,886 | 27,640 | |
| **Total equity** | **439,151** | **365,369** | |
| **Long-term liabilities** | | | |
| Borrowings | 377,454 | 370,088 | 22 |
| Other long-term liabilities | 91,227 | 119,864 | 32 |
| Pension provisions | 38,931 | 34,990 | 22,24 |
| Deferred tax liabilities | 76,583 | 71,658 | 25 |
| Other provisions | 1,715 | 3,627 | 26 |
| **Total long-term liabilities** | **585,910** | **600,227** | |
| **Current liabilities** | | | |
| Borrowings | 191,454 | 54,035 | 22 |
| Customer advances | 4,523 | 5,031 | |
| Accounts payable | 85,544 | 151,101 | |
| Tax liabilities | 25,486 | 11,761 | |
| Other liabilities | 55,585 | 63,012 | 32 |
| Accrued expenses and deferred income | 91,102 | 91,798 | 27 |
| **Total current liabilities** | **453,694** | **376,738** | |
| **Total liabilities** | **1,039,604** | **976,965** | |
| **Total equity and liabilities** | **1,478,755** | **1,342,334** | |

*Information on the group's assets pledged and contingent liabilities is in Note 30.*

# Consolidated Statement of Changes in Equity

| SEK 000 | Share Capital [a] | Other Contributed Capital | Translation Reserves | Accumulated Profit or Loss [b] | Total | Minority Interest [g] | Total Equity |
|---|---|---|---|---|---|---|---|
| **Opening equity, Jan. 1, 2010** | 6,222 | 1,943 | 1,426 | 285,165 | 294,756 | 15,056 | 309,812 |
| Net profit | | | | 87,358 | 87,358 | 2,129 | 89,487 |
| Translation differences | | | -19,499 | | -19,499 | -1,054 | -20,553 |
| **Comprehensive income** | **6,222** | **1,943** | **-18,073** | **372,523** | **362,615** | **16,131** | **378,746** |
| Dividends | | | | -24,886 [d] | -24,886 | -439 | -25,325 |
| Acquisitions | | | | | | 11,948 | 11,948 |
| **Closing equity, Dec. 31, 2010** | **6,222** | **1,943** | **-18,073** | **347,637** | **337,729** | **27,640** | **365,369** |

| SEK 000 | Share Capital [e] | Other Contributed Capital | Translation Reserves | Accumulated Profit or Loss [b] | Total | Minority Interest [g] | Total Equity |
|---|---|---|---|---|---|---|---|
| **Opening equity, Jan. 1, 2011** | 6,222 | 1,943 | -18,073 | 347,637 | 337,729 | 27,640 | 365,369 |
| Net profit | | | | 95,288 | 95,288 | 3,836 | 99,124 |
| Translation differences | | | 8,782 | | 8,782 | -572 | 8,210 |
| **Comprehensive income** | **6,222** | **1,943** | **-9,291** | **442,925** | **441,799** | **30,904** | **472,703** |
| Dividends | | | | -37,329 [f] | -37,329 | -639 | -37,968 |
| Acquisitions | | | | | 0 | -11,379 | -11,379 |
| Other contributed capital [c] | 90 | 15,705 | | | 15,795 | | 15,795 |
| **Closing equity, Dec. 31, 2011** | **6,311** | **17,648** | **-9,291** | **405,597** | **420,265** | **18,886** | **439,151** |

*a 6,221,488 shares with a quotient value of 1 SEK. All shares are of the same class.*
*b Including net profit.*
*c Warrants, paid-up capital.*
*d Dividend per share was 4.00 (4.00) SEK*
*e 18,934,464 shares with a quotient value of 0.33 SEK. All shares are of the same class.*
*f Dividend per share (before split) was 6.00 (4.00) SEK.*
*g Non-controlling interests*

# Consolidated Cash Flow Statement

| SEK 000 | 2011 | 2010 | Note |
|---|---|---|---|
| **Operating activities** | | | 31 |
| Profit before tax | 132,978 | 120,021 | |
| Adjustments for non-cash items, etc | 60,239 | 45,402 | |
| Tax paid | -32,703 | -29,864 | |
| **Cash flow from operating activities before changes in working capital** | **160,514** | **135,559** | |
| *Cash flow from changes in working capital* | | | |
| Increase(-)/decrease(+) in inventories | -19,427 | -51,267 | |
| Increase(-)/decrease(+) in trade receivables | -13,052 | -23,597 | |
| Increase(+)/decrease(-) in trade liabilities | -71,549 | 53,379 | |
| **Cash flow from operating activities** | **56,486** | **114,074** | |
| **Investing activities** | | | |
| Investments in intangible assets | -41,911 | -36,934 | |
| Investments in property, plant and equipment | -20,409 | -13,591 | |
| Sales of property, plant and equipment | | 144 | |
| Purchases of subsidiaries, net liquidity effect | -46,586 | -164,271 | |
| Sales of participations in subsidiaries | | 8,908 | |
| **Cash flow from investing activities** | **-108,906** | **-205,744** | |
| **Financing activities** | | | |
| Proceeds from share issue | 15,795 | | |
| Change in overdraft facility | 139,305 | 7,973 | |
| Change in other current financial liabilities | -805 | | |
| Borrowings | 46,000 | 133,676 | |
| Loan amortization | -40,580 | -40,000 | |
| Dividend paid to non-controlling interests | -639 | -439 | |
| Dividend paid | -37,329 | -24,886 | |
| **Cash flow from financing activities** | **121,747** | **76,324** | |
| Cash flow for the year | 70,973 | -15,346 | |
| Cash and cash equivalents at beginning of year | 105,064 | 127,439 | |
| Exchange rate difference in cash and cash equivalents | 3,867 | -7,029 | |
| **Cash and cash equivalents at end of year** | **178,258** | **105,064** | |

## Parent Company Income Statement

| SEK 000 | 2011 | 2010 | Note |
|---|---|---|---|
| Net sales | 65,059 | 52,268 | 30 |
| | **54,166** | **52,268** | |
| **Operating expenses** | | | |
| Sales and administration overheads | -77,946 | -57,346 | 5,6,7,8,30 |
| **Operating profit** | **-12,887** | **-5,078** | |
| **Profit from financial items** | | | |
| Profit from other securities and receivables classified as fixed assets | 647 | -6,958 | 9 |
| Dividend from subsidiaries | 42,233 | 24,486 | |
| Other interest income, etc. | 9,636 | 3,896 | 9 |
| Interest expenses, etc. | -18,609 | -7,452 | 9 |
| **Profit after financial items** | **21,020** | **8,894** | |
| Appropriations | 7,606 | 7,222 | 10 |
| **Profit before tax** | **28,626** | **16,116** | |
| Tax on profit for the year | 3,310 | 1,966 | 11 |
| **Net profit** | **31,936** | **18,082** | |

## Parent Company Balance Sheet

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 | Note |
|---|---|---|---|
| ASSETS | | | |
| ***Fixed assets*** | | | |
| **Intangible assets** | **33,733** | **14,163** | 12 |
| **Property, plant and equipment** | **2,058** | **2,359** | 13 |
| **Financial assets** | | | |
| Participations in group companies | 297,232 | 258,273 | 14 |
| Receivables from group companies | 269,870 | 268,031 | 16 |
| Deferred tax assets | 1,420 | 3,472 | |
| **Total financial assets** | **568,522** | **529,776** | |
| **Total fixed assets** | **604,313** | **546,298** | |
| ***Current assets*** | | | |
| **Current receivables** | | | |
| Receivables from group companies | 93,565 | 8,721 | |
| Income taxes recoverable | 1,737 | 658 | |
| Other receivables | 1,373 | 1,621 | |
| Prepaid expenses and accrued income | 3,814 | 5,733 | 19 |
| **Total current receivables** | **100,489** | **16,733** | |
| Cash and bank balances | 116 | 10,285 | |
| **Total current assets** | **100,605** | **27,018** | |
| **Total assets** | **704,918** | **573,316** | |

*Cont.*

# Parent Company Balance Sheet

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 | Note |
|---|---|---|---|
| EQUITY AND LIABILITIES | | | |
| **Equity** | | | |
| *Restricted equity* | | | |
| Share capital* | 6,311 | 6,222 | |
| Statutory reserve | 1,244 | 1,244 | |
| **Total restricted equity** | **7,555** | **7,466** | |
| *Non-restricted equity* | | | |
| Retained earnings | 41,600 | 29,296 | |
| Net profit | 31,936 | 18,082 | |
| **Total non-restricted equity** | **73,536** | **47,378** | |
| **Total equity** | **81,091** | **54,844** | |
| **Untaxed reserves** | **14,284** | **21,890** | 21 |
| **Provisions** | | | |
| Pension provisions | 2,968 | 2,464 | |
| Other provisions | | 347 | |
| **Total provisions** | **2,968** | **2,811** | |
| **Long-term liabilities** | | | |
| Liabilities to credit institutions | 371,000 | 364,999 | 23 |
| Other long-term liabilities | 4,096 | | |
| **Total long-term liabilities** | **378,064** | **367,810** | |
| **Current liabilities** | | | |
| Liabilities to credit institutions | 186,776 | 47,654 | 23 |
| Accounts payable | 4,512 | 7,672 | |
| Liabilities to group companies | 23,931 | 59,252 | |
| Other liabilities | 631 | 577 | |
| Accrued expenses and deferred income | 15,629 | 13,617 | 27 |
| **Total current liabilities** | **231,479** | **128,772** | |
| **Total equity and liabilities** | **704,918** | **573,316** | |

* *The number of shares in the company has increased as a result of a new share issue of 90,000 shares and by a 3:1 split, now totalling 18,934,464 (6,221,488).*

# Parent Company Assets Pledged and Contingent Liabilities

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 | Note |
|---|---|---|---|
| Assets pledged | None | None | |
| Contingent liabilities | 339 | 49 | 29 |

# Summary Parent Company Statement of Changes in Equity

| SEK 000 | Restricted Equity<br>Share Capital [a] | Restricted Equity<br>Statutory Reserve | Non-restricted Equity<br>Accumulated Profit or Loss | Non-restricted Equity<br>Net Profit | Total Equity |
|---|---|---|---|---|---|
| **Opening equity, Jan. 1, 2010** | 6,222 | 1,244 | 54,182 | | 61,648 |
| Net profit | | | | 18,082 | 18,082 |
| **Total changes to net worth, exc. transactions with company's shareholders** | **6,222** | **1,244** | **54,182** | **18,082** | **79,730** |
| Dividend | | | -24,886 | | -24,886 |
| **Closing equity, Dec. 31, 2010** | **6,222** | **1,244** | **29,296** | **18,082** | **54,844** |

| SEK 000 | Restricted Equity<br>Share Capital [b] | Restricted Equity<br>Statutory Reserve | Non-restricted Equity<br>Accumulated Profit or Loss | Non-restricted Equity<br>Net Profit | Total Equity |
|---|---|---|---|---|---|
| **Opening equity, Jan. 1, 2011** | 6,222 | 1,244 | 47,378 | | 54,844 |
| Received group contribution | | | 21,500 | | 21,500 |
| Tax effect of received group contribution | | | -5,654 | | -5,654 |
| Net profit | | | | 31,936 | 31,936 |
| **Total changes to net worth, exc. transactions with company's shareholders** | **6,222** | **1,244** | **63,224** | **31,936** | **102,626** |
| New share issue | 90 | | 15,705 | | 15,795 |
| Dividend | | | -37,329 | | -37,329 |
| **Closing equity, Dec. 31, 2011** | **6,312** | **1,244** | **41,600** | **31,936** | **81,092** |

*a 6,221,488 shares with a quotient value of one (1) SEK. All shares are of the same class.*
*b 18,934,464 shares with a quotient value of 0.33 SEK. All shares are of the same class.*

# Parent Company Cash Flow Statement

| SEK 000 | 2011 | 2010 | Note |
|---|---|---|---|
| **Operating activities** | | | |
| Profit after financial items | 21,020 | 8,894 | 31 |
| Adjustments for non-cash items, etc. | 3,780 | 10,793 | |
| Tax paid | -1,224 | -545 | |
| **Cash flow from operating activities before changes in working capital** | **23,576** | **19,142** | |
| *Cash flow from changes in working capital* | | | |
| Increase (-)/decrease (+) in trade receivables | -61,177 | -2,825 | |
| Increase (+/decrease (-) in trade liabilities | -32,319 | 40,759 | |
| **Cash flow from operating activities** | **-69,920** | **57,076** | |
| **Investing activities** | | | |
| Investments in intangible assets | -21,725 | -10,406 | |
| Investments in property, plant and equipment | -783 | -583 | |
| Sales of property, plant and equipment | | | |
| Investments/amortization of financial assets | -2,371 | -74,814 | |
| Purchase of participations in group companies | -38,959 | -37,646 | |
| **Cash flow from investing activities** | **-63,838** | **-123,449** | |
| **Financing activities** | | | |
| Proceeds from share issue | 15,795 | | |
| Borrowings | 46,001 | 132,500 | |
| Increase/decrease of financial liabilities | 139,122 | -26,366 | |
| Loan amortization | -40,000 | -40,000 | |
| Dividend paid | -37,329 | -24,886 | |
| **Cash flow from financing activities** | **123,589** | **41,248** | |
| Cash flow for the year | -10,169 | -25,125 | |
| Cash and cash equivalents at beginning of year | 10,285 | 35,410 | |
| **Cash and cash equivalents at end of year** | **116** | **10,285** | |

# Note 1

## Accounting Principles

### (a) General Information

Beijer Electronics AB and its subsidiaries form a multinational group that develops, markets and sells products and solutions in industrial automation. Beijer Electronics AB is registered in Sweden and has its registered office in Malmö, Sweden. The address of the head office is Box 426, Krangatan 4A, 201 24 Malmö, Sweden. The company is quoted on the NASDAQ OMX Nordic Stockholm Small Cap List. The most important accounting principles applied when preparing these Consolidated Accounts are stated below. These principles have been applied consistently for all years presented, unless otherwise stated.

### Basis of Preparation of Financial Statements

The Consolidated Accounts have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1.3 Supplementary Accounting Regulations for Groups and IFRS (International Financial Reporting Standards) as endorsed by the EU and to the extent they came into effect before January 1, 2012. Standards that came into effect from January 1, 2012 onwards, for which earlier adoption has been encouraged, did not affect Beijer Electronics' accounting for 2011.

### Introduction of New and Revised Accounting Principles

***i) New and amended standards applied by the group***

None of the IFRSs or IFRIC interpretation statements that are mandatory for the first time for the financial year that began on January 1, 2011 have had any material impact on the group.

***ii) New standards, amendments and interpretation statements of existing standards that have not yet come into effect and have not been applied prospectively by the group***

IAS 19 "Employee Benefits" was amended in June 2011. This amendment means that the group will cease applying the corridor method, and instead report all actuarial gains and losses in other comprehensive income when they occur. Expenses for services rendered in previous years will be recognized immediately. Interest expenses and expected returns on plan assets will be replaced by a net interest rate computed with the aid of a discount rate based on the net surplus or net deficit of the defined benefit plan. The group intends to apply the amended standard for the financial year beginning January 1, 2013 and has not yet evaluated its effect. This standard has not yet been endorsed by the EU.

None of the other IFRSs or IFRIC interpretation statements that have yet to come into effect are expected to have any impact on the group.

### (b) Basis of Preparation of the Parent Company and Consolidated Accounts

The parent company's functional currency is Swedish krona (SEK), which is also the presentation currency for the parent company and the group. This implies that the financial statements are presented in SEK. All amounts, unless otherwise indicated, have been rounded to the nearest SEK 000. Assets and liabilities are reported at historical cost.

Preparing the financial statements in accordance with IFRS requires that the company management makes judgments and estimates as well as assumptions that influence the application of the accounting principles and the reported amounts for assets, liabilities, revenue and expenses. The estimates and assumptions are based on historical experiences and a number of other factors that appear reasonable in the prevailing circumstances. The result of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that would otherwise not be clearly apparent from other sources. Actual outcomes may differ from these estimates and judgments.

Assumptions relating to impairment tests for goodwill and other intangible assets and provisions for pension commitments are the area where estimates and assumptions could imply a risk for adjustments to reported values of assets and liabilities in future financial years. These estimates and assumptions are described in more detail in Note 12, Intangible assets and in Note 24, Pension Provisions, etc.

The estimates and assumptions are reviewed regularly.

Changes to estimates are reported in the period the change was made if the change affects this period only, or in the period the change is made and future periods if the change affects both the relevant period and future periods.

The group's accounting principles outlined below have been applied consistently to all periods presented in the Consolidated Accounts, unless otherwise indicated below. The group's accounting principles have been applied consistently to reporting and the consolidation of the parent company, subsidiaries and associated companies.

The Annual Accounts and Consolidated Accounts were approved for issuance by the Board of Directors on March 22, 2012. The Consolidated Income Statement and Balance Sheet and the parent company's Income Statement and Balance Sheet will be subject to adoption at the Annual General Meeting (AGM) on April 25, 2011.

### (c) Segment Reporting

A segment is an identifiable part of the group in accounting terms, which either supplies products or services (business segments), or goods or services within a specified economic area (geographical region), which is exposed to risks and opportunities that differ from other segments.

Operating segments are reported in a manner that is consistent with internal reporting as submitted to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for allocating resources and assessing the results of operating segments. In the group, this function has been identified as the management group.

### (d) Classification etc.

Essentially, parent company and consolidated fixed assets and long-term liabilities are amounts expected to be recovered or paid after more than 12 months from the reporting date only. Essentially, parent company and consolidated current assets and current liabilities are amounts expected to be recovered or paid within 12 months of the reporting date only.

### (e) Consolidation Principles

***(i) Subsidiaries***

Subsidiaries are companies that Beijer Electronics AB exerts a controlling influence over, which means a direct or indirect right to formulate a company's financial and operational strategy with the purpose of receiving economic reward. Judgments of whether a controlling influence exists should consider potential shares conferring votes, which can be used or converted immediately.

Subsidiaries are reported in accordance with acquisition accounting, which means that the acquisition of a subsidiary is treated as a transaction whereby the group indirectly acquires a subsidiary's assets and takes over its liabilities and contingent liabilities. The consolidated cost is determined through an acquisition analysis related to the acquisition. This analysis partly determines the cost of the shares or operation, partly the fair value of the acquired identifiable assets at the acquisition date, and liabilities and contingent liabilities taken over. The cost of the subsidiary shares and operations is the fair value at the transfer date of assets, liabilities that have arisen or have been taken over, and issued equity instruments submitted as payment in exchange for the acquired net assets, and for acquisitions executed before January 1, 2012, transaction expenses directly related to the acquisition.

For business combinations where the acquisition costs exceed the net value of the acquired assets and liabilities taken over and contingent liabilities taken over, the difference is reported as goodwill. When negative, the difference is reported directly in the Income Statement. Subsidiary financial statements are included in the Consolidated Accounts from acquisition date to the date the controlling influence ceases. The accounting principles for subsidiaries have, where applicable, been amended to guarantee the consistent application of the group's principles.

***(ii) Transactions with Non-controlling Interests***

The group treats transactions with non-controlling interests as transactions with the group's shareholders. In acquisitions from non-controlling interests, the difference between the purchase price paid and the actual acquired share of the carrying amount of subsidiary net assets is recognized in equity. Gains and losses on disposals to non-controlling interest are also recognized in equity. When the group no longer has a controlling or significant influence, each remaining holding is restated at fair value and the amendment in carrying amount is recognized in the Income Statement. The fair value is used as the first-time carrying amount and is the basis for continued recognition of the remaining holding as an associated company, joint venture or financial asset. All amounts relating to the disposed unit previously recognized in other comprehensive income are reported as if the group had directly disposed of the related assets or liabilities. This may result in amounts previously recognized in other comprehensive income being reclassified as profit or loss. If the equity interest in an associated company reduces but a significant interest still remains, only a proportional share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss if relevant.

***(iii) Associated Companies***

Associated companies are those companies over which the group exerts a significant, but not controlling, influence, over operational and financial controls, usually through holdings of between 20 and 50% of the votes.

From the time the significant influence is attained, participations in associated companies are reported according to the equity method in the Consolidated Accounts. The equity method means that the carrying amount of the participations in associated companies in the group corresponds to the group's participation in the associated company's equity, consolidated goodwill and other potential residual values of consolidated surplus values and deficits. The group's participation in associated companies' net profit after tax and minority adjusted for potential depreciation, impairment or dissolutions of acquired surplus values and deficits is reported as 'share of profit in associated companies' in the Consolidated Income Statement. Dividends received from the associated company reduce the carrying amount of the investment.

Potential differences upon acquisition between the cost of a holding and the owning company's share of fair value net of the associated company's identifiable assets, liabilities and contingent liabilities is reported in accordance with IFRS 3 Business Combinations.

When the group's share of reported losses in the associated company exceeds the carrying amount of the participations in the group, the value of the participations is reset to zero. Losses are also deducted against long-term financial balances without collateral, which in accounting terms, is that portion of the owning company's net investment in the associated company. Continued losses are not reported providing the group has not made guarantees to cover losses arising in the associated company. The equity method is applied from the time when the significant influence ceases.

The group has amended its accounting principles for transactions with non-controlling interests and for reporting when the group loses the controlling or significant influence, from January 1, 2010, when the revised IAS 27 'Consolidated and Separate Financial Statements' came into effect. The revision of IAS 27 also resulted in amendments to the consistency of IAS 28 'Investments in Associates' and IAS31 'Interests in Joint Ventures.'

The group applies the new accounting principles prospectively for transactions occurring after January 1, 2010. Consequently, no restatements of amounts previously recognized in the consolidated accounts were necessary.

***(iv) Transactions Eliminated on Consolidation***

Intra-group receivables and liabilities, revenues or expenses and unrealized profits or losses that arise from intra-group transactions between group companies are wholly eliminated when preparing the Consolidated Accounts.

Unrealized profits that arise from transactions with associated companies and jointly controlled companies are eliminated to the extent corresponding to the group's participating interest in the company. Unrealized losses are eliminated in the same way as unrealized profits, but only to the extent that there is no indication of any value impairment.

### (f) Foreign Currency

#### *(i) Transactions and Balance Sheet Items*

Foreign currency transactions are translated to functional currency at the rate of exchange ruling on the transaction date. The functional currency is the currency in the primary accounting environments where the company conducts business. Foreign currency monetary assets and liabilities are translated to functional currency at the closing day rate. The exchange rate differences arising from translation are reported as a financial income or financial expense in the Income Statement. For trade liabilities and assets such as accounts receivable and accounts payable, currency differences are recognized in operating profit or loss.

#### *(ii) Financial Statements of Foreign Operations*

Assets and liabilities of foreign operations, including goodwill and other consolidated surplus values and deficits, are translated from the functional currency of the foreign operations to the group's presentation currency, Swedish kronor, at the closing day rate. Income and expenses of foreign operations are translated to Swedish kronor at an average rate of exchange, which is an approximation of the rates of exchange at each transaction date. Translation differences arising coincident with translation of foreign operations are reported directly against comprehensive income as a translation reserve.

### (g) Revenues

#### *(i) Goods Sales and Service Assignments*

Consolidated revenue consists of sales of goods and services. Revenues are recognized when the essential risks and rewards associated with ownership have been transferred to the buyer. Revenue from service assignments are reported to the Income Statement when the assignment is completed. Revenue is not reported to accounts if it is considered probable that the economic rewards will not flow to the group. If there is significant uncertainty regarding payment, associated expenses or the risk of returns, and if the seller retains its commitment to ongoing management, usually associated with ownership, no revenue is recognized.

### (h) Operating Expenses, Financial Income and Expenses

#### *(i) Payments for Operating Leases*

Payments for operating lease arrangements are reported on a straight-line basis in the Income Statement over the lease term. Benefits received coincident with signing the contracts are reported as a portion of the total lease expense in the Income Statement.

#### *(ii) Payments Related to Finance Leases*

Minimum lease charges are divided between interest expenses and amortization of the outstanding liability. Interest expenses are allocated over the lease term so each accounting period is subject to an amount corresponding to fixed interest rates for the liability reported for the relevant period. Variable expenses are expensed in the periods they arise.

#### *(iii) Financial Income and Expenses*

Financial income and expenses are interest income on bank balances and receivables and interest-bearing securities, interest expenses on loans, dividend income, exchange rate differences, unrealized and realized gains on financial investments. Interest income is recognized as revenue allocated over the term by applying the effective interest method. The interest component of finance lease payments is reported in the Income Statement by adopting the effective interest method.

Dividend income is reported when the right to receive the payment is determined. The group and parent company do not capitalize interest in the cost of assets.

### (i) Financial Instruments

In the group, financial instruments are measured and reported in accordance with the stipulations of IAS 39.

Initially, financial instruments are reported at cost corresponding to the fair value of the instrument plus transaction expenses for all financial instruments apart from those belonging to the category of financial assets that are reported at fair value excluding transaction expenses, which are reported in the Income Statement.

Later, reporting depends on how the instruments are classified, as follows.

A financial asset or liability is reported in the Balance Sheet when the company becomes party to the instrument's contracted terms. Accounts receivable are reported in the Balance Sheet when the invoice has been sent. Liabilities are recognized when the counterparty has delivered, and there is a contracted payment liability, even if no invoice has been received as yet. Accounts payable are recognized when invoices are received.

Financial assets are derecognized from the Balance Sheet when the contracted rights are realized, mature, or the company relinquishes control over them. The same applies to parts of a financial asset. A financial liability is derecognized from the Balance Sheet when the contracted commitments are fulfilled or extinguished in some other way. The same applies to parts of a financial liability.

Acquisitions and divestments of financial assets are reported on the transaction date, which is the date the company undertakes to buy or sell the asset, apart from those cases where the company buys or sells listed securities, when settlement day accounting is applied.

The company evaluates whether there are objective indications that a financial asset or a group of financial assets are impaired coincident with each financial statement.

IAS 39 classifies financial assets in four categories, with this classification depending on the purpose of the acquisition of the financial instrument. The company management determines classification at the original time of acquisition. Currently, financial instruments in the categories of financial assets measured at fair value via the income statement, loan receivables and accounts receivables, and other financial liabilities are held.

***Financial Assets Measured at Fair Value via the Income Statement***

This category is made up of two sub-groups: financial assets held for trading and other financial assets that the company initially chose to classify in this category. A financial asset is classified as held for trading if it is acquired with the aim of selling in the short term. Derivatives that are independent, and embedded derivatives, are classified as held for trading apart from when they are used for hedge accounting.

***Loan Receivables and Accounts Receivable***

'Loan receivables and accounts receivable' are classified as financial assets that are not derivatives with fixed payments or payments that can be determined, and that are not listed on a recognized marketplace. These receivables arise when the company supplies funds, goods and services directly to the borrower, without intending to conduct trading in the receivable rights. This category also includes acquired receivables. Assets in this category are measured at accrued cost. The balance sheet item termed long-term receivables is included in this category.

***Other Financial Liabilities***

Financial liabilities not held for trading are measured at amortized cost. Amortized cost is determined on the basis of the effective interest calculated when the liability arose. This means that surplus values and deficits, and direct issue expenses, are allocated over the term of the liability.

***Cash and Cash Equivalents***

Cash and cash equivalents are cash and immediately available receivables with banks and similar institutions plus short-term liquid investments with a term from the time of acquisition not exceeding three months that are subject to only a negligible risk of value fluctuations.

***Long-term Receivables and Other Current Receivables***

Long-term receivables and other current receivables are receivables that arise when the company supplies funds without the intention of trading the right to receivables. If the anticipated period of holding is longer than one year, they are classified as long-term receivables, and if the period is shorter than one year, as other receivables. These receivables belong to the loan receivables and accounts receivable category.

***Accounts Receivable***

Accounts receivable are classified in the loan receivables and accounts receivable category. Accounts receivable are reported at the amount expected to be received after deductions for doubtful debt following individual assessment. The anticipated term of the accounts receivable is short, implying that the value is reported to accounts at the nominal amount without discounting. Provisions are made for depreciation of accounts receivable when there is objective evidence that the group will not obtain all amounts that are due to it according to the original terms and conditions of the receivables. Indicators of impairment of accounts receivable may include significant financial difficulties experienced by the debtor, probability that the debtor will enter bankruptcy or undergo financial reconstruction as well as absent or delayed payments (overdue by more than 120 days). Impairment of accounts receivable is reported under operating expenses.

***Liabilities***

Liabilities are classified as other financial liabilities, implying that they are initially reported to the accounts at the amount received after deductions for transaction expenses. After the time of acquisition, the loans are measured at amortized cost in accordance with the effective interest method. Long-term liabilities have an anticipated term of longer than one year while current liabilities have a term of less than one year.

### (j) Property, Plant and Equipment

***(i) Owned Assets***

Property, plant and equipment are reported as assets in the Balance Sheet if it is likely that future economic rewards will flow to the company, and the cost of the asset can be reliably measured.

Property, plant and equipment are reported at cost in the group less accumulated depreciation and potential impairment. The purchase price and costs directly attributable to the asset to bring it to the place and condition to be utilized in accordance with the purpose of the acquisition are included in the cost. Examples of directly attributable expenses included in costs are expenses for delivery and processing, installation, registration, consulting and legal services. Borrowing costs are not included in the cost of fixed assets produced by the company. The accounting principles for impairment are stated below. Property, plant and equipment that consist of components with differing useful lives are treated as separate components of property, plant and equipment.

The carrying amount of property, plant and equipment is derecognized from the Balance Sheet on obsolescence or disposal, or when no future economic rewards are expected from usage or disposal/divestment of the asset. Gains or losses arising from the divestment or obsolescence of an asset are the difference between the sales price and the asset's carrying amount less deductions for direct selling expenses. Gains and losses are reported as other operating revenue/expenses.

***(ii) Leased Assets***

IAS 17 is applied for leased assets. In the Consolidated Accounts, lease arrangements are classified as finance or operating leases. Finance leases occur when essentially, the economic risks and rewards associated with ownership are transferred to the lessee, and if not, they are classified as operating leases. Assets held through finance lease arrangements have been reported as an asset in the Consolidated Balance Sheet. The obligation to pay future lease charges has been reported as long-term and current liabilities. The leased assets are subject to planned depreciation while lease payments are reported as interest and amortization of the liabilities. In operating leases, lease charges are expensed during the term, proceeding from usage, which can differ from what is actually paid in lease charges de facto in the year.

#### *(iii) Additional Expenditure*

Additional expenditure is added to cost only if it is likely that the future economic rewards associated with the asset will flow to the company, and the cost can be reliably measured. All other additional expenditure is reported as an expense in the period it arises. When additional expenditure is added to cost, it is decisive whether this expenditure relates to the exchange of identifiable components, or parts of components, whereupon such expenditure is capitalized. In those cases when new components are created, expenditure is also added to cost. Potential un-depreciated carrying amounts of exchanged components, or parts of components, are subject to obsolescence and expensed at exchange. Repairs are expensed continuously.

#### *(iv) Depreciation Principles*

Depreciation is on a straight-line basis over the estimated useful life of an asset; land is not depreciated. The group utilizes component depreciation, which means that the assessed useful lives of components are the basis for depreciation. Estimated useful lives:

| | |
|---|---|
| buildings: real estate used in business operations | 3–60 years |
| machinery and other plant | 3–12 years |
| equipment, tools fixtures and fittings | 2–8 years |

Real estate used in business operations has a number of components with differing useful lives. The main division is between buildings and land. No depreciation is affected on the land component, whose useful life is considered indefinite. However, buildings have several components whose useful lives vary. The useful lives of these components have been assessed to vary between 3 and 60 years.

The following main groups of components have been identified and form the basis for depreciation on buildings:

| | |
|---|---|
| building decorations, Taiwan | 3–5 years |
| other real estate components | 45–60 years |

The residual value and useful life of an asset is estimated yearly.

### (k) Intangible Assets

#### *(i) Goodwill*

Goodwill is the difference between the cost of a business combination and the fair value of the acquired assets, liabilities taken over and contingent liabilities.

Goodwill is measured at cost less potential accumulated impairment. Goodwill is allocated to cash-generating units, and is no longer amortized, but subject to yearly impairment tests (see accounting principles (m)). Goodwill arising from acquisitions of associated companies is included in the carrying amount of participations in associated companies. At business combinations, where acquisition cost is less than the net value of the acquired assets and liabilities taken over, and contingent liabilities, the difference is reported directly to the Income Statement.

#### *(ii) Development*

Expenditure for development, where research results or other knowledge are used to achieve new products, is reported as an asset in the Balance Sheet, if the product is technically and commercially usable and the company has sufficient resources to complete development, and use or sell the intangible asset later. The carrying amount includes expenditure for materials, direct expenditure for salaries and indirect expenditure that can be attributed to the asset in a reasonable and consistent way. Other expenditure for development is reported in the Income Statement as an expense when it arises. Development expenditure is reported in the Balance Sheet at cost less accumulated depreciation and potential impairment.

#### *(iii) Other Intangible Assets*

Other intangible assets acquired by the group are reported at cost less accumulated depreciation (see below) and impairment (see below).

Disbursed expenses for internally generated goodwill and internally generated brands are reported in the Income Statement when the expense arises.

#### *(iv) Additional Expenditure*

Additional expenditure for capitalized intangible assets is reported as an asset in the Balance Sheet only when it increases the future economic rewards for the specific asset to which it is attributable. All other expenditure is expensed as it arises.

#### *(v) Depreciation*

Depreciation is reported in the Income Statement on a straight-line basis over the estimated useful lives of intangible assets, providing such useful lives are not indefinite. Goodwill and intangible assets with indefinite useful lives are subject to impairment tests yearly, or as soon as any indication that suggests that the asset's value is impaired arises. Intangible assets with determinable useful lives are amortized from the date they become available for use.

The estimated useful lives are:

| | |
|---|---|
| trademarks and brands | 7–20 years |
| customer contracts | 4–10 years |
| (remaining contract term) | |
| capitalized development expenditure | 3–5 years |
| capitalized IT expenditure | 3–5 years |
| technology platforms | 5 years |

### (l) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is estimated using the FIFO method. The net realizable value is the estimated sales price in operating activities, less estimated expenses for completing and achieving a sale. The cost of produced goods and work in progress includes a reasonable proportion of indirect expenses based on normal capacity.

### (m) Impairment

The carrying amounts of the group's assets are subject to impairment tests at each year-end. An exemption is made for inventories and deferred tax assets. If there is an indication of value impairment, the assets' recoverable value is calculated. For assets subject to the above exemption, valuations are tested according to the relevant standards.

Recoverable values of goodwill and other intangible assets within definite useful lives and intangible assets not yet ready for use are calculated yearly.

If it is impossible to determine significant independent cash flows of an individual asset, when conducting impairment tests, assets should be grouped at the lowest level it is possible to identify significant independent cash flows (cash-generating unit). Impairment is reported when an asset's or cash-generating unit's carrying amount exceeds recoverable value. Impairment is reported to the Income Statement.

Impairment of assets attributable to a cash-generating unit (group of units) is primarily assigned to goodwill. Later, proportional impairment of other assets included in the unit is effected (group of units).

Goodwill and other intangible assets with indefinite lives are subject to impairment tests yearly.

#### *(i) Calculating Recoverable Value*

The recoverable value of assets in the loan receivables and accounts receivable categories should be reported at accrued cost, calculated as the present value of future cash flows, discounted by the effective interest prevailing when the asset was reported for the first time. Assets with short terms are not discounted.

The recoverable value of other assets is the greater of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted by a discount factor that considers risk-free interest, and the risk associated with the specific asset. For an asset that does not generate cash flow, which is significantly independent from other assets, the recoverable value of the cash-generating unit to which the asset belongs is calculated.

#### *(ii) Reversal of Impairment*

Impairment of loan receivables and accounts receivable reported at accrued cost are reversed if a subsequent increase in recoverable value can be objectively attributed to an event that has occurred after the impairment was effected.

Goodwill impairment is not reversed.

Impairment of other assets is reversed if a change in the assumptions that served as the basis for calculating the recoverable value has occurred.

Impairment is only reversed to the extent the asset's carrying amount after reversal does not exceed the carrying amount the assets would have had if no impairment had been effected, considering the depreciation that would then have been effected.

### (n) Share Capital

#### *(i) Re-purchase of Treasury Shares*

Holdings of treasury shares and other equity instruments are reported as a reduction in equity. Acquisitions of such instruments are reported as a deduction from equity. Payment from divestments of equity instruments is reported as an increase in equity. Potential transaction expenses are reported directly against equity.

#### *(ii) Dividends*

Dividends are reported as a liability after AGM approval.

### (o) Employee Benefits

#### *(i) Defined-contribution Plans*

A defined-contribution plan is a pension plan according to which the group pays fixed fees to a separate legal entity. The group is under no legal or informal obligation to pay any further fees if such legal entity does not hold sufficient assets to pay all employee benefits that are connected with the employee's service in the present or previous periods. Commitments relating to fees for defined-contribution plans are reported as an expense in the Income Statement when they arise.

#### *(ii) Defined-benefit Plans*

A defined-benefit plan is a pension plan that is not a defined contribution. The distinguishing feature of defined-benefit plans is that an amount is indicated for the pension benefit an employee will receive after retirement, usually based on one or several factors like age, period of employment and salary. The group has defined-benefit plans in the parent company, subsidiaries in Sweden and the subsidiary in Taiwan. The group's net commitments regarding defined-benefit plans are calculated separately for each plan by estimating the future benefits the employee would have accrued through his/her service in present and previous periods; these benefits are discounted to present value, and the fair value of potential plan assets are deducted. The discount rate is the yield at the reporting date of an investment grade corporate bond with a maturity corresponding to the group's pension commitments. When there is no recognized market for such corporate bonds, market yields on government bonds with a corresponding maturity are used instead. The calculation is conducted by a qualified actuary using the 'projected unit credit method.'

When the benefits of a plan improve, the proportion of the increased benefit attributable to employee service in previous periods is reported as an expense on a straight-line basis in the Income Statement allocated over the average period until the benefits are fully vested. If the benefits are fully vested, an expense is reported in the Income Statement directly.

The corridor rule is applied for actuarial gains and losses arising when calculating the group's commitments in various plans. The corridor rule means that the portion of the accumulated actuarial gains and losses exceeding the higher of 10% of the present value and 10% of the commitments and the fair value of plan assets is reported over the expected average remaining length of service of those employees covered by the plan. Otherwise, actuarial gains and losses are not considered.

When the calculation results in an asset for the group, the carrying amount of the asset is limited to the net of the un-reported actuarial losses and un-reported expenses for service in previous periods, and the present value of future repayments from the plan or reduced future contributions to the plan.

When there is a difference between how pension expenses are determined in a legal entity and the group, a provision or receivable regarding the special employers' contribution based on this difference is reported. The present value of the provision or receivable is not calculated.

*(iii) Dismissal Pay*

A provision is reported coincident with notices of redundancy issued to staff, only if the group has a proven obligation to conclude employment before the normal time, or when remuneration is paid as an offering to encourage voluntary redundancy. In those cases the company issues redundancy notices, a detailed plan is prepared, which as a minimum, includes workplaces, positions and approximate number of affected staff, and remuneration for each staff category or position and the time of the plan's execution.

*(iv) Bonus and Profit Share Plans*

There are bonus and profit share plans in the group. Profit share plans are based on trading profit and are payable if a predetermined goal is achieved. The expenses for bonus and profit share plans are charged in the year when there is a requirement.

### (p) Provisions

A provision is reported in the Balance Sheet when the group has an existing legal or informal obligation ensuing from an event that has occurred, and it is likely that an outflow of economic resources will be necessary to fulfill the commitment, and the amount can be reliably estimated. When the effect of the timing of the payment is significant, the provisions are calculated by discounting the expected future cash flow by an interest rate before tax that reflects the relevant market valuation of the time value of money and, if applicable, the risks associated with the liability.

### (q) Tax

Income tax is made up of current tax and deferred tax. Income tax is reported in the Income Statement apart from when the underlying transaction is reported directly against other comprehensive income and equity respectively, whereupon the associated tax effect is reported in against other comprehensive income and equity respectively.

Current tax is tax paid or received for the present year, applying the tax rates that are enacted or substantively enacted as of the reporting date, which also include current tax attributable to previous periods.

Deferred tax is calculated in accordance with the balance sheet method, proceeding from temporary differences between the book and taxable values of assets and liabilities. The following temporary differences are not considered: for temporary differences arising on first-time accounting of goodwill, first-time accounting of assets and liabilities that are not business combinations and neither influence reported nor taxable earnings at the time of the transaction. Nor are temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future considered.

The valuation of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying those tax rates and tax regulations that are enacted or substantively enacted as of the reporting date. Deferred tax assets regarding deductible temporary differences and loss carry-forwards are only reported to the extent that it is likely that they will be utilized. The value of deferred tax assets reduces when it is no longer considered likely that they can be utilized.

Deferred tax assets and liabilities are offset when there is a legal right to offset for current tax assets and tax liabilities and when the deferred tax assets and tax liabilities relate to tax debited by one and the same tax authority and either relate to the same taxpayer or different taxpayer, where there is an intent to settle the balances through net payments.

Potential additional income tax arising on dividends from foreign subsidiaries is reported as a liability.

### (r) Contingent Liabilities (Guarantee Commitments)

A contingent liability is reported when there is a possible commitment arising from events that have occurred, and whose incidence is confirmed only by one or more uncertain future events, or when there is a commitment that is not reported as a liability or a provision because it is unlikely that an outflow of resources will be necessary.

### (s) Cash Flow Statement

The Cash Flow Statement has been prepared in accordance with the indirect method. Cash and cash equivalents are made up of cash funds and immediately available balances with banks and corresponding institutions, and short-term, liquid investments with a term of less than three months from the time of acquisition, exposed to only insignificant risk of value fluctuations.

### Parent Company Accounting Principles

The parent company has prepared its Annual Accounts in accordance with the Swedish Annual Accounts Act and RFR 2.3 Accounting for Legal Entities. RFR 2.3 means that in its Annual Accounts for the legal entity, the parent company applies all the IFRS and statements endorsed by the EU, if this is possible within the framework of the Annual Accounts Act, and considering the relationship between accounting and taxation. The recommendation states the exemptions from, and supplements to, IFRS.

### Differences between the Group's and Parent Company's Accounting Principles

Differences between the group's and parent company's accounting principles are stated below. The following accounting principles of the parent company have been applied consistently for all periods published in the parent company's financial statements.

### Subsidiaries and Associated Companies

In the parent company, shares in subsidiaries and associated companies are reported in accordance with acquisition accounting.

Dividends received are reported as income only if they arise from earnings accrued after the acquisition. Dividends exceeding these accrued earnings are considered as re-payment of the investment and reduce the carrying amount of the shares.

### Long-term Monetary Dealings

Long-term monetary dealings between the parent company and independent foreign operations that represent an extension or reduction of the parent company's investment in foreign operations, are measured at historical rates of exchange in the parent company.

### Financial Instruments

The parent company does not apply the valuation rules of IAS 39. In the parent company, financial assets are measured at cost less potential impairment, and financial current assets at the lower of cost or market.

### Property, Plant and Equipment

#### *Owned Assets*

In the parent company, property, plant and equipment are reported at cost less deductions for accumulated depreciation and potential impairment in the same way as the group but with a supplement for potential write-ups.

#### *Leased Assets*

In the parent company, all lease arrangements are reported in accordance with the rules for operating leases.

### Intangible Assets

#### *Development*

In the parent company, all development expenditure is reported as an expense in the Income Statement.

### Employee Benefits

#### *Defined-benefit Plans*

The parent company uses a different basis for calculating defined-benefit plans than stipulated by IAS 19. The parent company follows the stipulations of the Swedish Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's instructions, because this is a pre-requisite for tax deductions. The most significant differences compared to IAS 19 are determining the discount rate, calculating the defined-benefit commitment on the basis of present salary levels and that all actuarial gains and losses are reported in the Income Statement when they arise.

### Tax

In the parent company, untaxed provisions are reported including deferred tax liabilities. However, in the Consolidated Accounts, untaxed reserves are divided between deferred tax liabilities and equity.

### Group Contributions and Shareholders' Contributions for Legal Entities

The company reports group contributions and shareholders' contributions in accordance with the relevant statement from the Swedish Financial Reporting Board. Shareholders' contributions are reported directly against the recipient's equity and are capitalized in shares and participations of the issuer, to the extent no impairment is necessary. Group contributions are reported according to their accounting implication, which means that group contributions made with the aim of minimizing the group's total tax are reported directly against profit brought forward after deducting for their current tax effect.

Group contributions that are equivalent to dividends are reported as dividends, which means that group contributions received and their current tax effects are reported in the Income Statement. Group contributions paid and their current tax effects are reported directly against retained earnings.

Considering their current tax effects, group contributions that are equivalent to shareholders' contributions are reported directly against the recipient's retained earnings. The issuer accounts the group contribution and its current tax effect as an investment in participations in group companies, to the extent that no impairment is necessary.

# Note 2

## Segment Reporting

Management has decided that operating segments are used to reach strategic decisions. Management judges operations from a product perspective, where operating segments are divided into the three business areas of Automation, HMI Products and IDC.

Automation markets and sells products from leading international vendors and operator systems from the HMI Products business area and data communications solutions from IDC in the Nordics and Baltics. HMI Products develops, markets and sells operator terminals and IPC-based operator systems on a global basis. IDC develops, markets and sells industrial data communications products on a global basis. Other consists mainly of the parent company's shared functions. Management judges operating segments based on a measure called EBIT (earnings before interest and taxes), which excludes non-recurring expenses from operating segments.

Management also judges sales from a geographical perspective divided between the Nordic region, Rest of Europe, North America, Asia and Rest of World. The information presented for operating segment revenue is for the geographical regions grouped according to the location of customers.

*2011*

| SEK 000 | Automation | HMI Products | IDC | Other | Elimination | Total |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| External sales | 496,381 | 539,524 | 381,800 | | | 1,417,705 |
| Internal sales | 820 | 87,653 | 3,416 | | -91,889 | |
| **Total sales** | **497,201** | **627,177** | **385,216** | | **-91,889** | **1,417,705** |
| Profit by operating segment | 34,480 | 87,358 | 46,355 | -13,369 | -4,442 | 150,382 |
| Participations in associated companies' profits | | | -112 | | | -112 |
| **Operating profit** | **34,480** | **87,358** | **46,243** | **-13,369** | **-4,442** | **150,270** |
| Net financial items | 707 | -5,363 | -2,799 | -8,427 | -1,410 | -17,292 |
| Tax expense for the year | -9,611 | -21,747 | -9,902 | 5,310 | 2,096 | -33,854 |
| **Net profit** | **25,576** | **60,248** | **33,542** | **-16,486** | **-3,756** | **99,124** |
| *Attributable to parent company shareholders* | | | | | | *95,288* |
| *Attributable to non-controlling interests* | | | | | | *3,836* |
| Assets | 238,511 | 630,391 | 578,693 | 408,929 | -378,218 | 1,478,306 |
| Participations in associated companies | | | 449 | | | 449 |
| **Total assets** | **238,511** | **630,391** | **579,142** | **408,929** | **-378,218** | **1,478,755** |
| Liabilities | 112,602 | 495,639 | 146,753 | 676,168 | -391,558 | 1,039,604 |
| **Total liabilities** | **112,602** | **495,639** | **146,753** | **676,168** | **-391,558** | **1,039,604** |
| Investments | 1,354 | 18,258 | 16,952 | 13,067 | 4,489 | 54,120 |
| Depreciation and amortization | 3,903 | 23,754 | 15,722 | 3,113 | 6,530 | 53,022 |
| Expenses in addition to depreciation and amortization not matched by payments made | | | | | | 7,195 |

*Note 2 cont.*
*Segment reporting*

*2010*

| SEK 000 | Automation | HMI Products | IDC | Other | Elimination | Total |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| External sales | 467,272 | 482,634 | 282,415 | | | 1,232,321 |
| Internal sales | 600 | 77,082 | 1,964 | | -79,645 | |
| **Total sales** | **467,872** | **559,715** | **284,379** | | **-79,645** | **1,232,321** |
| Profit by operating segment | 18,721 | 85,331 | 30,780 | -5,078 | -4,001 | 125,753 |
| Participations in associated companies' profits | 691 | | 3,265 | | | 3,956 |
| **Operating profit** [a] | **19,412** | **85,331** | **34,045** | **-5,078** | **-4,001** | **129,709** |
| Restructuring expenses and non-recurring items | -3,229 | -608 | | | -1,550 | -5,387 |
| Capital gain on sale, Autic | 2,619 | | | | | 2,619 |
| Net financial items | 269 | -2,395 | -857 | 13,972 | -17,909 | -6,920 |
| Tax expense for the year | -4,875 | -18,639 | -9,148 | 1,966 | 162 | -30,534 |
| **Net profit** | **14,196** | **63,689** | **24,040** | **10,860** | **-23,298** | **89,487** |
| *Attributable to parent company shareholders* | | | | | | *87,358* |
| *Attributable to non-controlling interests* | | | | | | *2,129* |
| Assets | 218,714 | 665,970 | 408,996 | 573,316 | -525,221 | 1,341,775 |
| Participations in associated companies | | | 559 | | | 559 |
| **Total assets** | **218,714** | **665,970** | **409,555** | **573,316** | **-525,221** | **1,342,334** |
| Liabilities | 114,098 | 508,876 | 164,710 | 518,472 | -329,191 | 976,965 |
| **Total liabilities** | **114,098** | **508,876** | **164,710** | **518,472** | **-329,191** | **976,965** |
| Investments | 1,266 | 169,340 | 161,606 | 10,989 | 2,348 | 345,549 |
| Depreciation and amortization | 4,633 | 19,955 | 9,037 | 3,099 | 13,732 | 50,457 |
| Expenses in addition to depreciation and amortization not matched by payments made | | | | | | 5,051 |

*a Excluding non-recurring items.*

*Geographical Division of Sales*

| SEK 000 | 2011 | 2010 |
|---|---|---|
| Sweden | 320,727 | 288,615 |
| Norway | 116,965 | 114,931 |
| Finland | 67,418 | 62,077 |
| Denmark | 81,807 | 75,138 |
| **Nordics** | **586,917** | **540,761** |
| Germany | 181,690 | 199,814 |
| Rest of Europe | 206,346 | 195,979 |
| **Total Europe** | **974,953** | **936,554** |
| **North America** | **221,652** | **94,435** |
| **Asia** | **188,466** | **180,835** |
| Rest of world | 32,634 | 20,497 |
| **Total** | **1,417,705** | **1,232,321** |

Internal pricing between the group's segments is determined on the basis of the arm's length principle, i.e. between parties that are mutually independent, well-informed and with an interest in the transactions. The operating segments' profit or loss, assets and liabilities (including provisions) include directly related items, and items that can be allocated by segment in a reasonable and reliable way. The segments' investments in property, plant and equipment and intangible assets include all investments apart from investments in expendable equipment and inventories of lesser value.

## Note 3

### Cost Classes

Costs are classified by function in the Consolidated Income Statement. Information on significant cost classes follows:

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| Cost of materials | 644,342 | 573,773 |
| Salaries, remuneration and social security expenses | 381,636 | 340,061 |
| Amortization and depreciation of intangible assets and property, plant and equipment | 53,022 | 50,543 |
| Other | 188,783 | 147,067 |
| | **1,267,784** | **1,111,444** |

## Note 4

### Other Operating Revenue and Operating Expenses

| SEK 000 | 2011 | 2010 |
|---|---|---|
| Group | | |
| Profit from sales of fixed assets | -520 | 178 |
| Exchange rate gains/ losses on trade receivables/ liabilities | -1,276 | -11,763 |
| Gain on restatement of holding in Korenix | | 10,706 |
| Other | 2,257 | 368 |
| | **461** | **-511** |

## Note 5

### Fees and Reimbursement to Auditors

| SEK 000 | 2011 | 2010 |
|---|---|---|
| **Group** | | |
| *PricewaterhouseCoopers* | | |
| Auditing | 1,601 | 1,769 |
| Tax consultancy | 146 | 420 |
| Other assignments | 738 | 981 |
| *Other auditors* | | |
| Auditing | 421 | 246 |
| Tax consultancy | 333 | 396 |
| Other assignments | 33 | 20 |
| **Parent company** | | |
| *PricewaterhouseCoopers* | | |
| Auditing | 650 | 551 |
| Tax consultancy | 46 | 342 |
| Other assignments | 688 | 845 |
| *Other auditors* | | |
| Tax consultancy | 222 | 266 |
| Other assignments | 12 | |

## Note 6

### Operating Lease Payments

| SEK 000 | 2011 | 2010 |
|---|---|---|
| **Group** | | |
| **Total lease expenses** | **24,418** | **24,551** |
| *Contracted future minimum lease payments related to irrevocable contracts due for payment:* | | |
| Within one year | 24,690 | 25,163 |
| Between one and five years | 25,212 | 26,810 |
| **Total** | **49,902** | **51,973** |
| **Parent Company** | | |
| **Total lease expenses** | **9,878** | **9,134** |
| *Contracted future minimum lease payments related to irrevocable contracts due for payment:* | | |
| Within one year | 9,938 | 9,352 |
| Between one and five years | 1,128 | 9,873 |
| **Total lease expenses** | **11,066** | **19,225** |

# Note 7

## Employees and Personnel Expenses

*Average number of employees*

| | 2011 | Of which men, % | 2010 | Of which men, % |
|---|---|---|---|---|
| **Parent company** | | | | |
| Sweden | 24 | 58 | 26 | 52 |
| **Total in parent company** | **24** | **58** | **26** | **52** |
| **Subsidiaries** | | | | |
| Denmark | 17 | 71 | 17 | 71 |
| Estonia | 4 | 75 | 4 | 73 |
| UK | 17 | 82 | 17 | 86 |
| Finland | 20 | 80 | 21 | 76 |
| France | 11 | 73 | 10 | 69 |
| China | 15 | 47 | 13 | 46 |
| Latvia | 3 | 67 | 3 | 67 |
| Lithuania | 3 | 67 | 3 | 67 |
| Norway | 25 | 88 | 27 | 89 |
| Singapore | 3 | 100 | 3 | 64 |
| Sweden | 219 | 84 | 212 | 85 |
| Taiwan | 170 | 45 | 103 | 39 |
| Germany | 61 | 70 | 64 | 74 |
| USA | 76 | 66 | 15 | 70 |
| **Total in subsidiaries** | **643** | **69** | **512** | **71** |
| **Group total** | **668** | **68** | **538** | **71** |

*Division between sexes, group management*

| | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| | *Prop. Women* | *Prop. Women* |
| **Parent Company** | | |
| Board | 29% | 29% |
| Other senior managers | 14% | 14% |
| **Group total** | | |
| Board | 29% | 7% |
| Other senior managers | 14% | 17% |

*Salary, other remuneration and social security expenses*

| SEK 000 | 2011 | | 2010 | |
|---|---|---|---|---|
| | *Salary and remuneration* | *Social security expenses* | *Salary and remuneration* | *Social security expenses* |
| Parent Company | 23,341 | 12,235 | 20,589 | 10,379 |
| *(of which pension expenses)* | | *(3,420)* [a] | | *(3,023)* [a] |
| Subsidiaries | 273,353 | 72,707 | 233,422 | 68,963 |
| *(of which pension expenses)* | | *(23,579)* | | *(21,450)* |
| **Group total** | **296,694** | **84,942** | **254,011** | **79,342** |
| *(of which pension expenses)* | | *(26,999)* [b] | | *(24,473)* [b] |

*a Of parent company pension expenses, 1,550,000 (1,253,000) relates to the Board and CEO*

*b Of consolidated pension expenses, 2,971,000 (3,573,000) relates to the Board and CEO*

*Salary and other remuneration by country, and between Board members, etc. and other employees*

| SEK 000 | 2011 | | 2010 | |
|---|---|---|---|---|
| | *Board and CEO* | *Other employees* | *Board and CEO* | *Other employees* |
| **Parent company** | | | | |
| Sweden | 6,286 | 17,055 | 5,672 | 14,917 |
| *(of which bonuses, etc.)* | *(1,536)* | *(5,829)* | *(1,500)* | *(2,287)* |
| **Parent company total** | **6,286** | **17,055** | **5,672** | **14,917** |
| *(of which bonuses, etc.)* | *(1,536)* | *(5,829)* | *(1,500)* | *(2,287)* |
| **Subsidiaries in Sweden** | **5,854** | **103,285** | **8,444** | **94,942** |
| *(of which bonuses, etc.)* | *(775)* | *(5,356)* | *(1,424)* | *(6,345)* |
| **Foreign subsidiaries** | | | | |
| Taiwan | 1,162 | 34,562 | 3,265 | 24,028 |
| *(of which bonuses, etc.)* | | *(9,168)* | *(2,051)* | *(8,135)* |
| Denmark | 629 | 9,993 | 2,440, | 9,929 |
| *(of which bonuses, etc.)* | | *(27)* | | |
| Norway | 1,334 | 20,760 | 1,224 | 19,734 |
| *(of which bonuses, etc.)* | *(89)* | *(1,205)* | | |
| Finland | 795 | 7,696 | 964 | 8,196 |
| *(of which bonuses, etc.)* | | *(63)* | | |
| Estonia | | 894 | | 875 |
| *(of which bonuses, etc.)* | | | | |
| Lithuania | | 806 | | 332 |
| *(of which bonuses, etc.)* | | | | |
| Latvia | | 395 | | 781 |
| *(of which bonuses, etc.)* | | *(31)* | | |
| USA | 1,624 | 35,200 | 2,234 | 7,630 |
| *(of which bonuses, etc.)* | | *(240)* | *(584)* | *(829)* |
| China | 327 | 1,454 | | 901 |
| *(of which bonuses, etc.)* | | | | |
| Germany | 3,161 | 29,828 | 2,099 | 32,240 |
| *(of which bonuses, etc.)* | *(397)* | *(2,448)* | *(763)* | *(1,765)* |
| France | | 5,356 | | 4,637 |
| *(of which bonuses, etc.)* | | *(99)* | | *(162)* |
| UK | | 7,132 | | 7,565 |
| *(of which bonuses, etc.)* | | *(135)* | | *(300)* |
| Singapore | | 1,106 | | 962 |
| *(of which bonuses, etc.)* | | *(129)* | | |
| **Subsidiaries total** | **14,886** | **258,467** | **20,670** | **212,752** |
| *(of which bonuses, etc.)* | *(1,261)* | *(18,901)* | *(4,822)* | *(17,536)* |
| **Group total** | **21,172** | **275,522** | **26,342** | **227,669** |
| *(of which bonuses, etc.)* | *(2,797)* | *(24,730)* | *(6,322)* | *(19,823)* |

### Remuneration of Senior managers—Board of Directors

Directors' fees were 1,450,000 (1,275,000) in 2011, allocated as follows:

| SEK | |
|---|---|
| Anders Ilstam, Chairman | 450,000 |
| Bert Åke Eriksson | 200,000 |
| Ulrika Hagdahl | 200,000 |
| Maria Khorsand | 200,000 |
| Kjell Åkesson | 200,000 |
| Stig-Arne Blom | 200,000 |

*Board member Stig-Arne Blom received 68,000 (72,000) for consulting assignments.*

### Remuneration and Other Benefits in the Year

Remuneration and benefits to the CEO and Senior managers amounted to the following:

| SEK 000 | 2011 | | 2010 | |
|---|---|---|---|---|
| | *CEO* | *Other Senior Managers* [a] | *CEO* | *Other Senior Managers* |
| Basic salary | 3,245 | 8,230 | 2,897 | 8,502 |
| Performance related pay | 1,439 | 3,120 | 1,500 | 2,372 |
| Other benefits | 111 | 543 | 112 | 589 |
| Pension expenses | 1,550 | 1,355 | 1,253 | 2,320 |
| **Total salary and remuneration** | **6,345** | **13,248** | **5,762** | **13,783** |

*a Other senior managers mean the seven people that made up group management in 2011 jointly with the Chief Executive Officer.*

### Chief Executive Officer

Apart from contracted basic salary, the Chief Executive Officer is also entitled to performance-related pay. Performance-related pay is based on the group's operating profit and is a maximum of six months' salary. Pension and other customary benefits like company car are additional. Each year, 35% of gross salary including bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from the company's side of 18 months, that cannot be claimed for termination initiated by the CEO. The notice period from the Chief Executive Officer's side is six months. No other remuneration upon termination has been agreed.

### Other Senior Managers

Other senior managers have basic salary with a performance-related component. The performance-related component is based partly on the group's and partly on each business area's operating profit and sales growth. Yearly performance-related pay is a maximum of six months' salary. Other senior managers have defined contribution pension agreements on market terms. Other customary benefits like company cars are additional. Maximum notice periods of 12 months for termination from the company's side have been agreed for other senior managers. This is applicable to all apart from one, who has a six-month notice period and nine months' severance pay for termination from the company's side.

### Board of Directors' Proposed Guidelines 2011

The Board of Directors proposes that the AGM adopts the following guidelines for remunerating senior managers. Senior managers means group management including the CEO.

Total remuneration covers basic salary and performance-related pay, comprising a yearly and a long-term portion. Pension and other customary benefits such as company car are additional. The performance-related component is based on the satisfaction of predetermined goals. These goals relate to the company's profit performance and other important change goals. For the CEO and other senior managers, the annual performance-related component may amount to a maximum of six months' salary, and the long-term performance-related component to a maximum of 20-40% of basic salary.

If the CEO's employment is terminated by Beijer Electronics, the CEO has an 18-month notice period. No other dismissal pay has been agreed. If termination of other senior managers' employment is from the company's side, and the termination is not due to gross negligence, a maximum notice period of 12 months is agreed, apart from one, who has a six-month notice period and nine months' severance pay. Otherwise, there are no differences on the previous year.

### Incentive Plans

The purpose of incentive plans is to promote senior management commitment to the group's progress and thus increase value for the group's shareholders. In 2008-2009, senior managers were offered the opportunity to acquire warrants. This plan has two series of options, of 90,000 in each series. The warrants are issued on market terms calculated according to the Black & Scholes formula, and have terms of three and five years respectively. The subscription prices are 175.50 SEK and 182.50 SEK respectively.

The first series expired in May 2011 and the second expires in May 2013. All warrants with expiry in May 2011 were exercised.

With the support of the guidelines for remunerating senior managers resolved by the AGM, an incentive program for 30 key employees of the group was conducted in 2011. This program involves 3% of the company's profit after tax being provisioned for payment after three years pro rata with the participants' salary at the time of provisioning. The condition for provisioning in 2011 is minimum earnings per share of 4.86 SEK. This condition has been satisfied, and accordingly, 4 MSEK was provisioned in the annual financial statements.

### Decision-making Process

The Remuneration Committee consults on the Board of Directors' decisions on remuneration to the Chief Executive Officer and decides on remuneration to other senior managers. Directors' fees are resolved by the AGM.

## Note 8

### Depreciation, Amortization and Impairment of Property, Plant and Equipment and Intangible Assets

| SEK 000 | 2011 | 2010 |
|---|---|---|
| **Group** | | |
| Capitalized development expenditure | -15,414 | -13,680 |
| Capitalized expenditure for software | -2,189 | -2,076 |
| Customer contracts, brands and similar rights | -19,565 | -13,372 |
| Buildings and land | -1,533 | -8,828 |
| Machinery and other plant | -2,165 | -1,835 |
| Equipment, tools, fixtures and fittings | -12,156 | -10,666 |
| | **-53,022** | **-50,457** |
| **Parent Company** | | |
| Capitalized expenditure for software | -1,998 | -1,899 |
| Equipment, tools, fixtures and fittings | -1,114 | -1,200 |
| | **-3,112** | **-3,099** |

## Note 9

### Net Financial Items

| Tkr | 2011 | 2010 |
|---|---|---|
| **Group** | | |
| Interest income | 970 | 704 |
| Capital gain on disposal of minority share, Autic | | 2,619 |
| Net exchange rate difference | 557 | 587 |
| **Financial income** | **1,527** | **3,910** |
| Interest expenses | -18,819 | -8,211 |
| **Financial expenses** | **-18,819** | **-8,211** |
| **Net financial items** | **-17,292** | **-4,301** |

| | Profit from Other Securities and Receivables that are Fixed Assets Interest | | Income, etc. | |
|---|---|---|---|---|
| SEK 000 | 2011 | 2010 | 2011 | 2010 |
| **Parent Company** | | | | |
| Interest income, group companies | | | 9,597 | 3,829 |
| Interest income, other | | | 39 | 67 |
| Dividend | 42,233 | 24,486 | | |
| Exchange rate difference | 647 | -6,958 | | |
| | **42,880** | **17,528** | **9,636** | **3,896** |

*Interest expenses, etc.*

| SEK 000 | 2011 | 2010 |
|---|---|---|
| **Parent company** | | |
| Interest expenses, group companies | -823 | -1,339 |
| Interest expenses, other | -16,607 | -6,088 |
| Exchange rate difference | -1,179 | -25 |
| | **-18,609** | **-7,452** |

# Note 10

## Appropriations

| SEK 000 | 2011 | 2010 |
|---|---|---|
| Tax allocation reserve, reversal in the year | 7,606 | 7,222 |
| | **7,606** | **7,222** |

# Note 11

## Tax on Net Profit

| SEK 000 | 2011 | 2010 |
|---|---|---|
| **Group** | | |
| *Current tax expense(-)[/tax revenue(+)]* | | |
| Tax expense for the period | -39,312 | -28,060 |
| Withholding tax | -26 | -1,379 |
| Adjustment of tax attributable to previous year | -658 | -180 |
| | **-39,996** | **-29,619** |
| *Deferred tax expense(-)[/tax revenue(+)]* | | |
| Deferred tax relating to temporary differences | 2,503 | 1,306 |
| Deferred tax in the deductible value of loss carry-forwards capitalized in the year | 3,639 | -2,221 |
| | **6,142** | **-915** |
| **Total reported tax expense, group** | **-33,854** | **-30,534** |
| **Parent company** | | |
| *Current tax expense(-)[/tax revenue(+)]* | | |
| Tax expense for the period | -279 | |
| Adjustment of tax attributable to previous year | -13 | -24 |
| | **-292** | **-24** |
| *Deferred tax expense (-)[/tax revenue (+)]* | | |
| Deferred tax on temporary differences | -37 | -25 |
| **Deferred tax in the deductible value of loss carry-forwards capitalized in the year** | **3,639** | **2,015** |
| | **3,602** | **1,990** |
| **Total reported tax expense, parent company** | **3,310** | **1,966** |

*Reconciliation of actual tax*

| SEK 000 | 2011 | 2010 |
|---|---|---|
| **Group** | | |
| Profit before tax | 132,978 | 120,021 |
| Tax at applicable rate, parent company | -34,973 | -31,565 |
| **Tax effect of:** | | |
| - Other tax rates for foreign subsidiaries | 2,558 | 3,494 |
| - Non-deductible expenses | -951 | -1,832 |
| - Non-taxable revenues | 901 | 4,675 |
| - Effects of loss carry-forwards, net | 1,663 | -369 |
| - Effect of changed tax rate | | -89 |
| - Tax attributable to previous year | -590 | 849 |
| - Other | -2,462 | -5,697 |
| **Reported tax, Income Statement** | **-33,854** | **-30,534** |
| **Parent company** | | |
| Profit before tax | 28,626 | 16,116 |
| Tax at applicable rate, parent company | -7,529 | -4,239 |
| **Tax effect of:** | | |
| - Non-deductible expenses | -205 | -100 |
| - Non-taxable revenues | 11,134 | 6,440 |
| - Tax attributable to previous year | 13 | 24 |
| - Standard-rate interest on tax allocation reserve | -103 | -159 |
| **Reported tax, Income Statement** | **3,310** | **1,966** |

# Note 12

## Intangible Assets

| SEK 000 | Goodwill | Development Expenditure | IT expen- diture | Trademarks & Brands | Customer Contracts | Technology Platforms | Total |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| Opening balance Jan. 1, 2010 | 241,942 | 85,946 | 15,200 | 66,582 | 63,169 | 3,145 | 475,984 |
| Business combinations | 244,905 | | | 19,453 | 17,292 | 7,205 | 288,855 |
| Internally developed assets | | 26,060 | | | | | 26,060 |
| Other investments | | | 10,512 | | | 362 | 10,874 |
| Exchange rate differences for the year | -11,270 | -415 | -165 | -2,480 | -4,402 | -402 | -19,134 |
| **Closing balance Dec. 31, 2010** | **475,577** | **111,591** | **25,547** | **83,555** | **76,059** | **10,310** | **782,639** |
| **Opening balance Jan. 1, 2011** | 475,577 | 111,591 | 25,547 | 83,555 | 76,059 | 10,310 | 782,639 |
| Internally developed assets | | 20,179 | | | | | 20,179 |
| Other investments | | | 21,732 | | | | 21,732 |
| Reclassification | -43,746 [a] | | 160 | 9,230 | 28,685 | 5,831 | 160 |
| Exchange rate differences for the year | 10,189 | -18 | 6 | 532 | 1,648 | 335 | 12,692 |
| **Closing balance Dec. 31, 2011** | **442,020** | **131,752** | **47,445** | **93,317** | **106,392** | **16,476** | **837,402** |
| *Accumulated amortization and impairment* | | | | | | | |
| Opening balance Jan. 1, 2010 | | -30,984 | -9,100 | -15,899 | -23,268 | -1,207 | -80,458 |
| Amortization in the year | | -13,680 | -2,076 | -5,293 | -7,389 | -690 | -29,128 |
| Exchange rate differences for the year | | 415 | 145 | 609 | 1,352 | 6 | 2,527 |
| **Closing balance Dec. 31, 2011** | | **-44,249** | **-11,031** | **-20,583** | **-29,305** | **-1,891** | **-107,059** |
| Opening balance Jan. 1, 2011 | | -44,249 | -11,031 | -20,583 | -29,305 | -1,891 | -107,059 |
| Reclassification | | | -156 | | | | -156 |
| Amortization in the year | | -15,414 | -2,189 | -6,346 | -11,183 | -2,036 | -37,168 |
| Exchange rate differences for the year | | 18 | -3 | -198 | -434 | -63 | -680 |
| **Closing balance Dec. 31, 2011** | | **-59,645** | **-13,379** | **-27,127** | **-40,922** | **-3,990** | **-145,063** |
| **Carrying amounts** | | | | | | | |
| As of Jan. 1, 2010 | 241,942 | 54,962 | 6,100 | 50,683 | 39,901 | 1,938 | 395,526 |
| As of Dec. 31, 2010 | 475,577 | 67,342 | 14,516 | 62,972 | 46,754 | 8,419 | 675,580 |
| As of Jan. 1, 2011 | 475,577 | 67,342 | 14,516 | 62,972 | 46,754 | 8,419 | 675,580 |
| As of Dec. 31, 2011 | 442,020 | 72,107 | 34,066 | 66,190 | 65,470 | 12,486 | 692,339 |

*a A preliminary goodwill amount for the acquisitions of QSI Corporation (USA) and Korenix (Taiwan) was set in tandem with the annual financial statement for 2010. The final acquisition price allocation was conducted in 2011, whereby goodwill reduced by 43,746 while trademarks and brands increased by 9,230, customer contracts increased by 28,685 and technology platforms increased by 5,831.*

*The group reports the following intangible asset classes*

| Intangible Asset Class | Useful Life | Amortization Method |
|---|---|---|
| Goodwill | Indefinite | Impairment Tests |
| Development expenditure | 3–5 years | Straight-line amortization over the asset's useful life based on cost |
| IT expenditure | 3–5 years | Straight-line amortization over the asset's useful life based on cost |
| Trademarks & brands* | 7–20 years | Straight-line amortization over the asset's useful life based on cost |
| Customer contracts | 4–5 and 7–10 years respectively | Straight-line amortization over the asset's useful life based on cost |
| Technology platforms | 5 years | Straight-line amortization over the asset's useful life based on cost |

**Trademarks & brands relate to strategic acquisitions and have an estimated useful life of 7–20 years.*

*The parent company reports the following intangible asset classes*

| Intangible Asset Class | Useful Life | Amortization Method |
|---|---|---|
| IT expenditure | 3–5 years | Straight-line amortization over the asset's useful life based on cost |

*IT Expenditure*

| SEK 000 | |
|---|---|
| **Parent company** | |
| *Accumulated cost* | |
| Opening balance Jan. 1, 2010 | 13,035 |
| Other investments | 10,406 |
| **Closing balance Dec. 31, 2010** | **23,441** |
| Opening balance Jan. 1, 2011 | 23,441 |
| Other investments | 21,568 |
| Reclassification | 157 |
| **Closing balance Dec. 31, 2011** | **45,166** |
| *Accumulated amortization and impairment* | |
| Opening balance Jan. 1, 2010 | -7,379 |
| Amortization in the year | -1,899 |
| **Closing balance Dec. 31, 2010** | **-9,278** |
| Opening balance Jan. 1, 2011 | -9,278 |
| Amortization in the year | -1,998 |
| Reclassification | -157 |
| **Closing balance Dec. 31, 2011** | **-11,433** |
| **Carrying amounts** | |
| As of Jan. 1, 2010 | 5,656 |
| As of Dec. 31, 2010 | **14,163** |
| As of Jan. 1, 2011 | 14,163 |
| As of Dec. 31, 2011 | **33,733** |

**Impairment tests for cash-generating units including goodwill**

The following cash-generating units, which are parts of the segments for 'Automation', 'HMI Products' and 'IDC', have significant reported goodwill values in relation to the group's total reported goodwill values:

| SEK 000 | 2011 | 2010 |
|---|---|---|
| Automation | 16,137 | 16,178 |
| HMI Products | 169,439 | 167,288 |
| IDC | 256,444 | 292,111 |
| **Total goodwill values, group** | **442,020** | **475,577** |

**Impairment tests for cash-generating units including capitalized development expenditure**

The following cash generating unit, which is part of the segments for 'HMI Products' and 'IDC', has significant carrying amounts for capitalized development expenditure. The capitalized development expenditure has a finite useful life. This expenditure is amortized over a period of 3–5 years. The book value of capitalized development expenditure is:

| SEK 000 | 2011 | 2010 |
|---|---|---|
| HMI Products | 42,846 | 42,887 |
| IDC | 29,261 | 24,455 |
| **Total value of capitalized development expenditure, group** | **72,107** | **67,342** |

### The 'Automation' Unit

The impairment test for the 'Automation' unit is based on the calculation of value in use. This value is based on forecast cash flows for a total of 5 years, of which the first is based on the unit's budget. The cash flows beyond 2011 have been based on yearly growth of revenues of 3-4% and expenses of 3-4%. The present value of forecast cash flows has been calculated by applying an interest rate for costing purposes of 10.0%. The important assumptions of the forecasts are reviewed in the following table.

| Key Variables | Estimation Method |
|---|---|
| Market share and market growth | Current market share assumed for future periods. Nominal yearly market growth of 2% assumed. |
| Costs of materials and gross profit | Cash flow forecasts are based on unchanged percentage gross earnings. This assumption is consistent with previous experience and present agreements. |
| General costs | Forecasts based on average cost inflation of 3%. |
| Rate of exchange EUR/SEK | Rate of exchange forecasts based on present quoted rate of exchange. |
| Rate of exchange NOK/SEK | Rate of exchange forecasts based on present quoted rate of exchange. |

### The 'HMI Products' Unit

The impairment test for the 'HMI Products' unit is based on the calculation of value in use. This value is based on forecast cash flows for a total of 5 years, of which the first is based on the unit's budget. The cash flows beyond 2011 have been based on yearly growth of revenues of 3-10% and expenses of 3-6%. The present value of forecast cash flows has been calculated by applying an interest rate for costing purposes of 10.0%. The important assumptions of the forecasts are reviewed in the following table.

| Key Variables | Estimation Method |
|---|---|
| Market share and market growth | Present market share assumed for future periods. Nominal yearly market growth of 2% assumed. |
| Costs of materials and gross profit | Cash flow forecasts are based on unchanged percentage gross earnings. This assumption is consistent with previous experience and present agreements. |
| General costs | Forecasts based on average cost inflation of 3%. |
| Rate of exchange NTD/SEK | Rate of exchange forecasts based on present quoted rate of exchange. |
| Rate of exchange USD/NTD | Rate of exchange forecasts based on present quoted rate of exchange. |

### The 'IDC' Unit

The impairment test for the 'IDC' unit is based on the calculation of value in use. This value is based on forecast cash flows for a total of 5 years, of which the first is based on the unit's budget. The cash flows beyond 2011 have been based on yearly growth of revenues of 5-15 % and expenses of 5-13%. The present value of forecast cash flows has been calculated by applying an interest rate for costing purposes of 10-12%. The important assumptions of the forecasts are reviewed in the following table.

| Key Variables | Estimation Method |
|---|---|
| Market share and market growth | Present market share assumed for future periods. Nominal yearly market growth of 2% assumed. |
| Costs of materials and gross profit | Cash flow forecasts are based on unchanged percentage gross earnings. This assumption is consistent with previous experience and present agreements. |
| General costs | Forecasts based on average cost inflation of 3%. |
| Rate of exchange EUR/SEK | Rate of exchange forecasts based on present quoted rate of exchange. |
| Rate of exchange GBP/SEK | Rate of exchange forecasts based on present quoted rate of exchange. |

## Note 13

### Property, Plant and Equipment

| SEK 000 | Group: Buildings and Land [a] | Group: Plant and Machinery | Group: Equipment, Tools, Fixtures and Fittings | Group: Total | Parent Company: Equipment, Tools, Fixtures and Fittings |
|---|---|---|---|---|---|
| *Cost* | | | | | |
| Opening balance Jan. 1, 2010 | 51,820 | 10,553 | 74,657 | 137,030 | 13,557 |
| Purchase via business combination | | 2,272 | 3,937 | 6,209 | |
| Other purchase | 21 | 1,781 | 11,749 | 13,551 | 583 |
| Reclassification | 9 | | 140 | 149 | |
| Disposals | | -104 | -1,894 | -1,998 | -103 |
| Exchange rate differences | -624 | -52 | -1,929 | -2,605 | |
| **Closing balance Dec. 31, 2010** | **51,226** | **14,450** | **86,660** | **152,336** | **14,037** |
| Opening balance Jan. 1, 2011 | 51,226 | 14,450 | 86,660 | 152,336 | 14,037 |
| Other purchase | | 4,955 | 17,249 | 22,204 | 783 |
| Reclassification | | -1,395 | 2,964 | 1,569 | 0 |
| Disposals | | -650 | -11,074 | -11,724 | -5,112 |
| Exchange rate differences | 266 | 77 | 362 | 705 | |
| **Closing balance Dec. 31, 2011** | **51,492** | **17,437** | **96,161** | **165,090** | **9,708** |
| *Depreciation and impairment* | | | | | |
| Opening balance Jan. 1, 2010 | -8,055 | -5,690 | -51,300 | -65,046 | -10,535 |
| Depreciation in the year | -8,828 | -1,835 | -10,666 | -21,329 | -1,200 |
| Reclassification | -10 | | -602 | -612 | -36 |
| Disposals | | 42 | 1,573 | 1,615 | 93 |
| Exchange rate differences | 263 | -13 | 1,629 | 1,879 | |
| **Closing balance Dec. 31, 2010** | **-16,630** | **-7,496** | **-59,366** | **-83,492** | **-11,678** |
| Opening balance Jan. 1, 2011 | -16,630 | -7,496 | -59,366 | -83,492 | -11,678 |
| Depreciation in the year | -1,533 | -2,165 | -12,156 | -15,854 | -1,114 |
| Reclassification | | | 255 | 255 | 157 |
| Disposals | | 650 | 11,074 | 11,724 | 4,985 |
| Exchange rate differences | -71 | -42 | -277 | -390 | |
| **Closing balance Dec. 31, 2011** | **-18,234** | **-9,053** | **-60,470** | **-87,757** | **-7,650** |
| **Carrying amount** | | | | | |
| As of Jan. 1, 2010 | 43,765 | 4,863 | 23,357 | 71,874 | 3,022 |
| As of Dec. 31, 2010 | 34,596 | 6,954 | 27,294 | 68,844 | 2,359 |
| As of Jan. 1, 2011 | 34,596 | 6,954 | 27,294 | 68,844 | 2,359 |
| As of Dec. 31, 2011 | 33,258 | 8,384 | 35,691 | 77,332 | 2,058 |

| **Taxable values** | **2011** | **2010** |
|---|---|---|
| Buildings | 6,498 | 6,498 |
| Land | 1,298 | 1,298 |

*a The carrying amount as of Dec. 31, 2010 includes buildings at an amount of 1,298,000 SEK with a useful life of 3-5 years. The useful life of other buildings is 45-60 years.*

# Note 14

## Participations in Group Companies and Associated Companies

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| *Accumulated cost* | | |
| At beginning of year | 258,273 | 220,627 |
| Acquired companies | 38,757 | 37,646 |
| Incorporated companies | 202 | |
| **Carrying amount at end of year** | **297,232** | **258,273** |

*Specification of parent company and group holdings of participations in group companies*

| SEK 000 | | | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|---|---|
| *Subsidiary/Corp. ID No. /Reg. Office* | *No. of Shares* | *Holding, %* [a] | *Carrying Amount* | *Carrying Amount* |
| **Beijer Electronics Automation AB, 556701-3965, Malmö** | **850** | **85.0** | **7,735** | **7,735** |
| Beijer Electronics AS, 912965058, Drammen | 1,117 | 100.0 | | |
| Beijer Electronics Oy, 245.223, Helsinki | 50 | 100.0 | | |
| Beijer Electronics UAB, 111760799, Vilnius | 285 | 100.0 | | |
| Beijer Electronics SIA, 40003540103, Riga | 501 | 100.0 | | |
| Beijer Electronics Eesti Oü, 10668940, Tallinn | 1 | 100.0 | | |
| Beijer Electronics A/S, 56162712, Roskilde | 1,000 | 100.0 | | |
| Brodersen Automation AS, 957004083, Drammen | 300 | 100.0 | | |
| Brodersen Automation AB, 556288-8650, Malmö | 3,000 | 100.0 | | |
| **Beijer Electronics Products AB, 556701-4328, Malmö** | **1,000** | **100.0** | **100** | **100** |
| Beijer Electronics Holding Inc., 36-4027234, Chicago | 1,000 | 100.0 | | |
| Beijer Electronics Inc., 87-0396688, Salt Lake City [b] | 10 | 100.0 | | |
| Beijer Electronics Holding GmbH, 22383, Unterensingen | 1 | 100.0 | | |
| Beijer Electronics Verwaltungs GmbH, HRB 22383 Unterensingen | 1 | 100.0 | | |
| Beijer Electronics GmbH & Co. KG, HRA 222129, Unterensingen | 1 | 100.0 | | |
| Beijer Electronics Trading (Shanghai) Co., Ltd., Shanghai | 1 | 100.0 | | |
| Beijer Electronics Corp., 05027350, Taipei | 116,534 | 100.0 | | |
| **Westermo Teleindustri AB, 556361-2604, Stora Sundby** | **100,000** | **100.0** | **212,792** | **212,792** |
| Westermo Data Communications AB, 556687-8962, Västerås | 1,000 | 100.0 | | |
| Westermo Research and Development AB, 556710-8856, Västerås | 1,000 | 100.0 | | |
| Westermo Fastighets AB, 556288-4360, Eskilstuna | 10,000 | 100.0 | | |
| Westermo OnTime AS, 981567560, Oslo | 2,353,724 | 100.0 | | |
| Westermo Data Communications Ltd., 3059742, Southampton | 50,000 | 100.0 | | |
| Westermo Data Communications GmbH, 30070-54742, Waghäusel | 50,000 | 100.0 | | |
| Westermo Data Communications SARL, 4333142590001, Champlan | 7,624 | 100.0 | | |
| Westermo Data Communications Pte Ltd., 200707554, Singapore | 1 | 100.0 | | |
| Korenix Technology Co., Ltd., Taipei [c] | 18,467,000 | 100.0 | 76,403 | 37,646 |
| Smart Jumbo Investment Ltd., Samoa | 300,000 | 100.0 | | |
| Korenix Technology Ltd., Shenzhen | 2,000,000 | 100.0 | | |
| Korenix Technology Ltd., Samoa | 1 | 100.0 | | |
| Huei Chun Electronics Co., Taipei | 500,000 | 100.0 | | |
| Beijer Electronics do Brasil LTDA, 14.199.311/0001-36, São Paulo [d] | 52,492 | 100.0 | 202 | |
| | | | **297,232** | **258,273** |

*a Equity as a percentage of capital, corresponding to the proportion of the votes for the total number of shares.*
*b Corporate name changed in the year*
*c Of the group's total holdings, 52.5% is held by Beijer Electronics AB*
*d Of the group's total holdings, 99% is held by Beijer Electronics AB*

# Note 15

## Participations in Associated Companies

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| **Group** | | |
| Carrying amount at beginning of year | 559 | 2,333 |
| Participations in associated companies' profit or loss [a] | -112 | 3,956 |
| Purchase | | 559 |
| Disposal | | -6,289 |
| Translation difference | 4 | |
| **Carrying amount at end of year** | **451** | **559** |

*a Participation in associated company profit or loss after tax and minority interest in the associated company.*

*Company, corp. ID no. and reg. office*

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| *Carrying Amount* | | |
| Lanshan Electronics Co., Ltd., Taiwan | 449 | 559 |

# Note 16

## Long-term Receivables from Group Companies

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| **Parent company** | | |
| *Accumulated cost* | | |
| At the beginning of year | 268,031 | 193,217 |
| Additional receivables | 981 | 84,459 |
| Amortization for the year | -359 | |
| Translation differences for the year | 1,217 | -9,645 |
| **Carrying amount at end of year** | **269,870** | **268,031** |

The fair value of loans to related parties is measured at cost, and in those cases where denominated in foreign currency, at the closing day rate. The effective interest of long-term receivables to related parties is 1.5-3.6% (1.2-3.5).

# Note 17

## Other Long-term Receivables

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| **Group** | | |
| *Accumulated cost* | | |
| At beginning of year | 6,521 | 127 |
| Additional receivables/ purchases | 91 | 6 478 |
| Amortization/reclassification for the year | -1,146 | -58 |
| Exchange rate differences for the year | 75 | -26 |
| **Carrying amount at end of period** | **5,541** | **6,521** |

*Fair value corresponds to book value.*

# Note 18

## Inventories

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| **Group** | | |
| Raw materials and consumables | 89,196 | 102,284 |
| Finished goods and goods for resale | 153,789 | 120,320 |
| Work in progress | 5,806 | 8,856 |
| Advance payments to suppliers | 405 | 18 |
| Goods in transit | 4,503 | 471 |
| | **253,699** | **231,949** |

# Note 19

## Accounts Receivable and Other Receivables

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| **Group** | | |
| Accounts receivable | 195,525 | 187,961 |
| Provision for doubtful debt | -6,294 | -4,501 |
| **Accounts receivable—net** | **189,231** | **183,460** |
| Other receivables | 32,184 | 16,854 |
| Prepaid expenses and accrued income | 9,832 | 15,691 |
| | **231,247** | **216,005** |

*Note 19 cont.*
*Accounts Receivable and Other Receivables*

The fair value of accounts receivable and other receivables is consistent with book value. Accounts receivable are judged individually when each financial report is being prepared. Net profit has been charged with expenses for doubtful and bad debt of 1,995,000 (2,709,000) SEK. The individually judged receivables subject to impairment mainly relate to customers that have got into unexpected financial difficulties. A judgment that a portion of the receivables is expected to be recoverable has been made. The cost of doubtful and bad debt is included in the other expenses income statement item. The maximum exposure to credit risk on the reporting date is the fair value of each category of receivable stated above. The group has no assets pledged as collateral.

Carrying amounts by currency for the group's accounts receivable and other receivables are as follows:

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| EUR | 21,629 | 51,104 |
| USD | 26,385 | 46,710 |
| NOK | 13,410 | 12,150 |
| DKK | 13,366 | 14,128 |
| NTD | 38,522 | 21,629 |
| GBP | 7,281 | 8,301 |
| SEK | 103,256 | 57,050 |
| Other currencies | 7,398 | 4,933 |
| | **231,247** | **216,005** |

*Prepaid expenses and accrued income*

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| **Group** | | |
| Rents | 2,632 | 3,983 |
| Insurance | 852 | 357 |
| Lease payments | 523 | 1,198 |
| Other items | 5,825 | 10,153 |
| | **9,832** | **15,691** |
| **Parent Company** | | |
| Rents | 399 | 2,138 |
| Insurance | 321 | 794 |
| Lease payments | 107 | 58 |
| Bank charges | 1,837 | |
| Other items | 1,150 | 2,743 |
| | **3,814** | **5,733** |

# Note 20

## Earnings per Share

| SEK 000 | 2011 | 2010 |
|---|---|---|
| Net profit | 95,288 | 87,358 |
| Number of outstanding shares [a,b] | 18,934 | 18,934 |
| **Earnings per share, SEK** | **5.03** | **4.61** |
| **Dividends paid per share, SEK** [c] | **2.00** | **1.33** |

*a The number of shares has increased through the new issue of 90,000 shares (relating to warrants programs) and through a 3:1 split, and amounts to 18,934,464 (6,221,488). Earnings per share for previous periods have been restated.*

*b On full exercise of outstanding option plans, the dilution effect of the new shares would correspond to some 1.4% of outstanding shares and votes of the company.*

*c The proposed dividend for 2011 is 2.25 SEK per share. Comparative figures for 2011 and 2010 have been restated with respect to the completed share split.*

# Note 21

## Untaxed Reserves

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| *Accumulated depreciation over plan* | | |
| Equipment | 2,624 | 2,624 |
| *Tax allocation reserves* | | |
| Provision for taxation 2006 | | 7,606 |
| Provision for taxation 2007 | 6,420 | 6,420 |
| Provision for taxation 2008 | 3,940 | 3,940 |
| Provision for taxation 2009 | 250 | 250 |
| Provision for taxation 2010 | 1,050 | 1,050 |
| | **14,284** | **21,890** |

# Note 22

## Interest-bearing Liabilities

This Note contains information about the company's contractual terms relating to interest-bearing liabilities. For more information on the company's exposure to interest risk and the risk of exchange rate fluctuations, see Note 28.

| SEK 000 | 2011 | 2010 |
|---|---|---|
| **Group** | | |
| **Long-term liabilities** | | |
| Pension provisions | 38,931 | 34,990 |
| Bank loans | 371,000 | 365,081 |
| Finance lease liabilities | 6,454 | 5,007 |
| | **416,385** | **405,078** |
| **Current liabilities** | | |
| Overdraft facility | 147,278 | 7,973 |
| Short-term portion of bank loans | 41,185 | 42,694 |
| Short-term portion of finance lease liabilities | 2,991 | 3,367 |
| | **191,454** | **54,034** |

### Finance Lease Liabilities

Finance lease liabilities are due for payment as follows:

| SEK 000 | Minimum Lease Payments | Interest | Principal |
|---|---|---|---|
| **Group 2011** | | | |
| Within one year | 2,991 | 343 | 2,648 |
| Between one and five years | 6,454 | 292 | 6,162 |
| | **9,445** | **635** | **8,810** |
| **Group 2010** | | | |
| Within one year | 4,425 | 297 | 4,128 |
| Between one and five years | 4,584 | 187 | 4,397 |
| | **9,009** | **484** | **8,525** |

# Note 23

## Liabilities to Credit Institutions

| SEK 000 | 2011 | 2010 |
|---|---|---|
| **Parent Company** | | |
| **Long-term liabilities** | | |
| Bank loans | 371,000 | 364,999 |
| | **371,000** | **364,999** |
| **Current liabilities** | | |
| Overdraft facility | 146,776 | 7,654 |
| Short-term portion of bank loans | 40,000 | 40,000 |
| | **186,776** | **47,654** |

# Note 24

## Pension Provisions, etc.

*Defined-benefit obligations*

| SEK 000 | 2011 | 2010 |
|---|---|---|
| **Group** | | |
| *Defined-benefit obligations* | | |
| Present value of funded obligations | 16,462 | 16,448 |
| Fair value of plan assets | -11,151 | -11,898 |
| Deficit in funded plans | 5,310 | 4,550 |
| Present value of unfunded plans | 59,710 | 49,589 |
| Accumulated unreported actuarial gains/ losses | -26,090 | -19,149 |
| **Net amount in Balance Sheet** | **38,931** | **34,990** |
| *The net amount is divided between plans in the following countries:* | | |
| Sweden | 34,846 | 30,472 |
| Taiwan | 4,085 | 4,518 |
| **Net amount in Balance Sheet** | **38,931** | **34,990** |

*Pension Expense*

| SEK 000 | 2011 | 2010 |
|---|---|---|
| *Defined-benefit plans* | | |
| Expense for pensions accrued in the year | 2,378 | 2,710 |
| Interest expense | 2,060 | 1467 |
| Net profit/loss item, actuarial gain/loss | 638 | 622 |
| **Expense for defined-benefit plans** | **5,076** | **4,799** |
| Expense for defined-contribution plans | 21,923 | 19,674 |
| Payroll tax and tax on profits | 3,357 | 3,763 |
| **Total expense, defined-contribution plans** | **25,280** | **23,437** |
| **Total expense for remuneration after terminated employment** | **30,356** | **28,236** |

### Reconciliation of Net Amounts for Pensions in the Balance Sheet

The following table illustrates how the net amount in the Balance Sheet changed in the period:

| SEK 000 | |
|---|---|
| Net amount, Jan. 1, 2011 | 34,990 |
| Expense for defined-benefit plans | 5,076 |
| Contributions from employees | -980 |
| Disbursements of payments | -271 |
| Translation difference | 116 |
| **Net amount in Balance Sheet, Dec. 31, 2011** | **38,931** |

*Note 24 cont.*
*Pension Provisions, etc.*

### Actuarial Assumptions

The following significant actuarial assumptions were applied when calculating obligations (weighted averages):

| SEK 000 | 2011 | 2010 |
|---|---|---|
| Discount rate, % | 3.80 | 3.71 |
| Future salary increases, % | 3.50 | 3.47 |
| Future pension increases, % | 2.00 | 2.00 |
| Staff turnover, % | 6.48 | 6.00 |
| Expected remaining term of employment, yr. | 22.03 | 22.00 |
| **Group** | | |
| Assets pledged for pension obligations None | Inga | Inga |
| **Parent Company** | | |
| Assets pledged for pension obligations None | Inga | Inga |

# Note 25

## Deferred Tax

| SEK 000 | Deferred Tax Asset | Deferred Tax Liability | Net |
|---|---|---|---|
| **Group Dec. 31, 2011** | | | |
| Intangible assets | | 54,472 | -54,472 |
| Buildings and land | 4,860 | 1,807 | 3,053 |
| Inventories | 5,843 | | 5,843 |
| Accounts receivable | 43 | | 43 |
| Pension provisions | 2,811 | | 2,811 |
| Untaxed reserves | | 19,405 | -19,405 |
| Other provisions | 101 | | 101 |
| Loss carry-forwards | 6,317 | | 6,317 |
| Other | 2,454 | 899 | 1,555 |
| **Deferred tax liability, net** | **22,429** | **76,583** | **-54,154** |

| SEK 000 | Deferred Tax Asset | Deferred Tax Liability | Net |
|---|---|---|---|
| **Group Dec. 31, 2010** | | | |
| Intangible assets | 139 | 49,179 | -49,040 |
| Buildings and land | 3,746 | 1,808 | 1,938 |
| Inventories | 4,731 | | 4,731 |
| Accounts receivable | 14 | | 14 |
| Pension provisions | 2,272 | 206 | 2,066 |
| Untaxed reserves | | 19,569 | -19,569 |
| Other provisions | 158 | | 158 |
| Loss carry-forwards | 7,215 | | 7,215 |
| Other | 8,510 | 896 | 7,614 |
| **Deferred tax liability, net** | **26,785** | **71,658** | **-44,873** |

*Change in deferred tax on temporary differences and loss carry-forwards*

| SEK 000 | Amount at Beginning of Year | Reported in Income Statement | Business Combinations | Exchange Rate Differences etc. | Amount at End of Year |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Intangible assets | -49,040 | 3,659 | -9,152 | 61 | -54,472 |
| Buildings and land | 1,938 | 907 | | 208 | 3,053 |
| Inventories | 4,731 | 1,214 | | -102 | 5,843 |
| Accounts receivable | 14 | 29 | | | 43 |
| Pension provisions | 2,066 | -37 | | 782 | 2,811 |
| Untaxed reserves | -19,569 | 164 | | | -19,405 |
| Other provisions | 158 | -49 | | -8 | 101 |
| Loss carry-forwards | 7,215 | 3,639 | | -4,537 | 6,317 |
| Other | 7,614 | -3,384 | | -2,675 | 1,555 |
| | **-44,873** | **6,142** | **-9,152** | **-6,271** | **-54,154** |

# Note 26

## Other Provisions

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| Opening balance | 3,627 | 2,603 |
| Carrying amount recognized in Income Statement: | | |
| - additional provisions | 290 | 3,598 |
| - reversed unutilized amounts | | -722 |
| Utilized in year | -2,158 | -499 |
| Reclassification | -49 | -1,247 |
| Exchange rate differences | 5 | -106 |
| **As of December 31, 2011** | **1,715** | **3,627** |

# Note 27

## Accrued Expenses and Deferred Income

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| **Group** | | |
| Accrued salaries and vacation pay | 49,599 | 46,046 |
| Accrued social security expenses | 15,953 | 12,517 |
| Guarantee risk reserve | 1,355 | 2,655 |
| Other items | 24,195 | 30,580 |
| | **91,102** | **91,798** |
| **Parent company** | | |
| Accrued salaries and vacation pay | 8,741 | 6,673 |
| Accrued social security expenses | 2,825 | 1,891 |
| Other items | 4,063 | 5,053 |
| | **15,629** | **13,617** |

# Note 28

## Financial Risks and Finance Policies

### Finance Policy

Through its operations, the group is exposed to various types of financial risk. Financial risks means fluctuations in the company's profits and cash flow ensuing from variations in rates of exchange, interest levels and credit risks. The Board of Directors decides on currency hedging and additional new long-term funding.

### Interest Risks

Beijer Electronics' net financial items and profit are affected by fluctuations in interest rates. The group's average interest fixing period is some 90 days. Interest rates at year-end vary between 1.34 and 3.75%. The average interest factor for the year is approximately 3%. An interest rate fluctuation of 1% would affect consolidated profit before tax by some 6 MSEK.

### Credit Risks

The group is exposed to credit risks in accounts receivable. The group's customers are subject to credit checks involving the collection of information on the customers' financial position from various credit agencies. The group has prepared a Credit Policy for managing customer credit, which continuously monitors customers' progress and solvency.

Bank guarantees or other collateral are necessary for customers with low credit ratings or insufficient credit history. In the group, accounts receivable more than 120 days overdue are generally 100% provisioned. However, consideration should be taken to the incidence of credit insurance, etc. Additionally, individual assessments are made where necessary.

Provisioning for bad debt in 2011 was 0.2 MSEK (2.7), or 0.01% (0.2) of group sales.

### Currency Risks

The group operates internationally and is exposed to various types of currency risk. The primary exposure relates to purchases and sales in foreign currencies, where the risk may be in fluctuations in the currency of the financial instrument, customer's or supplier's invoice, and the currency risk in expected or contracted payment flows, termed transaction exposure. Currency fluctuations also occur in the translation of foreign subsidiaries' assets and liabilities to the parent company's functional currency (translation exposure). In the financial year, the group did not apply currency hedging to its payment flows or exposure in foreign subsidiaries, in accordance with the group's policy.

The largest purchase currencies for Beijer Electronics are the EUR, USD and SEK. The largest invoicing currencies are EUR, SEK, USD and NOK. The group has a high degree of flow matching of its currency exposure, implying relatively low value at risk (theoretical risk value). The policy is for the group subsidiaries to manage their currency risk by controlling revenues and expenses against functional currency, and allow the parent company to conduct netting of various currencies.

The parent company evaluates its net exposure to each purchasing and sales currency on an ongoing basis with the aim of judging the effect on consolidated profit. Depreciation/appreciation of the Swedish krona against a basket of the most important currencies would increase/decrease sales by some 75 MSEK and EBIT by some 20 MSEK, given year-2011 levels and mix of sales and earnings. 79% (76) of group sales are in foreign currencies.

### Liquidity Risks

Beijer Electronics has loans that become due for payment at different times. An overdraft facility represents a portion of these loans, which has a contracted one-year term, but can be renewed for 12 months at the end of its term without renewed evaluation. The group's acquisition finance has been aggregated in single acquisition funding facilities with variable interest and straight-line amortization. The group has a good margin to the limits of the terms of credit issued by lenders as guarantees for credit issuance.

### Price Risks

Beijer Electronics' price risk is linked to traditional macroeconomic variables like inflation, deflation and global market pricing of electronic components, etc. There is good scope to adjust prices, due to the regular review of standard terms and pricing terms.

### Capital Risk

The group has a low capital tie-up level in current and fixed assets, which is on a par with corresponding companies/industries. In 2011, the company worked somewhat more actively on tying up current assets (increase of inventories) to avoid shortages of key components, driven by natural disasters such as the tsunami in Japan and the flood in Thailand. The company uses an equity ratio measure to maintain an efficient relationship between its equity and borrowings.

The group's target for its capital structure is to ensure the group can continue its operations, so it can continue to generate returns for shareholders, benefit other stakeholders and maintain an optimal capital structure to limit the cost of capital. To maintain or adjust its capital structure, the group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce its liabilities. There are no financial capital risks because the company does not have a financial trading mandate, but works with operating capital exclusively.

### Net Debt

Net debt and equity as of December 31, 2011 and 2010 respectively were as follows:

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| Interest-bearing liabilities | 607,839 | 459,112 |
| Less: cash and cash equivalents | -178,258 | -105,064 |
| Net debt | 429,581 | 354,048 |
| Total equity | 439,151 | 365,369 |

### Loans, Interest and Maturity Structures

Interest-bearing financial liabilities. The following table indicates the maturity structure and interest re-fixing points of financial loan liabilities on the reporting date.

| SEK 000 | Interest Rate, % | Interest Fixing Period | Currency | Nominal Amount in Original Currency [b] |
|---|---|---|---|---|
| **Bank loans:** | | | | |
| Bank loan | 3.64% | 90 days | SEK | 200,000 |
| Bank loan | 3.64% | 90 days | SEK | 40,000 |
| Bank loan | 3.66% | 90 days | SEK | 80,000 |
| Bank loan | 3.71% | 90 days | SEK | 46,000 |
| Bank loan | 3.75% | 90 days | SEK | 45,000 |
| Overdraft facility [a] | 1.34-2.90% | 90 days | SEK/EUR/USD/NOK | 147,278 |

*a The overdraft facility has contracted interest of 0.15% on credit granted.*
*b The maturity date of bank loans is October 26, 2015.*

### Transaction Exposure

The group's transaction exposure is divided between the following currencies:

*2011*

| SEK 000 | Amount | % |
|---|---|---|
| **Group** | | |
| NOK | 46,139 | 5.8 |
| DKK | 129,438 | 16.2 |
| EUR | 269,709 | 33.8 |
| GBP | 32,534 | 4.1 |
| USD | 159,049 | 20.0 |
| Other currencies | 160,178 | 20.1 |
| | **797,047** | **100** |

### Translation Exposure

Foreign net assets of the group are divided between the following currencies:

| Currency/Amount, 000 | Foreign Currency | Swedish Currency | % |
|---|---|---|---|
| **Group** | | | |
| NTD | 848,436 | 193,274 | 61.91 |
| EUR | 4,776 | 42,720 | 13.69 |
| NOK | 31,970 | 36,781 | 11.78 |
| DKK | 10,342 | 12,445 | 3.99 |
| USD | 1,660 | 11,493 | 3.68 |
| GBP | 1,001 | 10,687 | 3.42 |
| CNY | 4,243 | 4,666 | 1.49 |
| Other currencies | | 97 | 0.03 |
| | | **312,163** | **100.00** |

# Note 29

## Assets Pledged and Contingent Liabilities and Contingent Assets

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2010 |
| **Assets pledged** | **83** | **None** | **None** | **None** |
| **Contingent liabilities** | | | | |
| Guarantee commitments, FPG/PRI | 734 | 619 | 59 | 49 |
| Guarantee commitments in favor of subsidiaries | | | 280 | |
| Other | | 270 | | |
| **Total contingent liabilities** | **734** | **889** | **339** | **49** |

# Note 30

## Related Parties

The parent company has a related party relationship with its subsidiaries (see Note 14). For transactions with the CEO, Board members and senior managers, see Note 7.

*Summary of transactions with related parties*

| Related Party Relationship | Year | Sales of Services to Related Party | Purchases of Services from Related Party | Receivable from Related Party as of December 31 | Liability to Related Party as of December 31 |
|---|---|---|---|---|---|
| Subsidiaries | 2011 | 54,137 | | 363,435 | 23,931 |
| Subsidiaries | 2010 | 52,268 | 569 | 276,752 | 59,252 |

*Transactions with related parties are priced on an arm's length basis.*

# Note 31

## Cash Flow

| SEK 000 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| **Cash and cash equivalents—group** | | |
| Cash and cash equivalents include the following components: | | |
| Cash and bank balances (+balance on overdraft facility) | 178,258 | 105,064 |
| **Total, Balance Sheet** | **178,258** | **105,064** |
| **Total, Cash Flow Statement** | **178,258** | **105,064** |
| **Cash and cash equivalents—parent company** | | |
| Cash and cash equivalents include the following components: | | |
| Cash and bank balances (+balance on overdraft facility) | 116 | 10,285 |
| **Total, Balance Sheet** | **116** | **10,285** |
| **Total, Cash Flow Statement** | **116** | **10,285** |

*Interest paid and dividend received*

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000 | 2011 | 2010 | 2011 | 2010 |
| Dividend received | | | 42,233 | 24,486 |
| Interest received | 970 | 704 | 9,636 | 3,896 |
| Interest paid | -18,239 | -8,211 | -18,609 | -7,452 |
| | **-17,269** | **-7,507** | **33,260** | **20,930** |

*Adjustments for items not included in cash flow*

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000 | 2011 | 2010 | 2011 | 2010 |
| Depreciation, amortization and impairment | 53,022 | 50,457 | 3,112 | 3,099 |
| Share of profits in associated companies | | -3,956 | | |
| Capital gain/loss on sale of intangible assets | | -2,619 | | |
| Capital gain/loss on sale of property, plant and equipment | | 178 | 127 | 46 |
| Gain on restating existing holdings in subsidiaries | | -10,706 | | |
| Pension provisions | 3,941 | 4,068 | 504 | 343 |
| Other provisions | 2,183 | 1,024 | -347 | 347 |
| Net translation differences | 1,374 | 6,798 | 384 | 6,958 |
| Other | -281 | 158 | | |
| | **60,239** | **45,402** | **3,780** | **10,793** |

*Unutilized credit facilities*

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000 | 2011 | 2010 | 2011 | 2010 |
| Unutilized credit facilities amount to | 204,307 | 94,406 | 203,307 | 92,346 |

## Note 32

### Other Liabilities

The recognized additional purchase price is related to the acquisitions of QSI Corporation and Korenix. In both these cases, there is a variable, performance-based purchase price that becomes due for payment partly in 2012 and partly in 2013. The present value of the additional purchase price has been measured as of December 31, 2011 and reflects our best estimate of what such an additional purchase price might be. The change in the reported additional purchase price on the previous year is wholly attributable to Beijer Electronics acquiring the remaining 8% of Korenix in March 2011.

| SEK 000 | 2011 | 2010 |
|---|---|---|
| **Group** | | |
| **Other long-term liabilities** | | |
| Present value, additional purchase price [a] | 90,572 | 117,517 |
| Other long-term liabilities | 655 | 2,347 |
| | **91,227** | **119,864** |
| **Other current liabilities** | | |
| Present value, additional purchase price [a] | 32,119 | 35,389 |
| Other current liabilities | 23,466 | 27,623 |
| | **55,585** | **63,012** |

*a Reported at closing day rates.*

## Note 33

### Subsequent Events

There are no significant events after the end of the year until the time of signing of these Annual Accounts inclusive to report.

## Note 34

### Parent Company

Beijer Electronics AB is a Swedish-registered limited company with its registered office in Malmö. The parent company's shares are quoted on the NASDAQ OMX Nordic Stockholm Small Cap List. The address of the head office is: Box 426, 201 24 Malmö, Sweden.

The Consolidated Accounts for 2011 include the parent company and its subsidiaries, collectively termed the group. The group also includes participations in associated companies.

# Corporate Governance Report 2011

Beijer Electronics AB is a Swedish public limited company quoted on NASDAQ OMX Nordic Exchange Stockholm's Small Cap List, with ticker BELE. Beijer Electronics applies the Swedish Code of Corporate Governance. The complete version of the Code is available at www.bolagsstyrning.se. The Corporate Governance Report for the financial year 2011 has been prepared in accordance with the Code's recommendations, and Beijer Electronics is not reporting any instances of non-compliance with the Code for 2011. The Corporate Governance Report has not been reviewed by the company's Auditors.

### Shareholders and Articles of Association

There were 3,378 (3,296) shareholders at the end of the year. The largest shareholder is Stena Sessan Rederi AB with 29.6% of the votes. Of total share capital at year-end, some 15% (15) was held by foreign investors. Share capital is 6,311,488 SEK divided between 18,934,464 shares. Share capital shall be a minimum of 2,000,000 SEK and a maximum of 8,000,000 SEK. Each share has a quotient value of 0.33 SEK. All shares have one vote and equal entitlement to the company's assets and profits. For more information on the share and shareholders, see pages 86–87. Information on shareholders is updated once per year in tandem with the Annual Report and is also available at the company's website, www.beijerelectronics.se. Beijer Electronics' Articles of Association have no special stipulations regarding the appointment or dismissal of Board members or amendments to the Articles of Association. For such resolutions at shareholders' meetings, the majority requirements stated in the Swedish Annual Accounts Act apply.

### AGM 2011

Beijer Electronics' AGM was held on April 27, 2011. 84 shareholders attended the Meeting personally or by proxy, representing some 58% of the votes. Chairman of the Board Anders Ilstam was elected Chairman of the Meeting. All ordinary Board members apart from Joen Magnusson and the company's Auditors attended the Meeting.

Chairman of the Board Anders Ilstam reported on the work of the Board of the Directors in the financial year 2010. In his presentation, Beijer Electronics' CEO and President Fredrik Jönsson reviewed operations in 2010 and progress in the first quarter of 2011. The Auditors reported their observations of the company's accounting records and administration to the Meeting, and reviewed their work over the past year.

The minutes of the Meeting are available from Beijer Electronics and have been published on the company's website. Some of the resolutions of the meeting follow:

- To pay 6.00 SEK per share as dividends for the financial year 2010, in accordance with the Board of Directors' proposal.
- The Board of Directors shall consist of seven (7) members with no deputies.
- To re-elect the Board members Stig-Arne Blom, Bert-Åke Eriksson, Ulrika Hagdahl, Anders Ilstam, Maria Khorsand and Fredrik Jönsson in accordance with the Nomination Committee's proposal. Joen Magnusson has declined re-election.
- To elect Kjell Åkesson as a new Board member in accordance with the Nomination Committee's proposal.
- To re-elect of Anders Ilstam as Chairman of the Board in accordance with the Nomination Committee's proposal
- That fees to the Chairman of the Board and other Board members are 1,450,000 SEK
- Processes for appointment and work of the Nomination Committee.
- To adopt the Board of Directors' proposed guidelines for remunerating senior managers.
- To authorize the Board of Directors to decide to increase the company's share capital by a maximum of 622,000 SEK through the new issue of a maximum of 622,000 shares (1,866,000 shares after split) on one or more occasions in the period until the next AGM.
- To split the share into three (3:1)

The Auditors are appointed by the AGM every fourth year. The AGM of April 2008 re-elected Authorized Public Accountant Mikael Eriksson and elected Authorized Public Accountant Sofie Götmar-Blomstedt as Auditors for the period until the end of the AGM 2012.

### The Nomination Committee for the AGM 2012

The Nomination Committee was presented on September 27, 2011 and has five members, with one representative of each of the four largest shareholders at the time of publication (Share of votes on Aug 31, 2011), and the Chairman of the Board. Mauritz Sahlin, representing Stena Sessan AB, led the work of the Nomination Committee. The Nomination Committee's duty is to prepare proposals for Board members, the Chairman of the Board, fees to Board members and Auditors, and Chairman of the next AGM. The Nomination Committee remains in place until a new Committee is appointed. The Nomination Committee held one (1) meeting where minutes were taken. A number of discussions were also held between the Nomination Committee and all Board members.

| Name | Owner's Representative Of | Share of Votes Aug. 31, 2011 |
|---|---:|---:|
| Mauritz Sahlin, convener | Stena Sessan | 29.6% |
| Ulf Hedlundh | Svolder | 10.7% |
| Per Trygg | SEB Asset Management | 10.4% |
| Arne Lööw | Fourth AP Fund | 4.3% |
| Anders Ilstam, Chairman of the Board | | |
| **Total** | | **55.0%** |

In its work on appointing the Board for the forthcoming term of office, the Nomination Committee appraised the work of the Board through conversations with the Board members. The outcome of this appraisal had indications including members being highly committed, their attendance was high and that the work of the Board functioned well.

The Nomination Committee also judges that the members of the Board represent broad competence, with thorough industrial and financial knowledge, as well as knowledge of international conditions and markets.

When preparing its proposal for the Board of Directors, the Nomination Committee especially considered the requirements set by the company's strategic development, international operations and control and monitoring for the Board's competence and composition. The Board of Directors' requirements for versatility and breadth in terms of competence, experience and background, and the Board of Directors' ongoing need for regeneration was also considered.

The Nomination Committee's proposal for the Board of Directors to the AGM was presented on December 14, 2011. At this time, the Nomination Committee proposed re-election of all current Board members. Because Kjell Åkesson declined re-election, the Nomination Committee is now proposing that the Board of Directors is reduced to six members. The Committee also proposes that current Chairman of the Board Anders Ilstam remains as Chairman. The Nomination Committee judges that the proposed Board of Directors has an expedient composition in terms of the company's operations, development work and other circumstances to be able to address the needs the company's operations will set. The rules stipulating independence of Board members in accordance with the Swedish Code of Corporate Governance have been observed. According to the Nomination Committee, all proposed Board members, apart from Bert Åke Eriksson, are not affiliated to Beijer Electronics' major shareholders. All Board members, apart from the Chief Executive Officer, are not affiliated to Beijer Electronics. Shareholders representing over 50% of the share capital and votes of the company have reported that they will support this proposal.

### The Board of Directors

The Board of Directors has ultimate responsibility for the company's organization and administration and reaches decisions on strategic matters. In the financial year 2011, Beijer Electronics AB's Board of Directors had seven ordinary members appointed by the AGM. Beijer Electronics has not set any specific age limit for Board members, nor any time limit for how long a Board member can serve on the Board of Directors. For detailed information on Board members, see the group's website and page 79.

### The Role of the Chairman of the Board

Apart from leading the Board of Directors' work, the Chairman of the Board of Beijer Electronics AB continuously monitors progress by maintaining ongoing contact with the Chief Executive Officer on strategic matters. The Chairman of the Board represents the group on ownership-related matters.

### The Board of Directors' Working Methods

The Board of Directors' work conforms to a yearly plan. Decisions are taken by the Board after an open discussion led by the Chairman. The Chief Financial Officer of Beijer Electronics AB, also Compliance Officer for the Code of Corporate Governance, serves as Secretary of the Board of Directors. Apart from the Board meeting following election, which is held coincident with the AGM, the Board normally meets five times per year (scheduled meetings). Extra meetings are convened when necessary. The Board of Directors' and Chief Executive Officer's rules of procedure are adopted yearly at the Board meeting following election. Each meeting follows an agenda, with supporting documentation provided to Board members in good time before each Board meeting.

The Annual Accounts, proposed appropriation of profits and the financial statement are considered each financial year in the first scheduled Board meeting of the financial year. Coincident with this process, the company's Auditors submit a report to the Audit Committee regarding the Auditors' observations and judgments of the audit conducted. The Chief Executive Officer is assigned to submit Interim Reports approved by the Board of Directors at scheduled meetings later in the financial year. Each scheduled meeting also includes several other matters on its agenda, including a report on the current results of operations.

The Board of Directors appraises its own work and that of the Chief Executive Officer on an ongoing basis. Previously, a formal appraisal was conducted at the October Board meeting, led by the Chairman of the Board. This year, a decision was taken to assign the Nomination Committee to conduct in-depth interviews with all members instead.

### Work of the Board in 2011

In the financial year 2011, the Board of Directors held six (6) Board meetings in addition to the Board meeting following election. Extensive contact was maintained between the company, the Chairman of the Board and other members between Board meetings. The company's Auditors attended the first Board meeting of the year, reporting their observations on the group's internal controls and financial statement. The Auditors met the Board of Directors' Audit Committee on one other occasion.

### Remuneration Committee

The Remuneration Committee is appointed yearly by the Board of Directors. The Remuneration Committee consults on the Board of Directors' decisions on remuneration of the Chief Executive Officer, decides on remuneration to other senior managers and consults on proposals for potential incentive plans. The Remuneration Committee collects decision support data and views from other Board members, the CEO and CFO. The Committee also collects comparative decision support data externally. In 2011, the members of the Remuneration Committee were Anders Ilstam, Bert Åke Eriksson, and Kjell Åkesson. In the financial year 2011, the Remuneration Committee held two (2) meetings where minutes were taken. No special remuneration for Committee work was paid. Guidelines for remunerating senior managers for the financial year 2012 will be approved at the AGM in April.

### Audit Committee

All Board members serve on the Audit Committee apart from the Chief Executive Officer. The Chairman of the Board is also Chairman of the Audit Committee. No special remuneration for committee work was paid. The duty of the Committee is to analyze and discuss the company's risk management, controlling and internal controls, and financial reporting. The Committee maintained contact with the company's Auditors to discuss matters including the orientation and scope of audit work.

The Audit Committee has adopted guidelines for other services apart from auditing the company can purchase from the company's

### Work of the Board of Directors in 2011

| | | | Attendance | | | | Affiliated to | |
|---|---|---|---|---|---|---|---|---|
| Ordinary Board member | Elected Yr. | Position | Audit Committee | Remuneration Committee | Board Meetings | Fees, SEK | Beijer Electronics | Major shareholders |
| Anders Ilstam | 2002 | Chairman | 2/2 | 2/2 | 7/7 | 450,000 | No | No |
| Stig-Arne Blom* | 2006 | Member | 2/2 | - | 7/7 | 200,000 | No | No |
| Bert Åke Eriksson | 2002 | Member | 2/2 | 2/2 | 7/7 | 200,000 | No | Yes |
| Ulrika Hagdahl | 2006 | Member | 2/2 | - | 7/7 | 200,000 | No | No |
| Maria Khorsand | 2010 | Member | 2/2 | - | 7/7 | 200,000 | No | No |
| Joen Magnusson** | 1992 | Member | 0/1 | 1/1 | 0/2 | - | Yes | No |
| Kjell Åkesson** | 2011 | Member | 1/2 | 1/1 | 5/5 | 200,000 | No | No |
| Fredrik Jönsson | 2008 | CEO | - | - | 7/7 | - | Yes | No |

**Board member Stig-Arne Blom received 68,000 (72,000) SEK for consulting assignments.*
***Board member Joen Magnusson left the Board of April 2010 and was succeeded by Kjell Åkesson.*

auditors. The complete guidelines are available at the company's website.

### Remuneration to the Board and Management in 2011

In 2011 the Chief Executive Officer of the parent company, also President of the group, and other senior managers drew basic salary and other benefits that are reported in the table on page 77. In the table, other senior managers mean the seven people that made up group management in 2011 alongside the Chief Executive Officer.

### Remuneration to the CEO

Apart from contracted basic salary, the Chief Executive Officer is also entitled to performance-related pay. Performance-related pay is based on the group's operating profit and is a maximum of six months' salary. Pension and other customary benefits like company car are additional. Each year, 35% of gross salary including bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from the company's side of 18 months, which cannot be claimed for termination initiated by the CEO. The notice period from the Chief Executive Officer's side is six months. No other remuneration upon termination has been agreed.

### Remuneration to Other Senior Managers

Other senior managers have basic salary with a performance-related component. The performance-related component is based partly on the group's and partly on each business area's operating profit and sales growth. Yearly performance-related pay is a maximum of six months' salary. Other senior managers have defined contribution pension agreements on market terms. Other customary benefits like company cars are additional. Maximum notice periods of 12 months for termination from the company's side have been agreed for other senior managers. This applies to all apart from one, who has a six-month notice period and nine months' severance pay on termination from the company's side.

### Incentive Plans

The purpose of incentive plans is to promote senior management's commitment to the group's progress and thus increase value for the group's shareholders. In 2008–2009, senior managers were offered the opportunity to acquire warrants. This plan has two series of options, of 90,000 in each series. The warrants are issued on market terms calculated according to the Black & Scholes formula, and have terms of three and five years respectively. The first series expired in May 2011, and the second expires in May 2013. The subscription prices are 175.50 SEK and 182.50 SEK respectively.

All warrants with expiry in late 2011 were exercised, which resulted in the number of shares increasing by 90,000 (270,000 after the split). In total, the company raised 15,795,000 SEK in equity.

With the support of the guidelines for remunerating senior managers resolved by the AGM, an incentive program for 30 key employees of the group was conducted in 2011. This program involves 3% of the company's profit after tax being provisioned for payment after three years pro rata with the participants' salary at the time of provisioning. The condition for provisioning in 2011 is minimum earnings per share of 4.86 SEK, which the group achieved.

### Directors' Fees

Directors these were 1,450,000 (1,275,000) SEK in 2011 and are allocated according to the table.

### Management and Corporate Structure

The Chief Executive Officer is responsible for Beijer Electronics' ongoing administration, which covers all matters that are not reserved for the Board and administered by management. Instructions approved by the Board of Directors formalize the Chief Executive Officer's authorization to make decisions regarding investments, company acquisitions and divestments and finance matters. Group management consists of the Chief Executive Officer, the three Business Area Directors, one Asia Director, the CFO, and HR and Business Development Directors. Group management meetings are held monthly to discuss the group's strategic and operational progress and to monitor results of operations. For more information on the members of group management, see the group's website and pages 82-83 .

### Business Areas

Beijer Electronics' operations are organized into three business areas. The group has a decentralized corporate culture, where the management of operating activities is largely exercised by the management of each business area. The Managers of each Business Area are members

**Remuneration to the Board of Directors and Management in 2011**

| | 2012 | | 2011 | |
|---|---|---|---|---|
| SEK 000 | CEO | Other Senior Managers | CEO | Other Senior Managers |
| Basic salary | 3,245 | 8,230* | 2,897 | 8,502* |
| Performance-related pay | 1,439 | 3,120 | 1,500 | 2,372 |
| Other benefits | 111 | 543 | 112 | 589 |
| Pension expenses | 1,500 | 1,355 | 1,253 | 2,320 |
| **Total salary and benefits** | **6,345** | **13,248** | **5,762** | **13,783** |

** Including expense during notice period.*

of group management and a responsible for the results of operations and balance sheets of their business areas. External reporting of the group's operations is divided into the following three business areas: Automation, HMI Products and IDC.

### Internal Control over Financial Reporting

In tandem with adopting the Interim Report for the third quarter and annual Financial Statement, the company's Auditors report their observations from auditing and evaluating the company's internal controls. According to the Swedish Companies Act, the Board is responsible for internal controls. This responsibility includes issuing financial reports. The Board of Directors receives the reports and sets standards on their content and presentation to ensure quality each year. This implies that financial reporting should be expedient by applying applicable accounting standards and other requirements of listed companies.

### Control Environment, Risk Assessment and Control Structures

Beijer Electronics structures and organizes its operating activities proceeding from decentralized responsibility for profitability. The base of internal controls in a decentralized operation consists of a well-secured process intended to define goals and strategies for each business. Defined decision-paths, authorizations and responsibilities are communicated through internal instructions, regulations and policies adopted by the Board of Directors. The group's primary financial controlling documents are the overarching 'Corporate Manual', a reporting manual and audit manual, including instructions for each financial statement. Beijer Electronics has an established control structure to manage the risks the Board and management consider significant to internal controls regarding the group's accounting organization.

Accounting managers at all levels play a key role in terms of integrity, skills and the ability to create the environment necessary to achieve transparent and accurate financial reporting. Another important overall control activity is the monthly update on results that is conducted via the internal reporting system, and analyzed and subject to comment in reports to the Board. Monitoring the results of operations includes reconciliation against previously determined goals, the most recent forecast and monitoring established key financial ratios.

In accordance with the Code's stipulations, the Board of Directors has taken a standpoint on the need for a dedicated internal audit function, and concluded that at present, there is no need to create such resources within the Beijer Electronics group. Coincident with its evaluation of this need, the Board of Directors considered the group's size, risk outlook and the control functions already established within the group.

### Financial Reporting and Information

Beijer Electronics' communication processes are intended to supply the market with relevant, reliable, accurate and up-to-date information on the group's progress and financial position. Financial information is regularly submitted in the form of financial statements, interim reports, annual reports and press releases on important news and events that can materially affect the share price. Presentations and teleconferences for financial analysts, investors and the media are held on the day of publication of annual and quarterly reports. All reports, presentations and press releases are published on the group's website and intranet.

### Insider Policy

Beijer Electronics' Board of Directors has adopted an insider policy supplementing Swedish market abuse legislation. This policy states the rules on registering insiders, their holdings and reporting, alerts and prohibition of trading in financial instruments. The complete insider policy is available from the company's website.

### Code of Conduct

Beijer Electronics' operations should be conducted with high standards of integrity and ethics. The group has adopted a number of values that function as a framework for employees and promote good judgment and consistent decision-making. The company's Board of Directors approves the Code of Conduct each year for the group's operations, which also includes ethical guidelines. The document is available in full on the group's website.

### Values

Beijer Electronics' values—Commitment, Drive and Trust—constitute a long-term commitment linked to its business idea, goals and strategy, guiding employees in daily activities. 'Commitment' reflects commitment to maximize customer benefit and closeness in relationships with customers, collaboration partners and employees. 'Drive' illustrates proactivity and a go-ahead approach in attitudes and technology development. 'Trust' represents honesty and conduct that inspires trust.

# Board of Directors’ Certification

The Board of Directors and Chief Executive Officer certify that the Consolidated Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and give a true and fair view of the group’s financial position and results of operations. The parent company’s accounts have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the parent company’s financial position and results of operations.

The Directors’ Report for the group and parent company give a true and fair view of the progress of the group’s and parent company’s operations, financial position and results of operations, and state the significant risks and uncertainty factors affecting the parent company and companies within the group.

The Consolidated Income Statement and Consolidated Balance Sheet and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to adoption at the AGM on April 25, 2011.

*Malmö, Sweden, March 22, 2011*

**Anders Ilstam**
*Chairman*

**Stig-Arne Blom**

**Maria Khorsand**

**Bert Åke Eriksson**

**Ulrika Hagdahl**

**Kjell Åkesson**

**Fredrik Jönsson**
*Chief Executive Officer*

*Our Audit Report was submitted on March 23, 2011*

**Mikael Eriksson**
*Authorized Public Accountant*

**Sofia Götmar-Blomstedt**
*Authorized Public Accountant*

# Board of Directors

### Anders Ilstam

Born in 1941. Chairman of the Board since 2005. Board member since 2002.
Engineer.
Formerly Deputy CEO of Sandvik AB, CEO of Sandvik Mining & Construction and several positions within Sandvik, the SKF group and Beijerinvest AB. Chairman of Grimaldi Industri AB, Seco Tools AB and 3nine AB.
Holdings*: 15,000 warrants.

### Stig-Arne Blom

Born in 1948. Board member since 2006.
M.Sc. (Eng.)
Formerly CEO and President of IRO AB. Chairman of Plastal and Elos AB. Board member of Handelsbanken Västra Sverige and Berg Propulsion AB. No holdings.*

### Maria Khorsand

Born in 1957. Board member since 2010.
M.Sc. Computer Science.
CEO and President of SP Tehnical Research Institute of Sweden. Previously held various directorships at Ericsson, OMX Technology and Dell Sweden AB. Chairman of KK-stiftelsen (The Knowledge Foundation) and SOS Alarm Sverige AB. No holdings.*

### Bert Åke Eriksson

Born in 1944. Board member since 2002.
B.A.
CEO of Stena Sessan AB. Former Departmental Secretary of the Swedish Ministry of Transport and Communications, CEO of Rederi AB Gotland, CEO of United Tankers AB. Chairman of Meda AB and Board member of Concordia Maritime AB. Holdings*: 10,000 shares.

### Ulrika Hagdahl

Born in 1962. Board member since 2006.
M.Sc. (Eng.)
CEO of Cancale Förvaltnings AB, Founder of ORC Software AB. Board member: IFS AB, AB and Idre Golf Ski & Spa. Holdings*: 30,000 shares via company.

### Kjell Åkesson

Born in 1949. Board member since 2011.
Accountant
Former CEO of Lindab AB and Bilia AB and COO of Svedala AB. Chairman of Gullbergs AB. Boar member of Ballingslöv International AB, Inwido AB and Bravida AB.
No holdings*.

### Fredrik Jönsson

Born in 1962. Board member since 2008.
M.Sc. (Eng.)
CEO and President of Beijer Electronics AB. Formerly CEO of Crawford Group AB, Flexlink AB and SKF's subsidiary in Vietnam. Board member of Silex AB and Perten Instruments AB. Holdings*: 11,000 shares and 38,062 warrants.

### Auditors

**Mikael Eriksson,** Born in 1955.
Authorized Public Accountant, PricewaterhouseCoopers.
Auditor of Beijer Electronics AB since 2004.

**Sofia Götmar-Blomstedt,** Born in 1969.
Authorized Public Accountant, PricewaterhouseCoopers.
Auditor of Beijer Electronics AB since 2008.

**Holdings in Beijer Electronics AB.*

# Audit Report

### To the annual meeting of the shareholders of Beijer Electronics AB (publ)

*Corporate identity number 556025-1851*

### Report on the Annual Accounts and Consolidated Accounts

We have audited the annual accounts and consolidated accounts of Beijer Electronics AB (publ) for the year 2011). The annual accounts and consolidated accounts of the Company are included in the printed version of this document on pages 34-78.

***Responsibilities of the Board of Directors and the Chief Executive Officer for the Annual Accounts and Consolidated Accounts***

The Board of Directors and the Chief Executive Officer 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 Chief Executive Officer 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.

***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Chief Executive Officer, 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 December 31, 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 December 31, 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. A corporate governance report has been prepared. The statutory administration report and corporate governance report are consistent with the other parts of the annual accounts and consolidated accounts.

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

### Report on Other Legal and Regulatory Requirements

In addition to our audit of the annual accounts and consolidated accounts, We have examined the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of Beijer Electronics AB for the year 2011.

***Responsibilities of the Board of Directors and the Chief Executive Officer***

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 Chief Executive Officer are responsible for administration under the Companies Act.

### *Auditors' 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 be able to determine the liability, if any, to the Company of any board member or the Chief Executive Officer. We also examined whether any board member or the Chief Executive Officer 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 Chief Executive Officer be discharged from liability for the financial year.

*Malmö, Sweden, March 23, 2012*

| | |
|---|---|
| **Mikael Eriksson** | **Sofia Götmar-Blomstedt** |
| *Authorized Public Accountant* | *Authorized Public Accountant* |

## Senior Executives

### Fredrik Jönsson

Born in 1962.
**CEO and President.**
Employee since 2008.
**Holdings*:** 11,000 shares and 38,062 warrants.

### Carl-Johan Zetterberg Boudrie

Born in 1978.
**Business Development Director**.
Employee since 2008.
**Holdings*:** 872 shares and 7,938 warrants.

### Tim Webster

Born in 1967.
**HR Director.**
Employee since 2011.
**Holdings*:** 1,100 shares.

### Christian Benz

Born in 1963.
**Business Area Director, HMI Products.**
Employee since 2008.
**Holdings*:** 1,390 shares.



*Holdings in Beijer Electronics AB.*

## Anna Belfrage

Born in 1962.
**CFO.**
Employee since 2011.
**Holdings*:** 1,300 shares

## Berndt Köhring

Born in 1965.
**Business Area Director, Asia.**
Employee since 2011.
**Holdings*:** 1,430 shares

## Lars-Ola Lundkvist

Born in 1961.
**Business Area Director, IDC.**
Employee since 2007.
**Holdings*:** 2,400 shares and 10,062 warrants.

## Roger Kroon

Born in 1965.
**Business Area Director, Automation.**
Employee since 1998.
**Holdings*:** 1,300 shares.

# Five-year Summary

| SEK 000 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| **Income Statement** | | | | | |
| Net sales | 1,417,705 | 1,232,321 | 1,088,451 | 1,275,639 | 963,782 |
| Other operating revenue | 349 | 3,445 | 1,196 | 7,161 | 2,251 |
| Operating expenses* | -1,267,784 | -1,111,444 | -1,025,836 | -1,166,278 | -879,094 |
| **Operating profit** | **150,270** | **124,322** | **63,811** | **116,522** | **86,939** |
| Net financial items* | -17,292 | -4,301 | -2,872 | -20,153 | -2,359 |
| **Profit before tax** | **132,978** | **120,021** | **60,939** | **96,369** | **84,580** |
| Tax on net profit | -33,854 | -30,534 | -20,759 | -19,191 | -23,991 |
| **Net profit** | **99,124** | **89,487** | **40,180** | **77,178** | **60,589** |
| *Attributable to parent company shareholders* | *95,288* | *87,358* | *38,718* | *72,917* | *57,287* |
| *Attributable to non-controlling interests* | *3,836* | *2,129* | *1,462* | *4,261* | *3,302* |
| ** Of which non-recurring items* | | *-1,681* | *-7,500* | | *-5,266* |

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| **Balance Sheet** | | | | | |
| **Assets** | | | | | |
| Fixed assets | 798,092 | 778,289 | 489,258 | 505,851 | 227,053 |
| Current assets | 502,405 | 458,981 | 313,781 | 417,074 | 288,855 |
| Cash and cash equivalents and short-term investments | 178,258 | 105,064 | 127,439 | 74,076 | 71,939 |
| **Total assets** | **1,478,755** | **1,342,334** | **930,478** | **997,001** | **587,847** |
| **Equity and liabilities** | | | | | |
| Equity | 439,151 | 365,369 | 309,812 | 310,776 | 224,282 |
| Long-term liabilities | 585,910 | 660,227 | 367,290 | 409,596 | 148,515 |
| Current liabilities | 453,694 | 376,738 | 253,376 | 276,629 | 215,050 |
| **Total equity and liabilities** | **1,478,755** | **1,342,334** | **930,478** | **997,001** | **587,847** |
| *Of which interest-bearing liabilities* | *607,839* | *459,112* | *352,377* | *409,708* | *157,395* |
| **Key Financial Ratios** | | | | | |
| Operating margin, % | 10.6 | 10.1 | 5.9 | 9.1 | 9.0 |
| Operating margin before non-recurring items, % | 10.6 | 10.2 | 6.6 | 9.1 | 9.6 |
| Profit margin, % | 7.0 | 7.3 | 3.7 | 6.1 | 6.3 |
| Equity ratio, % | 29.7 | 27.2 | 33.3 | 31.2 | 38.2 |
| Equity per share, SEK a,b) | 22.2 | 17.8 | 16.4 | 16.4 | 11.8 |
| Earnings per share, SEK a) | 5.03 | 4.61 | 2.04 | 3.85 | 3.03 |
| Return on equity after tax, % b) | 24.6 | 26.5 | 12.9 | 28.8 | 28.3 |
| Return on capital employed, % | 17.3 | 17.2 | 10.0 | 21.4 | 26.6 |
| Return on net operating assets, % | 20.4 | 19.8 | 10.8 | 24.4 | 34.6 |
| Average number of employees | 668 | 538 | 534 | 595 | 463 |

*a In 2011, the number of shares increased through the new issue of 90,000 shares and a 3:1 split, and amounts to 18,934,464 (6,221,488 for previous year). Equity per share and earnings per share for previous periods have been restated.*

*b Calculated on the basis of total equity less the share of equity attributable to non-controlling interests.*

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| **Cash Flow Statement** | | | | | |
| Cash flow from operating activities before change in working capital | 160,514 | 135,559 | 83,659 | 98,579 | 85,612 |
| Change in working capital | -104,028 | -21,485 | 89,798 | -16,118 | -37,389 |
| Cash flow from investing activities | -108,906 | -205,744 | -27,754 | -268,754 | -99,382 |
| Cash flow from financing activities | 159,715 | 101,649 | -65,722 | 210,155 | 66,125 |
| Dividends paid | -37,968 | -25,325 | -26,048 | -26,165 | -35,774 |
| **Change in cash and cash equivalents** | **69,327** | **-15,346** | **53,933** | **-2,303** | **-20,808** |
| Cash and cash equivalents at beginning of year | 105,064 | 127,439 | 74,076 | 71,939 | 91,914 |
| Exchange rate difference in cash and cash equivalents | 3,867 | -7,029 | -570 | 4,440 | 833 |
| **Cash and cash equivalents at end of year** | **178,258** | **105,064** | **127,439** | **74,076** | **71,939** |

# The Beijer Electronics Share

Beijer Electronics has been quoted on NASDAQ OMX Nordic Stockholm Small Cap List since June 2000. It has the ticker BELE. A trading lot is 300 shares.

### Share Capital

Beijer Electronics' share capital is 6,311,488 SEK divided between 18,934,464 shares. The minimum share capital is 2,000,000 SEK, and the maximum is 8,000,000 SEK. Each share has a quotient value of 0.33 SEK. All shares have one vote and possess equal rights to participation in the company's assets and profits.

### Share Price and Turnover

In terms of bid price, the share price was 60.80 SEK on December 30, 2011, against 70.80 SEK at year-end 2010, equal to an fall of some 14% in the year. In the same period, the Stockholm Stock Exchange fell by 17%. The Beijer Electronics share traded at a high of 89.20 SEK and a low of 50.20 SEK in the year. Share turnover was just over 2.3 million shares, or 19% of the total number of shares. In value terms, turnover was 239 million SEK.

### Earnings per Share

Earnings per share after tax were 5.03 SEK (4.68).

### Dividend

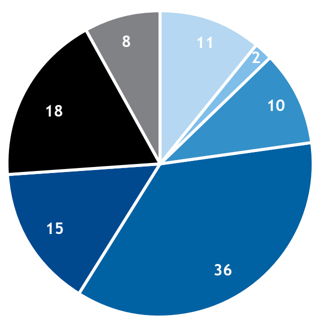
The Board of Directors proposes a dividend of 2.25 SEK (2.00) for the financial year 2011. Dividends are 45% (43) of profit after tax. The proposed dividends imply a dividend yield of 3.7% (2.8) as of the closing price at year-end 2011.

### 3:1 Share Split

A new issue of 90,000 shares was conducted in June 2011, followed by a 3:1 share split. Each share was split into three shares of the same class, which means that in total, the number of shares increased from 6,221,488 to 18,934,464.

**Shareholder Categories, Share of Equity**

Source: Euroclear




**Share Data**

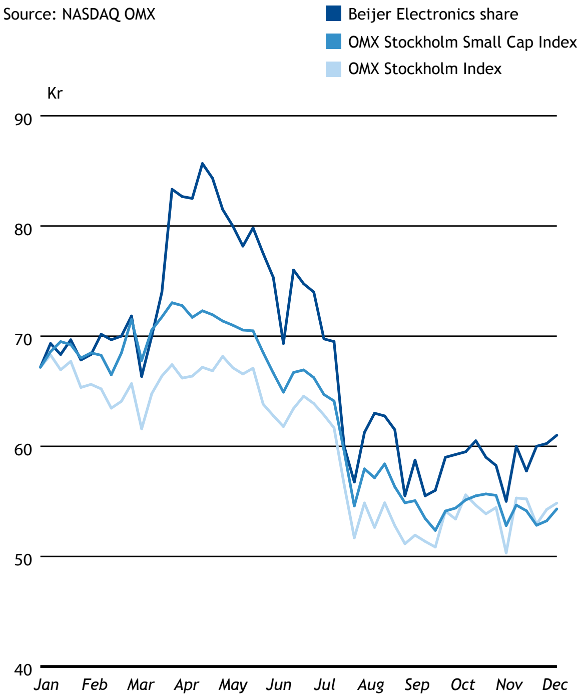
| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Earnings per share, SEK [b] | 5.03 | 4.61 | 2.04 |
| Dividend, SEK [b] | 2.25 [a] | 2.00 | 1.33 |
| Pay-out ratio, % | 45 | 43 | 64 |
| Dividend yield, % | 3.7 | 2.8 | 3.1 |
| Equity per share, SEK [b] | 22.20 | 17.84 | 16.36 |
| Return on equity, % | 24.6 | 26.5 | 12.9 |
| Closing price, SEK [b] | 60.80 | 70.83 | 44.17 |
| No. of shares, million | 18.9 | 6.22 | 6.22 |
| Market cap., MSEK | 1 149 | 1 322 | 824 |

*a Proposed dividend.*
*b Values for 2010 and 2001 restated after new share issue and share split.*

**Ownership by Size of Shareholdings as of December 30, 2011**

| Holding | No. of Shareholders | No. of Shares | Holding, % | Votes, % | Market Value, SEK 000 |
|---|---|---|---|---|---|
| 1–500 | 2,062 | 280,497 | 1,48 | 1,48 | 17,040 |
| 501–1,000 | 501 | 354,629 | 1,87 | 1,87 | 21,544 |
| 1,001–5,000 | 593 | 1,288,133 | 6,80 | 6,80 | 78,254 |
| 5,001–10,000 | 111 | 786,744 | 4,16 | 4,16 | 47,795 |
| 10,001–15,000 | 33 | 433,329 | 2,29 | 2,29 | 26,325 |
| 15,001–20,000 | 15 | 252,265 | 1,33 | 1,33 | 15,325 |
| 20,001– | 63 | 15,538,867 | 82,07 | 82,07 | 943,986 |
| **Total** | **3,378** | **18,934,464** | **100,00** | **100,00** | **1,150,269** |

### Stock Index




### Shareholders as of December 30, 2011

| | No. of Shares and Votes | Proportion, % |
|---|---|---|
| Stena Sessan Rederi | 5,612,115 | 29.64 |
| SEB ASSET MANAGEMENT S A | 1,975,284 | 10.43 |
| SVOLDER AKTIEBOLAG | 1,894,000 | 10.00 |
| Fourth AP (Pension Insurance) Fund | 874,247 | 4.62 |
| Handelsbanken fonder | 612,237 | 3.23 |
| AMF—Insurance & Mutual Funds | 469,000 | 2.48 |
| Bjurman | 410,369 | 2.17 |
| Skandia Mutual Funds | 409,215 | 2.16 |
| DnB-Carlson Mutual Funds | 376,681 | 1.99 |
| Nordea Investment Funds | 242,549 | 1.28 |
| **Total, ten largest shareholders** | **12,875,697** | **68.00** |
| **Other shareholders, 3,368** | **6,058,767** | **32.00** |
| **Total, 3,378** | **18,934,464** | **100.00** |

# Definitions

## Technical Definitions

***.NET (.NET Framework)***
A framework for programming in the Microsoft Windows operating system, which offers an open development environment and ready-made technologies.

***Automation***
Automation means extensively automated products and solutions, which replace manual work and are intended to run, optimize and control various types of industrial process.

***Ethernet switch***
Interconnects different segments of an Ethernet-based network.

***HMI***
Human machine interface. See also operator panel or IPC. Collective term for products or systems developed to simplify the work of operators in monitoring and controlling machines or processes.

***Industrial data communications***
Industrial data communications are utilized where there are high standards for secure data transmission, on infrastructure projects, for example.

***IP-based data communication***
Communication of data packets via wired or wireless Internet connections.

***IPC***
Industrial PC, see also HMI. Collective term for PC systems built to cope with especially harsh environments or for applications where high reliability is necessary.

***OEM***
Batch-producing machinery manufacturers, also known as machine builders.

***Operator panel***
Panel, see also HMI. A touchscreen or keyboard panel allowing operators to monitor and control the status of machinery or processes. Such panels are often co-located with equipment where operatives work.

***PLC systems***
Programmable logic controllers are systems for controlling and monitoring various types of machinery and process. The size of these systems varies, with the larger systems being modular, with the facility for simple modification for various needs.

***SCADA system***
Supervisory control and data acquisition, software to control, monitor and capture data from processes, with graphical presentation on displays.

***Integrator***
A company with specialist know-how in one or more sectors that offers services for the automation and electrification of manufacturing facilities.

## Financial Definitions

***Earnings per share***
Net profit divided by the number of shares at year-end.

***Equity ratio***
Equity in relation to total assets.

***Operating margin***
Operating profit in relation to net sales.

***Profit margin***
Net profit in relation to net sales.

***Return on capital employed***
Profit before tax plus financial expenses in relation to average capital employed.

***Return on equity after tax***
Net profit in relation to average equity.

***Return on net operating assets***
Operating profit (profit after depreciation) in relation to average net operating assets.

***Equity per share***
Equity divided by the number of shares.

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Beijer
ELECTRONICS

**Head office**
Beijer Electronics AB (publ)
Box 426, Krangatan 4a
201 24 Malmö, Sweden
Corp. ID no. 556025-1851

www.beijerelectronics.se | +46 (0)40 35 86 00