# Annual Report 2009/2010

ADDTECH

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Cover:

The picture shows a ring-shaped ultrasonic motor, which is used in advanced camera lenses for extremely fast and precise focusing. The ring motor is used in an advanced thermal camera made by Flir Systems AB. Addtech's subsidiary R & K Tech AB has the exclusive right to market the motor in Europe.

# The Year in Brief

Industrial production in the Nordic countries fell sharply in the first half of 2009, which entailed a substantial drop in demand for Addtech's products and services. This had most impact on Components and Industrial Solutions, the Group's industry-oriented business areas. The recovery started towards the end of the second quarter of the financial year, and the inflow of orders then gradually improved during the remainder of the year. The business climate was stable throughout the year for operations focusing on energy-related market segments, medical technology and healthcare.

- Revenue decreased by 17 percent and reached SEK 3,680 million.
- By rapidly adapting operations to the lower demand, Addtech achieved an operating profit of SEK 216 million, equivalent to an operating margin of 5.9 percent.
- Profit after tax totalled SEK 150 million, corresponding to earnings per share of SEK 6.60.
- Cash flow from the operations remained robust and reached SEK 293 million, corresponding to cash flow per share of SEK 13.20.
- Return on equity totalled 18 percent and the equity ratio was 45 percent.
- The Board of Directors proposes the same dividend as for the preceding year, SEK 5.00 per share.

# Calendar

**Interim Report 1**
1 April – 30 June 2010
to be published on 15 July 2010

**Annual General Meeting 2010**
to be held on 24 August 2010

**Interim Report 2**
1 April – 30 September 2010
to be published on 28 October 2010

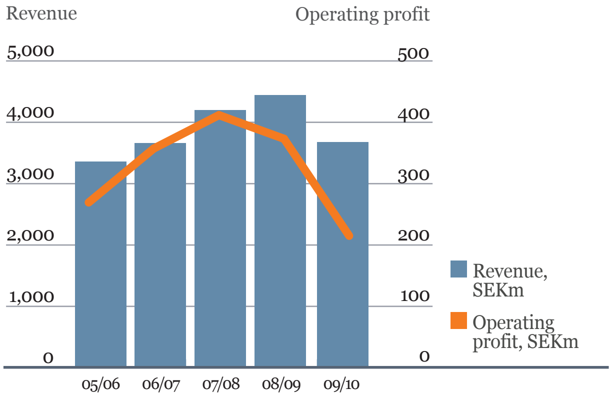
**Interim Report 3**
1 April – 31 December 2010
to be published on 10 February 2011

**Year-end Report**
1 April 2010 – 31 March 2011
to be published on 17 May 2011

All financial information is published on Addtech's website, www.addtech.com, as soon as announced. The annual report is distributed to shareholders who have ordered it via Addtech.

This Annual Report is also available in Swedish.
The document is in all respects a translation of the Swedish original Annual Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

## Revenue and operating profit




## Key indicators

| | 09/10 | 08/09 | 07/08 | 06/07 | 05/06 |
|---|---|---|---|---|---|
| Revenue, SEKm | 3,680 | 4,445 | 4,198 | 3,661 | 3,362 |
| Operating profit, SEKm | 216 | 376 | 415 | 360 | 271 |
| Profit for the year, SEKm | 150 | 271 | 287 | 256 | 194 |
| Operating margin, % | 5.9 | 8.5 | 9.9 | 9.8 | 8.1 |
| Profit margin, % | 5.5 | 8.2 | 9.5 | 9.6 | 7.9 |
| Earnings per share, SEK | 6.60 | 12.05 | 12.70 | 11.15 | 8.00 |
| Equity per share, SEK | 36.10 | 37.20 | 29.90 | 24.40 | 19.90 |
| Dividend per share, SEK | 5.00* | 5.00 | 7.00 | 6.00 | 4.00 |
| Return on equity, % | 18 | 36 | 48 | 54 | 41 |
| Equity ratio, % | 45 | 39 | 34 | 32 | 33 |
| Average number of employees | 1,335 | 1,532 | 1,368 | 1,235 | 1,198 |
| Number of employees at year-end | 1,323 | 1,426 | 1,537 | 1,306 | 1,211 |

* As proposed by the Board of Directors.

# This is Addtech

## Technology trading under many brands

Addtech is a technology trading group that develops and sells high-tech components and systems to industrial companies and the service industry in Northern Europe. The Group achieves annual sales of about SEK 4 billion to more than 30 countries and has approximately 1,300 employees.

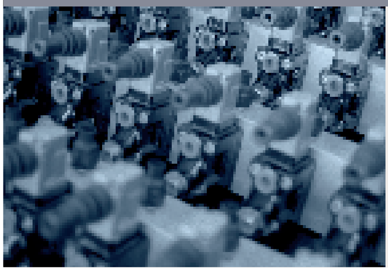
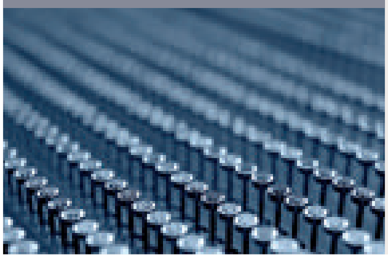
Addtech consists of more than 80 operating companies that all strive to be market leaders in their niches. The companies are held together by a corporate culture in which business skills and technical competence are central concepts and in which the flexibility of a small company is combined with the broad network and solid financial resources of the Group.

Sales and trading in standard products form the foundation of the operation, but advanced technical competence, long-term customer relationships and understanding of customers' operations often lead to more in-depth co-operation and development of specially adapted products and services.

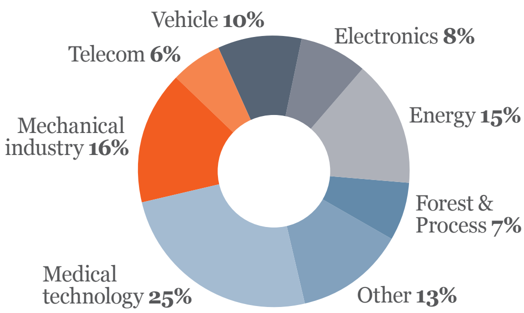
### Addtech adds value

Addtech is to own and develop technology trading companies that can generate a sustainable return on working capital exceeding 45 percent.

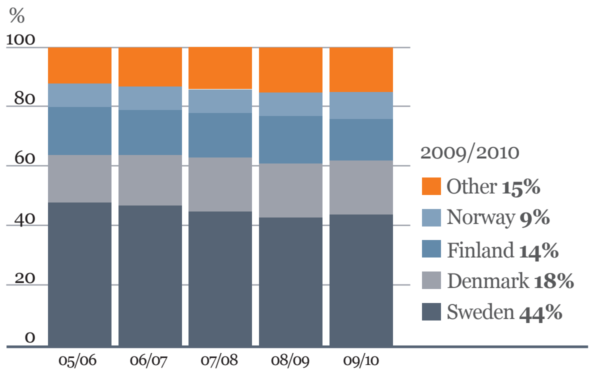
Addtech creates value for its owners by supplying its subsidiaries with knowledge, networks and security and by continually acquiring niched technology trading companies within selected market segments in which Addtech's technical know-how and experience add value.

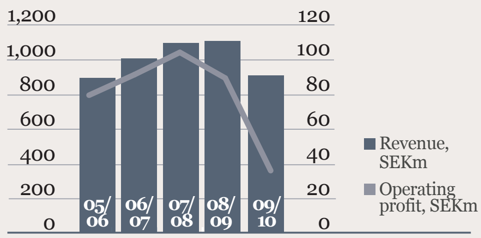
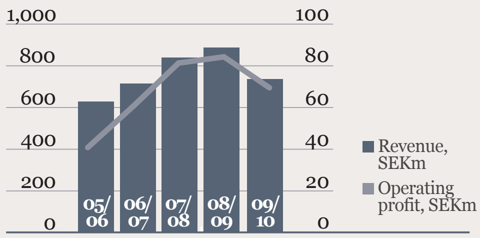
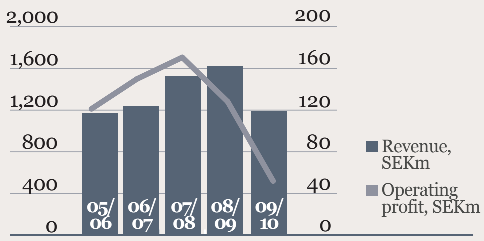
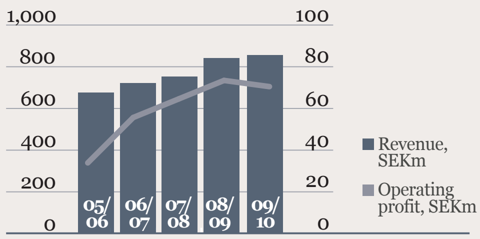
| Addtech Components | Business area | Examples of products |
|---|---|---|
|  | **Addtech Components** deals with technical components and subsystems used in mechanics, electromechanics, electronics and hydraulics. The business area's offering consists of technical standard components that are in demand in medium-sized volumes. The components are often built into adapted system solutions. | Linear units, ball screws, electric motors, switches, sensors and transducers. The hydraulics section, which also includes pneumatics, vacuum and compressed air products, sells components and solutions such as valves, pumps, installations and filters. |
| Addtech Energy & Equipment  | **Addtech Energy & Equipment** focuses on supplying industry with batteries and battery solutions, components and products used in power transmission, and equipment and materials for industrial production processes. This business area also manufactures certain of its own niche products which are sold internationally under the Group's own brands. | Industrial batteries, electrical power products, production machinery and consumables. |
| Addtech Industrial Solutions  | **Addtech Industrial Solutions** primarily works on advanced solutions used in the manufacturing industry. The business area is characterised by high technical competence, and a significant proportion of sales consists of customised subsystems and comprehensive solutions. Some products and subsystems are developed in-house and are produced and marketed internationally under the Group's own brands. | Gaskets, seals, moulded components, vibration dampers, chains, gear units, power and signal transmission components, automation components, and measuring and testing systems. |
| Addtech Life Science  | **Addtech Life Science** sells instruments and consumables to laboratories in healthcare and research, diagnostic equipment for the healthcare sector, and process and analysis equipment for industry. The offering also includes related services such as application knowledge, training, support and service. Calibration services are offered in process engineering. | Blood-gas equipment for the healthcare sector, chromatography instruments for research, and chemical analysis equipment for the process industry, consultation, training, support and service. |

## Revenue by customer segment




## Revenue by geographic market




| Revenue, proportion of Group | Revenue and operating profit | Average number of employees |
|---|---|---|
| 25% |  | 260 |
| 20% |  | 268 |
| 32% |  | 495 |
| 23% |  | 271 |

# We have the key to profitable growth

**What main message do you want to give in this interview?**
"I want to convey the power and dynamism that Addtech embodies. Our company represents a long-term approach without risky undertakings. We have a goal-oriented strategy and a sustainable business model that pay shareholders a healthy long-term return on their funds invested."

**Since the share's listing in 2001, total return has averaged 16 percent. This is clearly good, but can you describe the risk level in more detail?**
"Addtech has about 80 subsidiaries in four business areas that operate in partly separate business cycles. We have hundreds of customers and hundreds of suppliers. Our largest customer only accounts for roughly three percent of sales. Although a significant drop in volumes affected results during the latest recession, we have still generated a reasonable profit and very strong cash flows.

"We are proactive in terms of internal cost control and we have a good spread of both customers and suppliers, a strong financial position and good operations control – and therefore relatively low risk."

**The objective is to increase earnings by 15 percent per year during a business cycle. Will you achieve this in the future and how will the increase be distributed between organic growth and acquisitions?**
"I think we have good conditions for achieving our goals, though they may vary from year to year depending on the economy and company acquisitions. The foundation of our profitable growth consists of developments in our subsidiaries, which we boost through Addtech's network and active ownership. In the coming year, I believe that reasonable organic growth will amount to about five percent and profitability will rise. We will attain the rest of our growth by acquiring new companies."

**Addtech has been keeping its company acquisition activities on a back burner recently. Shouldn't the financial crisis have provided opportunities for many good purchases?**
"Numerous companies wanted to sell when they saw the direction the economy was taking, and we received many offers during the most turbulent period. The prices were unrealistic, because they were based on the companies' strong figures for previous years.

"Our acquisition process is based on building relationships with companies that interest us. We try to get together with them many times to see whether we suit one another. When the future was most uncertain, we took a wait-and-see attitude. I urged the organisation to 'keep meeting with them over coffee' to keep the relationships. Since September 2009, we have again increased our acquisition-related activities."

**Addtech only wants to grow in areas that it already masters. Does this hamper growth, making it more difficult to find candidates for acquisitions?**
"We could naturally grow more rapidly, but our philosophy means that we take substantially lower risks. We must ensure that we have management capacity to look after the newly acquired companies. When something goes wrong in a company – as it sometimes does – we have the experience and competence to tackle the problems. Another of our strengths is that new company leaders in the Group immediately gain colleagues in their business unit who speak the same language. Sharing experience between the companies improves growth and profitability.

"Furthermore, when it comes to company acquisitions there is enough to be getting on with in our existing niches."

**What conditions do potential acquisitions have to fulfil?**
"The companies must fit into one of our niches and have a profitable business record. Experience tells us that companies which have not learnt how to earn money are very difficult to turn around. Companies with poor performance are often in more dire straits than their figures suggest – while good companies are often better.

"The price must also be reasonable, of course. On average, we have acquired companies with a P/E ratio of about 6 for debt-free companies and somewhat higher for large companies, which often have more stable earning capacity."

**How does Addtech integrate a new acquisition?**
"Our first step is to integrate the new company into our reporting system. Many think it's a nuisance at first, but grow very satisfied with it, because it gives them a better overview and follow-up of operations. The management can see profitability in different areas, and it is clearer where resources are required for greater growth and profitability. It is also a prerequisite because all our subsidiaries must be 'ready' to be listed on the stock exchange.

"We often use the term 'operating mobility'. This is a way to improve efficiency, use resources correctly and set up operations in the right environment. We often reorganise the companies if one unit in a company can increase the potential for profitable growth in another of the Group's companies."

**You usually say that Addtech is a link that creates value. What do you mean by that?**
"Addtech is largely a trading company. Traditionally this has meant acting as an agent for standard products from suppliers from all over the world for use by Nordic industry and the service sector. About half of Addtech's sales still consist of standard products, but a growing proportion is made up of in-house, modified and customised niche products that cannot be purchased in standard versions.

"In many cases we already contribute to customers' development work and can create the products that customers ask for, often in close co-operation with our suppliers. We become a link that creates value, which also means that we forge a closer relationship with our customers and suppliers."

**The past year was turbulent. How early on did you realise that the financial crisis would create a deep recession and what action did you take?**
"During the summer and autumn of 2008 we saw a clear decline in our order books. We were quick to cut costs, particularly in the companies whose customers are mainly in the Nordic engineering industry. We reduced the Group's number of employees by almost 20 percent and froze the pay of all employees in company management positions. Combined with considerable cost awareness in both large and small matters, this has greatly improved our position in terms of

## "I think that we can increase sales by several hundred million Swedish kronor with our current staff."

costs, but we retain capacity to boost volumes in a more favourable economic climate in the future. I think that we can increase sales by several hundred million Swedish kronor with our current staff."

**What is your outlook on business conditions for industry?**

"I see positive signs, and our order books have gradually improved from their lowest level. But the economic recovery will probably be slow. I estimate that it will take a couple of years before we are back to the levels we were achieving before the financial crisis."

**Can you give any good reasons for buying Addtech shares at present, or should people wait and see?**

"The trend on the stock market and pricing of the Addtech share are difficult to forecast, and one basic rule is never to invest for the short term. We have created a climate in the Group that should lead to good organic growth and rising profitability. We are also growing through good company acquisitions in all business areas. We remain committed to our objective of increasing profit by 15 percent a year over a business cycle. Our ambition is to achieve this objective, which should make the Addtech share interesting for the long term."

**And the most important factor of all?**

"The foundation of Addtech's success is our personnel. It's no understatement to say that the past year was a tough one in our subsidiaries, and many employees have unfortunately had to leave Addtech. Despite this, everyone has shown fantastic commitment, which, combined with extensive competence and business skills, has enabled Addtech to deliver a respectable result even in times of crisis. This is impressive.

"So, to all our employees, my deepest thanks – you are what makes Addtech!"

**Your annual report is shorter this year. Why?**

"Previously, the annual report was aimed at all of Addtech's market contacts. We are producing separate and more target-oriented information for customers and suppliers, while the annual report is more closely aimed at, above all, shareholders, investors and business journalists. Our goal is to make it easier to analyse and evaluate Addtech from an investor's perspective. We are reducing the volume of text about our business areas in the annual report and are concentrating on always having up-to-date information available on our new website (www.addtech.com)."

*Recorded by Tove Davegårdh in May 2010*

# Business concept, goals and strategies

## Business concept
Addtech offers high-tech, customised components and systems to industrial companies and the service sector. The Group's companies serve as a refining link between customers and manufacturers or suppliers. Addtech adds value through close co-operation with customers, manufacturers and suppliers and the advanced technological know-how of the Group's employees.

## Financial goals
Addtech's overriding goal is to achieve growth combined with profitability. The Group's objective is earnings growth of at least 15 percent per year over the course of a business cycle.

The profitability target for each subsidiary is a minimum of 45 percent, measured using the relationship between operating profit, (P) and working capital, (WC), expressed as return on working capital (P/WC) . This P/WC ratio encourages high operating profit and low levels of tied-up capital. When combined with the growth target of 15 percent, this provides conditions for profitable growth.

## Operating goals
Addtech aims to be a leading technology trading company in selected niches and to be regarded by customers and suppliers as their most competent long-term partner.

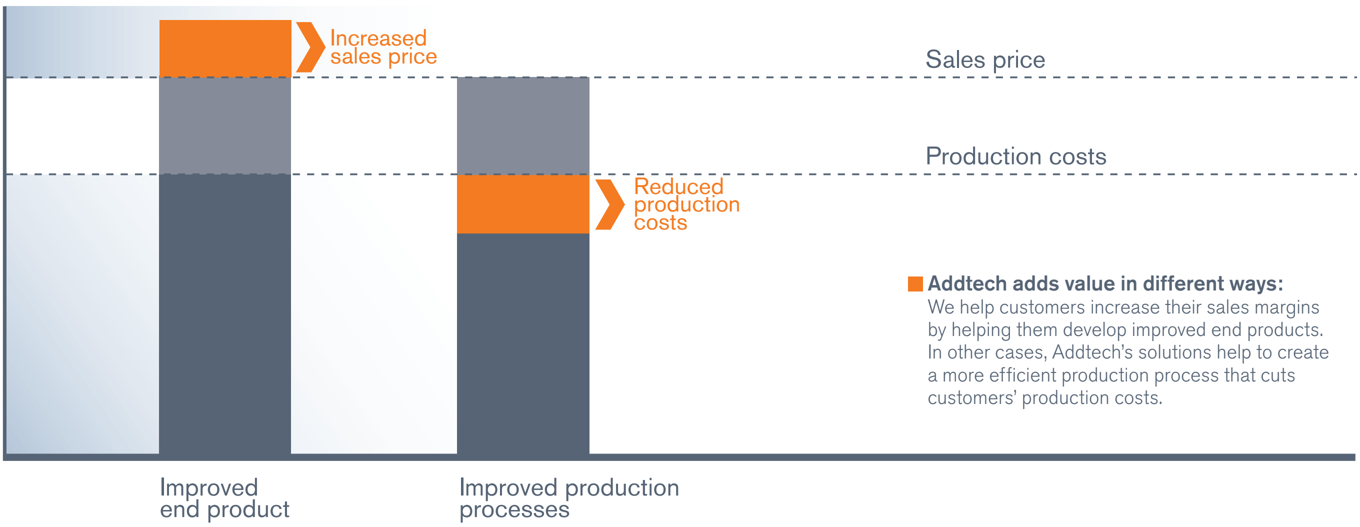
## Strategies
Profitable growth is achieved through continuous business and organisational development. Addtech has three core strategies for reaching its goals:

### Market-leading positions
Addtech sets out to be a market leader and build positions in selected and clearly defined niches with high knowledge and technology content and where customers demand carefully selected products, solutions and subsystems – often in small and medium volumes. Market leadership is a significant factor for achieving stable growth and sustainable profitability.

### Operating mobility
Addtech is to be noted for its flexible organisational structure with quick-thinking and innovative employees who recognise new business opportunities. The Group seeks to capitalise on the growth potential of its subsidiaries and product areas by dividing or merging operations, either in whole or in part. Operating mobility also involves having effective processes for integrating new operations into the Addtech Group.

### Acquisitions
Addtech works at all times to strengthen its operations through small bolt-on acquisitions and by building and expanding its positions in chosen niches. Business operations are also acquired in new niches where the Group has the possibility of becoming a market leader. The ability to apply the Group's business model is a common success factor in all acquisitions.

## Value added is created in two ways




**Addtech adds value in different ways:**
We help customers increase their sales margins by helping them develop improved end products. In other cases, Addtech's solutions help to create a more efficient production process that cuts customers' production costs.

# Shareholder value is created in three steps

Addtech is to offer its shareholders a long-term investment with relatively low risk.

The share was listed on the NASDAQ OMX Stockholm exchange in September 2001 and since then has appreciated more overall than the exchange's general index. Average total return including dividends has amounted to 16 percent per year.

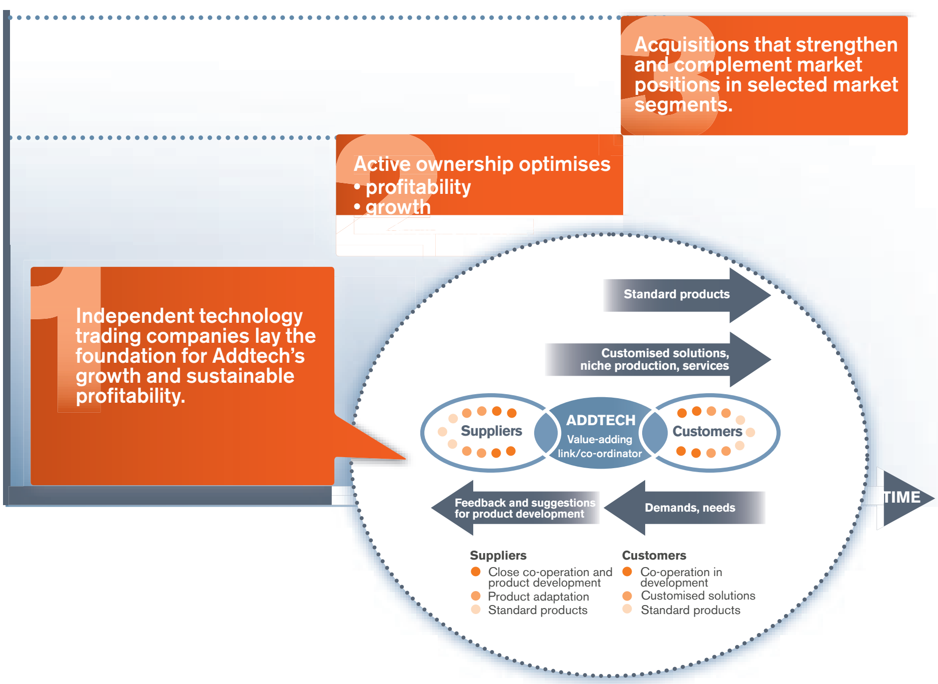
## Shareholder value is created in three steps

**1** Independent technology trading companies lay the foundation for Addtech's growth and sustainable profitability. The subsidiaries' business skills build market-leading positions in selected and clearly defined niche markets – a key component for long-term shareholder value.

**2** Addtech contributes to improving return in the Group by exercising its role of owner with care, so that the advantages of a small enterprise, such as flexibility, a personal touch and efficiency, are combined with a large corporation's resources, networks and experience. The Group's potential for long-term growth and profitability is optimised by taking a small-scale approach on a large scale.

**3** Acquisitions are the third component that creates value and boosts shareholder value. Newly acquired companies increase the value-creating foundation and add agency companies, customers, competence and – by no means less important – motivated leaders and entrepreneurs. The acquisitions also contribute to fortifying or complementing market positions for existing operations.

## Shareholder value is created




**Addtech's subsidiaries all work according to the same business model: To play an active part in developing concepts and products with customers.**

Sales are achieved through close relationships with customers, manufacturers and suppliers, combined with high levels of technological know-how and business skills. The business is similar to a technology consultancy in some respects, but differs from a consultancy by primarily generating income from subsequent trading.

The business model is based on the need for a link between customer and manufacturer that helps the customer choose a supplier and technology from an increasingly complex supplier market. Addtech's customers gain access to a technologically innovative partner that produces the right components, solutions or subsystems to suit each specific case. Addtech's solid and close co-operation with manufacturers and suppliers ensures high levels of quality and increases the probability of producing solutions that are competitive.

# Organisation and corporate culture

The Addtech Group consists of more than 80 independent subsidiaries. The companies are run using the “freedom with responsibility” principle, and this independence is highly significant to Addtech’s ability to retain and recruit business-driven employees and contractors. Freedom with responsibility means that the companies are free to run and develop their business operations provided that they follow Addtech’s business model and Group-wide rules. The Parent Company does not govern the details of the business operations but provides an array of tools that support efficiency and optimisation. The tools are used in areas such as law, economics and business administration, training, quality, IT and business systems, as well as framework agreements (master contracts) for purchases of services and consumables.

### Business units create synergies

Addtech has grouped its subsidiaries with similar customers, products and solutions into 14 business units to harness the benefits of the Group’s networks of suppliers and customers. Each business unit has a manager who often doubles as managing director of one of the constituent companies. The business unit manager and business area management support the subsidiaries through board work and in operating discussions.

The main task of the business unit is to create exchanges between the subsidiaries to identify and capitalise on business opportunities in their market segments. Each unit has formulated its own vision for its market area, and co-operation in the business units strengthens a broader and more customer-oriented business focus among the subsidiaries.

### Organisation for individual development

Addtech depends on skilled, highly proactive employees, and the Group’s operations are designed to give them scope to grow. The decentralised structure, including operationally active business unit managers, enables employees to develop towards assuming increased responsibility. Further career opportunities in an exchange-listed company may also be important for motivated entrepreneurs who are considering selling their operation but want to continue leading their companies within the framework of a larger company.

### Business-driven corporate culture

Addtech’s long established corporate culture and shared core values serve as a source of guidance for employees in their work. The corporate culture is rooted in business skills and high levels of technical expertise, teamed with individual freedom and a willingness to take personal responsibility.

The attitude and approach of Addtech employees are decisive factors when customers and suppliers choose to do business with the Group. Addtech’s employees are known among customers for their ability to create innovative solutions that meet customers’ needs.

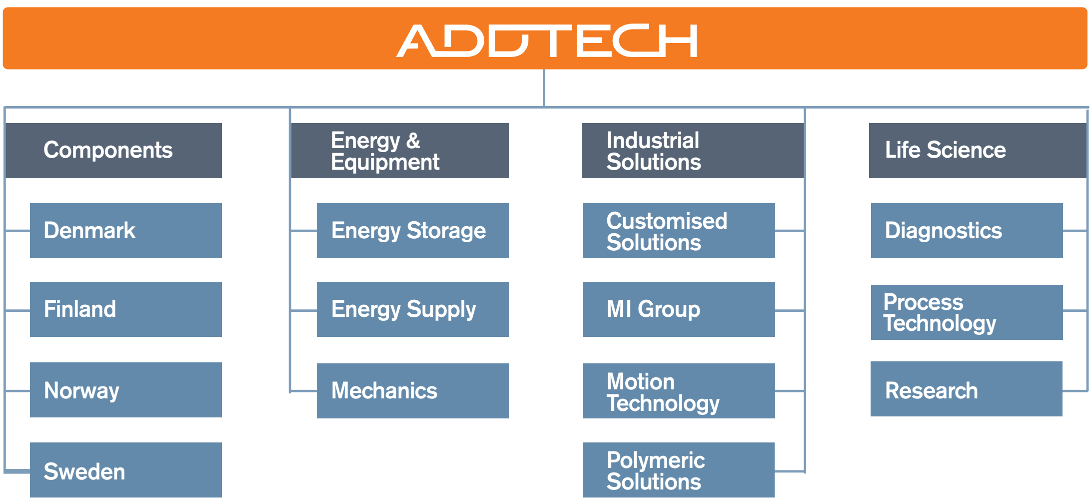
Employees’ business skills also include an ability to see to their company’s long-term profitability and growth based on doing business that benefits all parties.

### Investing in skills development

The Group takes a long-term approach on a variety of levels aimed at increasing internal knowledge transfer, encouraging employees’ further development and refining the corporate culture. The Addtech Business School and various internal Group projects are key mechanisms in this context.

## Organisation

Within Addtech’s four business areas the subsidiaries are organised in business units linked to overall technology segments or market segments. The decentralised organisational model is dynamic and always ready to accept new companies that contribute to growth and development.



# Market drivers

Addtech operates in the international technology trading market, where players buy, adapt and sell technology-based products, subsystems and solutions. The Group focuses on carefully selected niches with high technology and knowledge content. Addtech is a key partner for industrial companies and technology-intensive service companies in the private and public sectors in northern Europe.

### The Northern European market

Addtech's operational focus is on the Nordic countries, although markets outside the region have grown in importance in recent years; these comprise Poland, the UK, Germany, Austria and China. Addtech also exports to more than 20 other countries.

### Market drivers

The long-term growth and profitability of the technology trading market depend on the size and diversity of the industrial and service sectors. Northern Europe's relatively high costs have spurred the development of knowledge-intensive, automated and specialised industrial and service sectors. This has contributed to differentiation of the value chain, increased trade and greater reliance on external partners for product development and component modifications as well as for maintenance and other aftermarket services.

### Growth and profitability

In the short term, growth and profitability are closely tied to the state of the economy in industry and the economic conditions prevailing in the Addtech Group's markets.

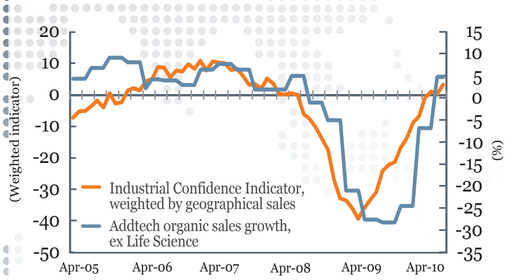
Addtech's focus on infrastructure, the service sector and narrow market niches reduces sensitivity to economic volatility. However, growth and profitability are highly dependent on the state of competition among our customers and our customers' possibilities of performing well domestically and/or globally. It is therefore crucial when selecting customers that resources are invested in niche markets offering long-term sustainability. Addtech therefore evaluates its various markets on an ongoing basis to ensure that they offer the Group scope for reaching its financial targets.

## Addtech around the world

**Addtech is based in Nordic industry, but operates internationally**

The subsidiaries find and represent market-leading manufacturers from all over the world. In addition, many of Addtech's products are incorporated into the end products of customers who export worldwide. Addtech often continues to supply its parts to these customers when they relocate their manufacturing operations abroad.

## Industrial production governs demand




Source: Eurostat & SEB

**Industrial production governs the demand for Addtech's products**

Addtech's sales, excluding the Life Science business area, are closely correlated with Sweden's business confidence index.

# Administration Report

1 April 2009–31 March 2010

## Market trend during the year

The weaker economic climate for industry that became substantial after the financial crisis in autumn 2008 entailed further weak demand from Nordic manufacturers early on in the financial year under review.

For Addtech, the start of the financial year was characterised by a prevailing drop in volumes in all business areas, apart from Addtech Life Science. Sales in some operations fell by up to 50 percent, while others coped better. The business areas and operations that are characterised by being linked to long-term projects, infrastructure ventures, healthcare and efficiency improvement investments in automation have weathered the storm best, while operations exposed to the export industry, such as the automotive, forest, process and electronics industries, were hit hardest.

The turning point occurred in industry at the end of the second quarter when the drop in incoming orders levelled off; improvement continued in the third quarter. Different market segments have recovered at different paces, but it is clear that the Swedish market has recovered more rapidly than markets in other countries. In terms of the whole financial year, sales in Finland decreased in relation to the Group's total sales.

The business climate was stable throughout the financial year for operations in medical technology and healthcare as well as energy-related market segments. Life Science was the only business area that increased its sales during the financial year.

## Key events during the year

The weak demand permeated the 2009/2010 financial year, and the Group worked actively on measures to improve the situation regarding costs and working capital in all operations that had a poor business climate.

Back in autumn 2008, the Group instructed each subsidiary to draw up an action plan to defend profits in the event of various market scenarios. The trend in the first quarter of the financial year was weak, and virtually all units took far-reaching action to cut costs and improve the working capital situation. Efficiency improvements were made possible because the subsidiaries focused on profitable segments and segments displaying long-term robust potential for growth, while unprofitable operations and agency companies were phased out.

Although the Group was well prepared, the financial year still turned out to be difficult. Company reorganisation and savings measures entailed layoffs affecting about 275 employees, 100 of them in the Group's production units. As a result of the measures taken, the Group has created a platform for higher profitability to accompany future sales growth. A lower cost level and better cash flow along with a strong financial position give Addtech favourable opportunities for future development.

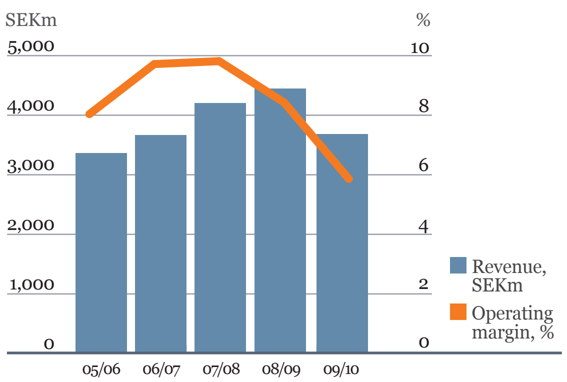
## Acquisitions

Addtech is continually on the hunt for companies to acquire and is engaged in discussions with several possible companies. Only one acquisition was made during the financial year, which is a low figure historically. It reflects a market situation with price expectations among sellers that are far too high, and insecurity regarding the economy in general. It also reflects the fact that Addtech always prioritises profitability over growth, i.e. the Group would rather pass up an opportunity to acquire if there are profitability issues in the business unit or company that is being considered for acquisition. Since becoming a listed company in 2001, Addtech has acquired around 30 companies.

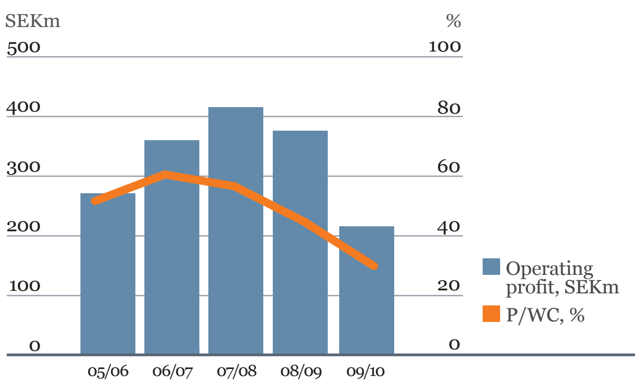
### Acquisitions implemented

Addtech acquired Switchgear AB on 1 December 2009. Switchgear sells customised low-voltage switchgears, mainly for basic industries in Sweden. With its annual sales of about SEK 50 million, the company is part of the Energy & Equipment business area and is a valuable addition to the operations run in the Energy Supply business unit, focusing on sales of components and subsystems in electricity distribution.

Revenue and operating margin




Operating profit and return on working capital (P/WC)



## Revenue and profit

Revenue in the Addtech Group fell by 17 percent during the financial year to SEK 3,680 million (4,445). After adjustment for units acquired and disposed of and for foreign exchange differences arising on translation of non-Swedish units, the decrease in revenue totalled 18 percent. Foreign exchange differences arising on translation of non-Swedish units made a positive contribution of SEK 55 million to sales and SEK 2 million to operating profit during the year.

Cost-cutting measures, the majority of which were initiated during the second half of the 2008/2009 financial year, have led to a well-adjusted cost level. The savings resulting from these measures totalled about SEK 150 million during the financial year.

Operating profit fell by 43 percent to SEK 216 million (376) and the operating margin reached 5.9 percent (8.5). Operating profit for 2008/2009 included capital gains totalling SEK 25 million and costs for efficiency enhancement measures of roughly SEK 35 million. The operating margin before amortisation of intangible non-current assets equalled 6.9 percent (9.2).

Net financial items were SEK -14 million (-10) and profit after financial items was down 45 percent to SEK 202 million (366). Financial items for the preceding year included SEK 11 million in positive financial exchange differences.

Profit after tax decreased by 45 percent to SEK 150 million (271) and earnings per share (EPS) fell by 45 percent to SEK 6.60 (12.05). The effective tax rate was 26 percent (26).

## Profitability, financial position and cash flow

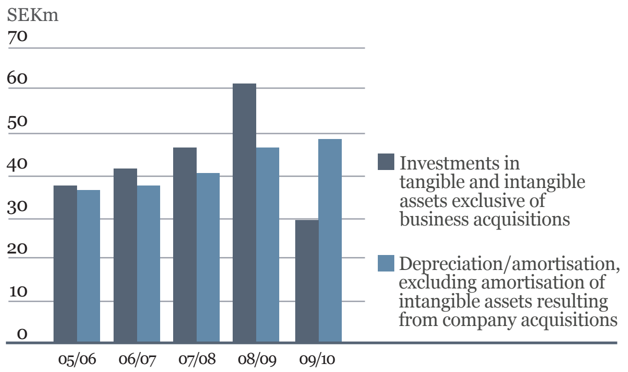
The return on capital employed was 19 percent (33) and return on equity was 18 percent (36). Return on working capital (P/WC) amounted to 30 percent during the year (45). The target for P/WC is 45 percent. Working capital, which comprises inventories plus net accounts receivable and accounts payable for the calculation of P/WC, reached SEK 674 million (830) at the end of the financial year. Thus the ratio of working capital to revenue, based on revenue for the most recent quarter annualised, equalled 17 percent (20). The corresponding ratio for inventories as a proportion of the latest quarter's revenue was 12 percent (14), the ratio for accounts receivable 13 percent (13) and for accounts payable it was 8 percent (8).

At the end of the period the equity ratio stood at 45 percent (39). Equity per share, excluding non-controlling interest, totalled SEK 36.10 (37.20). Consolidated net financial debt at the end of the period stood at SEK 168 million (322) and included pension liabilities of SEK 183 million (185). Net debt in relation to operating profit before deducting depreciation/amortisation (EBITDA) amounted to 0.6 (0.7). The net debt/equity ratio was 0.2 (0.4).

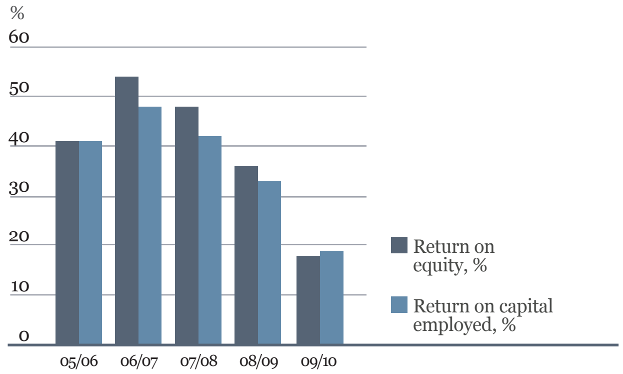
The Group's total assets fell by SEK 84 million (rose by SEK 126 million) from 31 March 2009 as a result of currency translation effects. Cash and cash equivalents, consisting of cash and bank balances together with approved but unutilised credit facilities, totalled SEK 700 million (665) at 31 March 2010.

Cash flow from operating activities reached SEK 293 million (307) in the financial year. Investments in non-current assets were SEK 29 million (61) and company acquisitions, including settlement of additional purchase consideration for acquisitions implemented in previous years, totalled SEK 22 million (104). Disposals of non-current assets were SEK 8 million (34) and essentially comprised the sale of a small office property.

### Investments, depreciation and amortisation




### Return on equity and return on capital employed



## Trends and earnings in the business areas

### Addtech Components

Revenue in Addtech Components decreased by 18 percent to SEK 908 million (1,106). Operating profit fell by 60 percent to SEK 36 million (90). A substantial drop in demand from Nordic manufacturing companies, particularly in the automotive and engineering industry segments, during the first two quarters was followed by a relatively stable recovery in terms of demand during the final two quarters compared to the preceding year. Demand was stable throughout the year in medical technology and energy-related customer segments and from manufacturers of special machinery. In addition to reorganisation and cost savings, the focus was on harnessing the opportunities that emerge in a declining market. The weak economy forced suppliers, competitors and customers to be more active in evaluating processes and cooperation partners in an effort to improve their competitive strength. This benefited the business area which reinforced its position by obtaining new suppliers for the operation.

### Addtech Energy & Equipment

Revenue in Addtech Energy & Equipment dropped by 17 percent to SEK 735 million (888). Operating profit fell by 18 percent to SEK 70 million (85). The decrease in revenue is primarily attributable to the business area's lower demand from the engineering and vehicle industries. The business area reviewed its working capital situation and cut costs at an early stage, which helped the operating margin to remain at the same level as in the preceding year.

The recession affected the business area's business units in different ways. The subsidiaries that work with the vehicle and mechanical industries were hit the hardest, and in some cases their revenue was halved. Demand for equipment and consumables for industrial production processes also slumped considerably during the financial year. An upward trend was noted, however, for these two market segments towards the end of the financial year.

The subsidiaries that focus on the market segments of industrial battery solutions and electrical safety equipment performed significantly better. After a weak start to the year, a recovery took place in the third quarter, and during the fourth quarter performance had climbed back to the same level as in the preceding year. The best results were obtained in battery solutions for other market segments and power transmission products. Both of these segments enjoyed good business conditions throughout the year.

Addtech acquired Switchgear AB on 1 December 2009; Switchgear sells customised low-voltage switchgears, mainly for basic industries in Sweden. With its annual sales of SEK 50 million, the company complements the business area's operations in the Energy Supply business unit, concentrating on sales of components and subsystems in electrical power distribution.

### Addtech Industrial Solutions

Revenue in Addtech Industrial Solutions fell by 27 percent to SEK 1,191 million (1,624). Operating profit fell by 60 percent to SEK 52 million (129). During the year under review, business volumes were low for customers from the paper and pulp segments and the engineering and sawmills industries, but some improvement was noted in the fourth quarter. The business area's Swedish operations are experiencing more robust recovery in demand than others. From historically low levels, customers in the automotive segment increased their demand as of the third quarter. Demand remained stable from customers in medical technology and for aftermarket products to the energy segment.

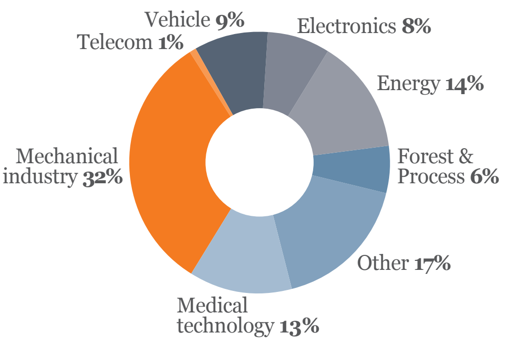
The smaller proportion of the business area's subsidiaries that have experienced relatively favourable market conditions have focused on improving their offer and further strengthening their market position. Other operations worked hard to lower costs and adapt resources. This action involved merging certain closely related operations, phasing out unprofitable products and reducing the number of employees.

The business area continued to develop the business unit concepts to make them even clearer and more effective. The MI Group business unit is an excellent example of how a clear Nordic concept gains better opportunities to improve market position and thereby also fortify the agency company base.

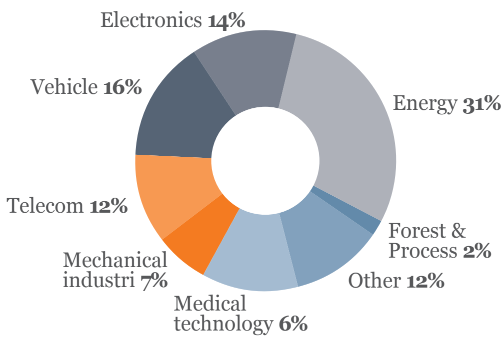
### Addtech Life Science

Revenue in Addtech Life Science rose by 2 percent to SEK 855 million (841). Operating profit fell by 4 percent to SEK 71 million (74). Demand for diagnostic equipment and consumables from Nordic healthcare customers was sound during the whole financial year. However, demand for instruments and analysis equipment to

Addtech Components, revenue by customer segment




Addtech Energy & Equipment, revenue by customer segment

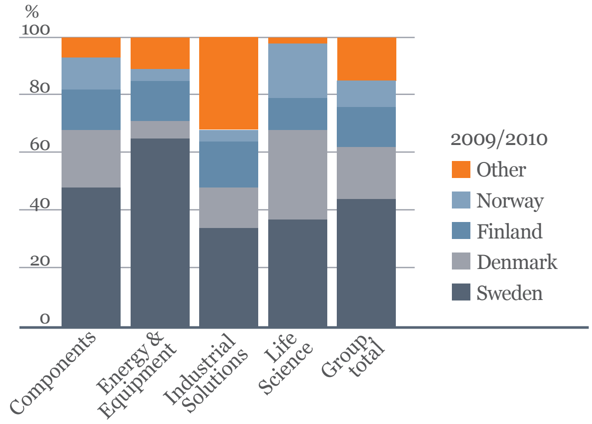


the Nordic process industry and for equipment to laboratories was weak during the year, but the business climate stabilised somewhat during the fourth quarter.

This business area has outperformed others thanks to its lower exposure to industry-related markets. However, the trend varies considerably between different market areas. The business area's growth and good performance mainly stem from a very strong rise in sales of diagnostic equipment for the healthcare sector. The trend is attributable to the business area's longterm and strategic work on establishing an installed base of diagnostic instruments. This has resulted in a market-leading niche position and a constantly growing demand for consumables, service and technical user guidance.

Competition remains tough in the market segments for basic laboratory instruments and advanced analysis and measuring instruments. Intensive efforts to improve efficiency and thus to boost profitability were therefore another distinctive feature of the year. Structural changes in the market and the prevailing economy necessitate further efficiency improvements. The operations selling analysis and measuring instruments to industry also had a difficult year with weak demand in major market segments, which adversely affected sales and earnings trends.

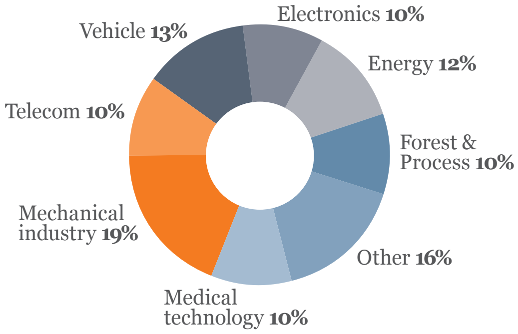
## Revenue by geographic market



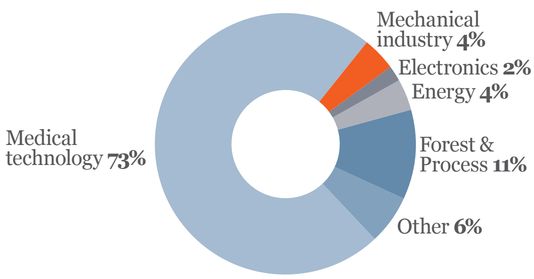

## Business areas

| | Components | | Energy & Equipment | | Industrial Solutions | | Life Science | |
|---|---|---|---|---|---|---|---|---|
| | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 |
| Revenue, SEKm | 908 | 1,106 | 735 | 888 | 1,191 | 1,624 | 855 | 841 |
| Operating profit, SEKm | 36 | 90 | 70 | 85 | 52 | 129 | 71 | 74 |
| Operating margin, % | 4.0 | 8.1 | 9.5 | 9.6 | 4.4 | 7.9 | 8.3 | 8.8 |
| Operating capital, SEKm | 227 | 231 | 190 | 194 | 494 | 481 | 232 | 247 |
| Return on operating capital, % | 16 | 39 | 37 | 44 | 11 | 27 | 31 | 30 |
| Investments in property, plant and equipment, SEKm | 1 | 3 | 1 | 2 | 7 | 22 | 15 | 26 |
| Average number of employees | 260 | 285 | 268 | 305 | 495 | 627 | 271 | 266 |

## Addtech Industrial Solutions, revenue by customer segment




## Addtech Life Science, revenue by customer segment



## Employees

At the end of the period, the number of employees was 1,323, compared to 1,426 at the beginning of the financial year. The year's acquisitions increased the number of employees by 15 (26). The average number of employees during the latest 12-month period was 1,335 (1,532). The number of employees fell because the Group's operations were adapted following the economic downturn that made a tangible impact in autumn 2008. At the end of September 2008 the number of employees totalled 1,565.

» Read more about our employees at www.addtech.com

## Risks and uncertainties

Addtech's profit and financial position, as well as its strategic position, are affected by various internal factors within Addtech's control and various external factors over which Addtech has limited influence. Addtech's primary risks relate to the state of the economy combined with structural change and competition.

In addition, Addtech is affected by financial risks such as transaction exposure, translation exposure, financing risk, interest rate risk and credit and counterparty risk. See Note 3 for a detailed description of how Addtech manages financial risks.

### State of the economy

The markets in which Addtech is active largely follow overall industry trends. Through the Addtech Life Science business area, trends in the national economy are generally important to the Group, as these trends influence the scope for investment and consumption in healthcare and research. Addtech's sensitivity to the economy is reduced through industry diversity, in that the customers of Addtech's 80 or so operating subsidiaries work in different phases of the business cycle, and through a focus on multiple niche markets. Addtech's significant sales of technical service, support and consumables to the aftermarket, as well as to healthcare and laboratories, further reduce the Group's sensitivity to the state of the economy.

### Structural changes in customers' operations

Structural changes among and consolidation by customers accentuate demands for value added in offerings from suppliers. To meet these demands, business units active in the market must be of sufficient size in terms of financial strength, service content and product offerings. In many industries, parts of production are subcontracted. This involves risks as well as opportunities for Addtech, because a contract manufacturer could choose other suppliers, or new business opportunities could materialise.

The effects of increased internationalisation, by which production is relocated to different countries, have been limited – except in the early 2000s when telecommunications and electronics firms relocated. The Group's exposure to a large number of industries and the fact that no single customer accounts for more than three percent of consolidated sales reduce the impact of individual companies deciding to relocate abroad. Clear value added and the unique quality of Addtech's offering to customers generate opportunities to deliver beyond the immediate geographic area.

### Competitive situation

Change and consolidation among companies in the technology trading industry are constantly altering the competitive situation. Economies of scale may pressure prices, but Addtech's strategy includes achieving market-leading positions in specific niches by offering products and services for which price is not the sole deciding factor.

### Future level of investment

During the past three years, investments in property, plant, equipment and intangible assets have totalled SEK 136 million, mostly in machinery, equipment and IT support. During the same period, investments in business combinations (corporate acquisitions) totalled SEK 294 million. Over time, the key determinant of the future level of capital expenditure is the pace of the Group's corporate acquisitions.

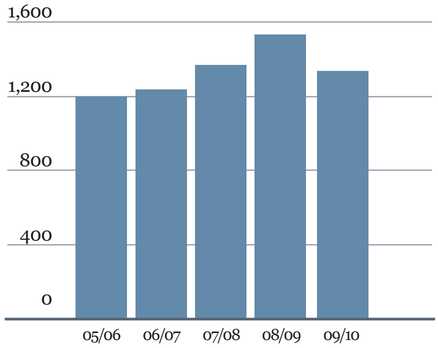
### Seasonal variations

Overall, Addtech's business has limited vulnerability to seasonal variations. Business activities normally follow the seasonal pattern of production industry operations, which means lower sales during the summer months. Based on historical results, less than half of the earnings are normally generated in the first two quarters of Addtech's financial year (April–September), and more than half in the last two quarters (October– March). Major deviations from this pattern may occur if general business conditions change rapidly in the economy during the course of a financial year. In individual business areas, such as Addtech Life Science, seasonal variations can be substantial.

### Employees

Human capital is Addtech's most important competitive asset. The Company uses a variety of tools ranging from reward and remuneration structures to skills development and internal career opportunities to be able to recruit, keep and further develop the Group's employees. The Group's deeply rooted decentralised corporate

Average number of employees




Employees

| | 2009/2010 | 2008/2009 | 2007/2008 |
|---|---|---|---|
| Average number of employees | 1,335 | 1,532 | 1,368 |
| proportion of men | 70% | 70% | 71% |
| proportion of women | 30% | 30% | 29% |
| Age distribution | | | |
| –29 years | 9% | 8% | 11% |
| 30–49 years | 61% | 62% | 60% |
| 50– years | 30% | 30% | 29% |
| Average age | 44 years | 44 years | 43 years |
| Employee turnover* | 12% | 13% | 13% |
| Average length of employment, in years | about 11 | about 10 | about 10 |

*Adjusted for action programmes and disposal.

culture is also a key success factor in this respect.

In conjunction with acquisitions, the Group places particular emphasis on motivating and ensuring long-term commitment from key people in the acquired company.

### Changes in volumes of sales

A small increase in volume in the Group's various operations can be expected to improve operating profit in line with the gross margin in that business. However, after a certain increase, the operation reaches a level of resource utilisation at which resources must be expanded. In that case, incremental effects arise and tend to reduce the increase in earnings from additional volumes to a level that eventually approaches the operating margin. When volumes decline, the negative effect on operating profit in the short term may be assumed to be greater than the corresponding positive effect of greater volumes. Action must be taken to deal with this negative effect so that, in the slightly longer term, it approaches the operating margin. It should also be noted that the Group's different businesses operate under varying conditions with respect to gross margins and resource utilisation, for instance. Thus, different operations have different possibilities of coping with volume growth within the framework of existing resources, or of reducing resources in the event of decreasing volumes. The effects shown should be seen as indications only and do not include any effects of offsetting actions that the Group would take in such eventualities.

### Sensitivity analysis

| Income statement items | Change | Effect on operating profit |
|---|---|---|
| Sales volume | +/-5% | SEK +13/-60 million |
| Cost of sales | +/-1% | SEK -/+25 million |
| Payroll expenses | +/-1% | SEK -/+6 million |
| Overheads, not including payroll expenses | +/-1% | SEK -/+3 million |

## Environment

Group units make active efforts to reduce Addtech's environmental impact. Each company performs this work locally based on its specific circumstances. The Group has an environmental policy. Some 15 companies have earned ISO 14001 certification or equivalent certification. Five of the Group's subsidiaries run operations that must be reported to the relevant authorities as per the Swedish Environmental Code. Together these businesses account for less than one percent of consolidated revenue. No Group operations require a permit as per the Swedish Environmental Code. No Group companies are involved in any environment-related disputes.

### Ethical enterprise

The market is setting increasingly high demands on ethics and environmental credentials, so we must run our business to promote long-term ethically and environmentally sound development. The Group strives to maintain an ethical approach permeated by transparency and accountability. This is primarily reflected at subsidiary level through internal relations among employees and external contacts with customers and suppliers.

Our work to comply with ethical and environmental criteria creates business advantages by strengthening the bond of trust between the Group and various stakeholders.

Addtech works continuously with its business partners to achieve positive change and encourages them to follow the approach described in the Addtech Code of Conduct. The Code states that, among other things, the Group will under no circumstances accept corruption, bribes or other unfair, anti-competitive inducements. All marketing and sales of Group products and services must comply with applicable laws and regulations in each country.

### Environmental accountability

Addtech's overall environmental policy expresses the Group's desire to accept its share of responsibility for improving the environment and for helping to achieve sustainable development. The principle of environmental awareness and using natural resources sparingly is an important starting point for the Group's business activities. Environmental work is well integrated into operating activities and takes place within the framework of Addtech's business concept and offering: more efficient products that use fewer resources yield environmental gains.

By drawing on our employees' substantial skills and continually expanding our understanding of environmental impact, we can achieve an understanding of the importance of environmental issues. Environmental measures will be taken as long as they are technically and economically feasible and justifiable on environmental grounds.

Responsibility for day-to-day environmental work rests with each Group subsidiary.

## Research and development

The Addtech Group conducts limited in-house research and development. Most R&D relevant to the Addtech product range is performed by suppliers, and continuous dialogue with and feedback to suppliers is part of the Group's business model.

## Principles for remuneration to senior management

The Board intends to propose that the Annual General Meeting in August 2010 approves essentially the same principles as in the preceding year:

- The principles relate to remuneration of the CEO and other members of Addtech Group management.
- Addtech seeks to offer a reasonable and competitive total benefits package capable of attracting and retaining skilled individuals. The size of the overall package varies in relation to the performance of the employee and the Group and may comprise the different elements listed below.
- A fixed salary forms the foundation of the total remuneration. The salary should be competitive and reflect the responsibilities of the position. Basic salaries are reviewed annually.
- Variable pay can be based on factors such as the Group's earnings growth, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary.
- Each year the Board will evaluate whether to propose a long-term incentive programme to the Annual General Meeting.
- Retirement pension and sickness and healthcare benefits should be structured in accordance with applicable rules and market norms. The pensions should be based on defined-contribution plans where possible.
- Other benefits may be provided to individual or all members of Group management and are structured to reflect market norms. These benefits may only account for a minor portion of an individual's remuneration package.
- A notice period of six months applies to termination of own employment by a member of Group management. They are entitled to a maximum notice period of 12 months if the Company termi-

nates their employment contracts. Members of Group management whose contracts are terminated by the Company are entitled to severance pay of up to 12 months' salary, in addition to salary and other employment benefits during the notice period. No severance pay is payable if the employee initiates termination.

- The Board of Directors is entitled to waive the above stated principles for remuneration in individual cases where special conditions apply.
- The remuneration committee appointed by the Board prepares and submits a proposal for the remuneration of the CEO to the Board. The remuneration committee sets the remuneration of other members of Group management based on the CEO's proposal. The Board is informed of the remuneration committee's decisions.
- See Note 6 Employees and Employee Benefit Expenses for more details.

## Parent Company

Operations of the Parent Company, Addtech AB, include Group management, Group reporting and financial management.

Parent Company revenue totalled SEK 32 million (31) and profit after financial items was SEK 139 million (358). Income from participations in Group companies is included and constitutes SEK 130 million (356). Net investments in non-current assets were SEK 0 million (1). The Parent Company's net financial assets were SEK 501 million at the end of the period, compared to SEK 435 million at the start of the financial year.

## Share capital and shareholder structure

At 31 March 2010 Parent Company share capital stood at SEK 51,148,872, distributed over the following number of shares with a quotient value of SEK 2.25 per share.

| Share class | Number of shares | Number of votes | Percentage of capital | Percentage of votes |
|---|---|---|---|---|
| A 10 votes | 1,099,782 | 10,997,820 | 4.8 | 33.7 |
| B 1 vote | 21,633,050 | 21,633,050 | 95.2 | 66.3 |
| Total | 22,732,832 | 32,630,870 | 100.0 | 100.0 |

Class A shares can be converted into Class B shares if requested by the holders of Class A shares.

The total number of shareholders on 31 March 2010 was 3,649 (3,541). Two shareholders each control 10 percent or more of the votes: Anders Börjesson (with family interests) controls shares corresponding to 15.6 percent of the votes and Tom Hedelius (with family interests) controls shares corresponding to 15.0 percent of the votes.

Chapter 6, Section 2a of the Swedish Annual Accounts Act requires listed companies to disclose specific circumstances that may affect the prospects for acquiring the Company via a public share offer. No such circumstances exist in respect of Addtech AB.

## Repurchase of shares and incentive programmes

The Annual General Meeting in August 2009 authorised the Board of Directors to repurchase a maximum of 10 percent of all shares in the Company during the time until the Annual General Meeting in 2010. A total of 111,800 shares were repurchased during the financial year at an average price of SEK 113 per share. The total number of treasury shares held at 31 March 2010 was 466,800, with an average purchase price of SEK 104. These shares correspond to 2.1 percent of the number of shares issued and 1.4 percent of the votes. Of the shares repurchased, 236,000 shares secured the Company's undertakings to holders of call options (issued by the Company) on repurchased B shares. The average number of treasury shares held during the year was 528,410 (1,092,275).

The Board of Directors will recommend that the Annual General Meeting in August 2010 approves renewal of the repurchase mandate. The mandate would empower the Board to acquire Company shares during the period until the next Annual General Meeting, provided that the number of shares held by the Company does not exceed 10 percent of all shares at any time. Repurchases shall be made via the stock exchange. The proposed Board mandate would also permit use of repurchased shares as payment for acquisitions or sale of repurchased shares outside the stock market to finance acquisitions.

During the financial year, 282,400 personnel options were used to acquire 282,400 B shares. The personnel option programme, which ended on 18 February 2010, entitled option holders to acquire repurchased shares at a redemption price of SEK 44.80. The programme contained a total of 700,000 options, which were fully utilised to acquire 700,000 B shares.

Following a decision by the Annual General Meeting in August 2009, 22 employees in managerial positions received the opportunity to acquire 236,000 call options on repurchased B shares. The programme was fully subscribed for and if the options are fully exercised, the number of outstanding B shares will increase by 236,000, equivalent to 1.1 percent of the total number of shares outstanding and 0.7 percent of the votes.

## Events after the balance sheet date

An agreement was signed on 7 May 2010 for the acquisition of Immuno Diagnostic Oy. The company has annual sales of EUR 4 million, 10 employees and a strong position in the Finnish market. It represents leading suppliers in the field of immunology and molecular biology. The takeover date was 31 May 2010 and the company will be part of the Addtech Life Science business area.

Addtech Components signed an agreement on 8 June to acquire 80 percent of the shares in Egil Eng & Co. AS, which is a technology trading company that sells components and customised solutions used in hydraulics and mechanics. The company is a well-known supplier to Norwegian manufacturers of agricultural and contracting machinery, as well as customers in the shipping industry and offshore sector. The company has 20 employees and sales of about NOK 50 million. The takeover will occur on 1 July 2010.

## Future prospects

During the financial year, the Group worked actively on measures that affected costs and working capital in the operations which experienced less favourable business conditions following the economic downturn that tangibly affected the Group in autumn 2008. Uncertainty prevails about the strength of the recovery that has been noticeable in the world since autumn 2009. The measures taken have resulted in a well-adjusted cost level and good cash flow. The lower cost level teamed with the Group's robust financial position creates good opportunities for future development. The Group's goal is to deliver annual earnings growth of at least 15 percent over a business cycle, combined with profitability.

## Dividend
The Board of Directors proposes a dividend of SEK 5.00 (5.00) per share. The total dividend amounts to SEK 111 million (111). Addtech's dividend policy has a target of paying as a dividend more than 50 percent of average Group profit after tax over a business cycle. The proposed dividend represents a payout ratio of 76 percent (41).

## Proposed Allocation of Earnings
See page 48.

## Corporate Governance Report
### Addtech applies the Swedish Code of Corporate Governance (the Code)
The Code is part of self-regulation in Swedish industry and is based on the "comply or explain" principle. This means that a company that applies the Code may deviate from certain rules but, if so, must provide an explanation and reason for each deviation.

Deviations from aspects of the Code and justification for such deviations are stated where applicable throughout the text. The Company deviates on three points, two of which are included in the section on the nomination committee and one in the section on quarterly review by auditors.

The Company's auditor has audited this corporate governance report.

The Company's website is: www.addtech.com.

### Distribution of responsibilities
The aim of corporate governance is to create a clear distribution of roles and responsibilities between owners, the Board of Directors, the Board's committees and executive management. Corporate governance at Addtech is based on applicable legislation, mainly the Swedish Companies Act, the stock exchange listing agreement with NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance (the Code) and internal guidelines and regulations.

### Shareholders
Addtech is a public limited liability company and was listed on NASDAQ OMX Stockholm on 3 September 2001. The Company was previously part of the listed Bergman & Beving group. Data on owners and shareholdings are provided on pages 52–53 (the section on the Addtech share).

### Articles of Association
According to the Articles of Association, the company's name is Addtech Aktiebolag. Share capital amounts to SEK 51,148,872 and the number of shares is 22,732,832, of which 1,097,094 are Class A shares, entitling holders to 10 votes per share, and 21,635,738 are Class B shares, with one vote per share. The Board of Directors is to consist of at least three and at most nine members. A registered auditing firm is selected as auditor. The Company's financial year is from 1 April to 31 March and the AGM is to be held in Stockholm.

See the Company's website for the full Articles of Association, which the AGM on 22 August 2006 adopted in their present form.

### Annual General Meeting
The Annual General Meeting (AGM) is the highest decision-making body at which shareholders exercise their voting rights. The AGM makes decisions on the annual report, dividend, election of the Board (and auditor applicable), remuneration to Board members and the auditor and other issues as per the Swedish Companies Act and the Articles of Association. More information about the AGM and the minutes are available on the Company's website.

Information about the 2010 AGM is available on page 56 of this annual report and on the Company's website.

### The 2009 Annual General Meeting
Shareholders representing 57.6 percent of the share capital and 67.6 percent of the votes took part in the AGM on 24 August 2009. Anders Börjesson was elected Chairman of the meeting. The meeting's decisions included approving a dividend of SEK 5.00 per share, a conditional change to the Articles of Association and a share-based incentive programme. Johan Sjö, the Company's CEO and Group President, commented on the Group's operations, the 2008/2009 financial year, development during the first quarter of the new financial year and the Group's outlook for the future.

Board members Anders Börjesson, Eva Elmstedt, Tom Hedelius, Johan Sjö and Lars Spongberg were re-elected. Urban Jansson had requested not to be re-elected. Anders Börjesson was elected Chairman of the Board. At the subsequent first meeting of the new Board following its election, Tom Hedelius was re-appointed Vice Chairman of the Board.

The 2009 AGM was held in Swedish and, in light of the ownership structure, simultaneous interpretation to other languages was not deemed necessary. All material for the meeting was available in Swedish and English. Due to the ownership structure, the minutes of the AGM are only available in Swedish.

### Nomination committee
The Annual General Meeting in August 2008 authorised the Board Chairman to establish a nomination committee for the 2009 AGM. The members were to be selected from representatives of the five shareholders who controlled the largest number of votes in the Company at 31 December 2008, to serve with the Chairman on the nomination committee. The following were thus chosen: Arne Lööw (nominated by AP4, the Fourth Swedish National Pension Fund), Marianne Nilsson (nominated by Swedbank Robur), Tom Hedelius, Pär Stenberg and Anders Börjesson (Chairman of the Board).
For the AGM in August 2009, the nomination committee drew up proposals for the AGM Chairman, number of Directors, fees to Directors and the auditor, proposals for appointment of Board Directors, a Board Chairman and an auditor, and proposals for how to appoint the nomination committee in preparation for the AGM in 2010 and its tasks.

The committee had two meetings at which minutes were taken prior to the 2009 AGM. Addtech's Board chairman provided the nomination committee with information on the Board's own evaluation. Based on the Company's current situation and future focus, the nomination committee discussed the main requirements that should be set on Directors, such as size of the Board and independence of its members. The issue of a more equal distribution of men and women in the Board was discussed. In its evaluation, the nomination committee stated that the Board was effective and that the competence required was represented on the Board. The nomination committee therefore proposed that all Directors who had not declined the possibility of re-election be re-elected.

The nomination committee has the option of enlisting assistance from external consultants, paid for by the Company, insofar as it deems such assistance to be necessary for the committee's tasks. The nomination committee did not use any external consultants during the year.

In preparation for the Annual General Meeting in August 2010, the selection criteria for and process of appointing the committee were the same as during the preceding year. The committee comprises: Marianne Nilsson (appointed by Swedbank Robur), Peter Rönström (appointed by Lannebo Fonder), Per Trygg, (appointed by SEB Fonder) and Tom Hedelius and Anders Börjesson (Chairman of the Board). Two committee members are Board members and are not independent of the Company's major shareholders, which deviates from the Code's rules on composition of the nomination committee. If more than one Board Director is included on the nomination committee, no more than one of them may be in a position of "dependence" in relation to the Company's major shareholders. The composition of the committee follows the principles set by the AGM. Anders Börjesson is the chairman of the committee and Board Chairman. This deviates from the Code's rules which state that the chairperson of the nomination committee shall not, without an explanation, also be the Company's Chairman of the Board. In conjunction with its first meeting, the nomination committee deemed it suitable that the committee chairperson is the member of the committee who represents the largest shareholder. The composition of the nomination committee was disclosed in the interim report published on 16 February 2010.

The nomination committee is to present proposals for selection of an AGM Chairman, the number of Board members, fees to each of the Board members and the auditor, candidates for Board members and the Board Chairperson, as well as proposals for how to appoint the nomination committee in preparation for the AGM in 2011 and its tasks. The proposals of the nomination committee to the AGM will be presented in the notice to attend the meeting and on the Company's website.

## Board of Directors

### Board structure

The Board of Directors elected at the 2009 AGM comprises: Anders Börjesson (Chairman), Eva Elmstedt, Tom Hedelius (Vice Chairman), Johan Sjö and Lars Spongberg. The Board Directors are presented on page 50 of this annual report and on the Company's website. All Board Directors are independent of the Company, apart from Johan Sjö, CEO. Eva Elmstedt and Lars Spongberg are also independent of the Company's major shareholders. The Board thus complies with the requirement that at least two of the Directors who are independent of the Company are also independent of major shareholders.

### Chairman of the Board

The task of the Board Chairman is to ensure that Board work is run efficiently and that the Board performs its duties. In particular, the Chairman is to organise and lead the work of the Board to create the best possible conditions for the Board's work. The Chairman shall also ensure that any new Board Director undergoes requisite introductory training, as well as other training that the Chairman and members jointly deem suitable, that the Board Members continually update and deepen their knowledge of the Company and that the Board receives satisfactory information and background material for making decisions in its work. Additionally, the Chairman shall propose Board meeting agendas after consulting with the CEO, check that Board decisions are implemented and ensure that Board work is evaluated annually. The Chairman is responsible for contacts with the owners about ownership issues and for conveying owners' opinions to the Board.

### Board duties

The Board of Directors annually establishes written procedural rules governing its work and internal delegation of Board duties, including Board committees, Board decision-making processes, Board meeting agendas and the work of the Chairman. The Board has issued a directive to the CEO and a directive regarding financial reporting to the Board. The Board has also adopted various policies for the Group's operations such as a Financial Policy, Investment Policy and Addtech's Code of Conduct.

The Board oversees the work of the CEO through continuous monitoring of operations during the year and is also responsible for ensuring that the organisation, the management and the guidelines for managing Company affairs are appropriate and that there is effective internal control. The Board is responsible for developing and following up the Company's goals and strategy, and decisions on acquisitions, disposals, major investments and the appointment and remuneration of Group management. The Board and the CEO are responsible for submitting the annual accounts to the AGM.

Board work is evaluated annually in a process led by the Board Chairman and the nomination committee is informed of the result of the evaluation. The Board continually evaluates the CEO's work. This issue is specially addressed each year, and no one from Company management attends this evaluation.

### Board work

According to the formal work plan, the Board is to meet prior to publishing the interim reports, at an annual strategy meeting and at one post-election meeting per year as well as on other occasions if required. The Board had eight meetings during the financial year, of which four preceded the 2009 AGM and four followed the AGM. The next table shows attendance at Board meetings.

### Attendance at Board and committee meetings 1 April 2009–31 March 2010

| Board member | Elected | Board | Remuneration committee | Independent in relation to the Company | Independent in relation to major shareholders |
|---|---|---|---|---|---|
| Number of meetings | | 8 | 1 | | |
| Anders Börjesson (Chairman of the Board) | 2001 | 8 | 1 | Yes | No |
| Eva Elmstedt | 2005 | 8 | | Yes | Yes |
| Tom Hedelius (Vice Chairman of the Board) | 2001 | 8 | 1 | Yes | No |
| Johan Sjö | 2008 | 8 | | No | Yes |
| Lars Spongberg | 2001 | 8 | | Yes | Yes |

The Company's Chief Financial Officer is the Board Secretary and secretary of the nomination committee. Other salaried employees in the Company take part in Board meetings to present certain issues or when otherwise judged suitable. The year's Board work included issues concerning the Group's strategic development, ongoing operations, earnings and profitability trends, business acquisitions, organisation and the Group's financial position.

### Board fees

In accordance with the AGM's decision, the fee to each of the external Board members elected by the AGM amounts to SEK 225,000. The Chairman receives SEK 450,000 and the Vice Chairman receives SEK 350,000. Total Board fees amount to SEK 1,250,000, as decided by the AGM.

### Remuneration committee
The remuneration committee elected by the Board of Directors consists of: Anders Börjesson (Board Chairman) and Tom Hedelius (Vice Chairman), and Johan Sjö as the reporting member. The remuneration committee draws up the “Board’s proposal for principles regarding remuneration to senior management”. The Board examines the proposal, which is then presented to the AGM to decide on. The Board sets the remuneration of the CEO based on the AGM’s decision. The remuneration committee sets the remuneration of other members of Group management based on the CEO’s proposal. The Board is informed of the remuneration committee’s decisions. The remuneration committee then has the task of monitoring and evaluating application of the guidelines for remuneration to senior management as decided on by the AGM. In addition, the remuneration committee must monitor and evaluate ongoing programmes, and those completed during the year, for variable remuneration to the Company management.

The remuneration committee had one meeting during the financial year.

### Audit committee
The Board’s audit committee consist of Board Directors who are not Company employees. The audit committee’s tasks were integrated with Board work at the Board’s regular meetings. In conjunction with the adoption of the 2009/2010 annual accounts at the May 2010 Board meeting, the Board held discussions with the external auditors and received their report. At this meeting, the Board also discussed matters with the auditors without the CEO and other members of Group management being present.

### Company management
The CEO heads the operations of the Group as per the requirements of the Companies Act and the framework set by the Board. In consultation with the Board Chairman, the CEO prepares requisite documentation for Board meetings, makes presentations and explains proposals for decisions. The CEO leads the work of Group management and makes decisions in consultation with other members of Group management. Group management consists of Johan Sjö, Göran Brandt (as of 1 April 2010), Anders Claeson, Åke Darfeldt (as of 1 April 2010) and Håkan Franzén. Until 1 April, Kennet Göransson and Richard Gustavsson were part of Group management. This group regularly reviews operations in meetings chaired by the CEO. Group management are presented in more detail on page 51 of this annual report and on the Company’s website.

### Operating organisation
The Group’s operations are organised in four business areas: Addtech Components, Addtech Energy & Equipment, Addtech Industrial Solutions and Addtech Life Science. The business is conducted through subsidiaries in Sweden, Denmark, Finland, Norway, the United Kingdom, Austria, Germany, Poland and China. Each operating company has a board of directors, in which the company’s president and employees in managerial positions from business areas or business units are represented. Within each business area the subsidiaries are organised in business units linked to product or market concepts. Each business area manager reports to the CEO of Addtech AB. The business areas and business units have internal board meetings chaired by the CEO of Addtech AB and the managers of the business areas, respectively.

### Acquisition of companies
Acquisitions are a key part of the Group’s growth strategy, and since its listing in 2001 Addtech has made more than 30 acquisitions. From a management perspective it is important to integrate the acquired company in certain issues of importance to the Group directly in conjunction with the acquisition. This work starts before the takeover date, during the negotiation and analysis period. Immediately after the takeover, the company’s employees receive training in matters such as the Group’s financial reporting, which enables consolidation in the Group’s accounts right from the acquisition date. Other areas may consist of establishing administrative routines to comply with the Group’s established working methods, integration in the Group’s insurance programmes or training titled “Vision and company philosophy”, in which all employees have the opportunity to learn about the Group’s core values.

### Auditor
The Company’s auditor works according to an audit plan that includes comments from the Board and report his or her findings to Company and business area managements, Group management and the Board of Addtech AB. This takes place during the audit and when establishing the annual accounts. The Company’s auditor also takes part in the AGM, describing and commenting on his or her audit work.

The independence of the external auditor is regulated in a special directive decided on by the Board. It states the areas in which the services of the external auditor may be used regarding issues that are not part of regular auditing. KPMG continually assesses its independence of the Company and submits written affirmation to the Board each year stating that the auditing firm is independent of Addtech. In the past year, the auditors performed advisory assignments, mainly concerning accounting and taxation issues. The total fee for KPMG’s non-auditing services totalled SEK 2.1 million during the 2009/2010 financial year and SEK 2.0 million during the preceding year.

The 2009 Annual General Meeting elected KPMG to serve as auditor until the close of the 2013 Annual General Meeting. Joakim Thilstedt is the auditor in charge. KPMG audits Addtech AB and practically all its subsidiaries.

### Quarterly review by auditors
Addtech’s six-month or nine-month reports were not reviewed by Addtech’s external auditors during the 2009/2010 financial year, which deviates from the rules of the Code. After consultation with the Company’s external auditors, the Board has so far judged that the additional cost to the Company of extended quarterly auditing cannot be justified.

### Internal control
The Board of Directors has the overall responsibility for ensuring that the Group has an effective system for management and internal control. The Board is responsible for annually evaluating the financial reports it receives and for stipulating the content and format of these reports to ensure their quality. This requirement means that the financial reporting must fulfil its purpose and comply with applicable accounting rules and regulations and other requirements incumbent on listed companies.

### Control environment
Addtech's business structure is based on decentralised responsibility for profitability and earnings. Internal control in a decentralised structure is founded on a firmly established process for defining targets and strategies for the various operations. Internal directives and Board-approved policies convey clear decision-making channels, powers and responsibilities. The financial and currency policy, reporting manual, treasury manual and instructions for annual accounts are the Group's primary financial policy documents. A Group-wide reporting system with related analysis tools is used in the Group's annual accounts process. At a more comprehensive level, all Addtech operations must comply with the Group's Ethical Guidelines (Addtech's Code of Conduct).

### Risk assessment
Addtech has set procedures for managing the risks that the Board and Company management deem pertinent to internal control of financial reporting. The Group's exposure to several market and customer segments and the fact that operations are run in more than 80 companies constitute a substantial distribution of risks. Risk assessments begin with the Group's income statement and balance sheet to identify the risk of material errors. For the Addtech Group as a whole, the greatest risks are linked to revenue recognition, inventories and accounts receivable as well as the carrying amounts of intangible assets related to business acquisitions.

### Control activities
Control activities include transaction-related controls such as authorisation and investment rules, clear payment procedures and analytical controls performed by the Group controller function and the central finance and accounting function. Controllers and financial managers at all levels of the Group play a key role in terms of their integrity, expertise and capacity to create the right environment for transparent and true financial reporting.

Regular finance conferences are held to discuss current issues and ensure effective sharing of knowledge and experience within the Group's controller function. The monthly financial review performed via the internal reporting system and analysed and commented on internally by the Board serves as a key overall control process. The financial review includes an evaluation of results compared to relevant targets and previous performance, and a review of key indicators.

A "self-evaluation" of internal control issues in all Group companies is performed each year. The companies comment on how important issues were handled, such as business conditions in customer contracts, assessments of customers' credit ratings, valuation and documentation of inventories, payment procedures, documentation and analysis of accounts, and compliance with internal policies and procedures. An accepted minimum level is set for critical issues and processes; all companies are expected to meet this level.  The responses of each company are validated and, where necessary, commented on by that company's external auditor. The responses are then compiled and analysed, after which they are presented to business area management, Group management and Addtech's Board. The results of self-evaluation are taken into consideration in planning the following year's self-evaluation and external auditing.

In addition to the "self-evaluation" work, a more in-depth analysis of 15 to 20 operating companies takes place each year. This is classed as internal auditing and is performed by business area controllers and employees from the Parent Company's central finance/accounting function. This audit work involves charting and testing the companies' key processes and control points in such processes.

### Follow-up and information
The Board receives monthly comments from the CEO regarding the business situation and development of operations. The Board reviews all quarterly reports and the annual report before publication.

The relevant employees have access to valid policy documents and instructions on the Group's intranet.

## Internal auditing
In light of the above risk assessment and structure of control activities, including self-evaluation, the Board has chosen not to have a separate internal auditing function.

## CONSOLIDATED INCOME STATEMENT

| SEKm | Notes | 2009/2010 | 2008/2009 |
|---|---|---|---|
| Revenue | 4, 5 | 3,680 | 4,445 |
| Cost of sales | | –2,506 | –3,012 |
| **Gross profit** | | **1,174** | **1,433** |
| Selling expenses | | –654 | –726 |
| Administrative expenses | | –302 | –360 |
| Other operating income | 9 | 9 | 39 |
| Other operating expenses | 9 | –11 | –10 |
| **Operating profit** | **3–10, 16** | **216** | **376** |
| Financial income | 11 | 4 | 18 |
| Financial expenses | 11 | –18 | –28 |
| **Net financial items** | | **–14** | **–10** |
| **Profit before tax** | | **202** | **366** |
| Income tax expense | 13 | –52 | –95 |
| **PROFIT FOR THE YEAR** | | **150** | **271** |
| Attributable to: | | | |
| Equity holders of the Parent Company | | 147 | 267 |
| Non-controlling interests | | 3 | 4 |
| Earnings per share (EPS), (SEK) | 30 | 6.60 | 12.05 |
| EPS, after dilution (SEK) | 30 | 6.60 | 11.95 |
| Average number of shares after repurchases ('000s) | | 22,204 | 22,112 |
| Number of shares at end of period after repurchases ('000s) | | 22,266 | 22,095 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEKm | Notes | 2009/2010 | 2008/2009 |
|---|---|---|---|
| Profit for the year | | 150 | 271 |
| Cash flow hedges | | –4 | 3 |
| Foreign currency translation differences for the period | | –49 | 67 |
| Tax attributable to other comprehensive income | | 1 | –1 |
| **Other comprehensive income** | | **–52** | **69** |
| **Comprehensive income for the year** | | **98** | **340** |
| Attributable to: | | | |
| Equity holders of the Parent Company | | 95 | 338 |
| Non-controlling interests | | 3 | 2 |

## CONSOLIDATED BALANCE SHEET

| SEKm | Notes | 31 Mar 10 | 31 Mar 09 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible non-current assets | 14 | 554 | 606 |
| Property, plant and equipment | 15 | 141 | 170 |
| Financial investments | 17 | 6 | 6 |
| Non-current receivables | 17 | 1 | 2 |
| Deferred tax assets | 13 | 1 | 0 |
| **Total non–current assets** | | **703** | **784** |
| **CURRENT ASSETS** | | | |
| Inventories | 18 | 465 | 589 |
| Tax assets | | 8 | 8 |
| Accounts receivable | 3 | 516 | 562 |
| Prepaid expenses and accrued income | 19 | 36 | 37 |
| Other receivables | | 24 | 56 |
| Cash and cash equivalents | | 50 | 84 |
| **Total current assets** | | **1,099** | **1,336** |
| **TOTAL ASSETS** | | **1,802** | **2,120** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS' EQUITY** | 20 | | |
| Share capital | | 51 | 51 |
| Other contributed capital | | 344 | 344 |
| Reserves | | 28 | 80 |
| Retained earnings, including profit for the year | | 380 | 347 |
| **Equity attributable to equity holders of the Parent Company** | | **803** | **822** |
| Non-controlling interests | | 11 | 11 |
| **Total shareholders' equity** | | **814** | **833** |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Non-current interest-bearing liabilities | 24 | 4 | 30 |
| Provisions for pensions | 22 | 183 | 185 |
| Deferred tax liabilities | 13 | 125 | 139 |
| **Total non-current liabilities** | | **312** | **354** |
| **CURRENT LIABILITIES** | | | |
| Current interest-bearing liabilities | 25 | 31 | 191 |
| Accounts payable | | 307 | 321 |
| Tax liabilities | | 32 | 52 |
| Other liabilities | | 111 | 135 |
| Accrued expenses and deferred income | 26 | 188 | 227 |
| Provisions | 23 | 7 | 7 |
| **Total current liabilities** | | **676** | **933** |
| **Total liabilities** | | **988** | **1,287** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **1,802** | **2,120** |

## CONSOLIDATED CASH FLOW STATEMENT

| SEKm | Notes | 2009/2010 | 2008/2009 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit after financial items | | 202 | 366 |
| Adjustment for items not included in cash flow | 28 | 83 | 55 |
| Income tax paid | | –89 | –123 |
| Cash flow from operating activities before changes in working capital | | 196 | 298 |
| Cash flow from changes in working capital: | | | |
| Changes in inventories | | 104 | –10 |
| Changes in operating receivables | | 61 | 91 |
| Changes in operating liabilities | | –68 | –72 |
| **Cash flow from operating activities** | | **293** | **307** |
| | | | |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment | | –25 | –56 |
| Disposal of property, plant and equipment | | 7 | 27 |
| Acquisition of intangible non-current assets | | –4 | –5 |
| Acquisition of operations, net liquidity effect | 28 | –22 | –104 |
| Disposal of operations, net liquidity effect | 28 | – | 46 |
| Disposal of financial non-current assets | | 1 | 7 |
| **Cash flow from investing activities** | | **–43** | **–85** |
| | | | |
| **FINANCING ACTIVITIES** | | | |
| Repurchase of own shares | | –13 | –32 |
| Personnel options exercised and call options issued | | 15 | 6 |
| Borrowings | | 0 | 52 |
| Repayment of loans | | –173 | –86 |
| Other financing | | 1 | 0 |
| Dividend paid to equity holders of the Parent Company | | –111 | –154 |
| Dividend paid to non-controlling interests | | –3 | –3 |
| **Cash flow from financing activities** | | **–284** | **–217** |
| | | | |
| **Cash flow for the year** | | **–34** | **5** |
| | | | |
| Cash and cash equivalents at beginning of year | | 84 | 78 |
| Exchange differences on cash and cash equivalents | | 0 | 1 |
| **Cash and cash equivalents at year-end** | | **50** | **84** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEKm | Share capital | Other contributed capital | Reserves | Retained earnings, including profit for the year | Total | Non–controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **EQUITY, OPENING BALANCE 1 APR 09** | **51** | **344** | **80** | **347** | **822** | **11** | **833** |
| Change in pension accounting [1] | – | – | – | –5 | –5 | – | –5 |
| **Adjusted opening balance, 1 APR 09** | **51** | **344** | **80** | **342** | **817** | **11** | **828** |
| Comprehensive income for the year | – | – | –52 | 147 | 95 | 3 | 98 |
| Personnel options exercised and call options issued | – | – | – | 15 | 15 | – | 15 |
| Repurchase of own shares | – | – | – | –13 | –13 | – | –13 |
| Dividend | – | – | – | –111 | –111 | –3 | –114 |
| **EQUITY, CLOSING BALANCE 31 MAR 10** | **51** | **344** | **28** | **380** | **803** | **11** | **814** |

| SEKm | Share capital | Other contributed capital | Reserves | Retained earnings, including profit for the year | Total | Non–controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **EQUITY, OPENING BALANCE 1 APR 08** | **51** | **344** | **9** | **260** | **664** | **12** | **676** |
| Comprehensive income for the year | – | – | 71 | 267 | 338 | 2 | 340 |
| Personnel options exercised | – | – | – | 6 | 6 | – | 6 |
| Repurchase of own shares | – | – | – | –32 | –32 | – | –32 |
| Dividend | – | – | – | –154 | –154 | –3 | –157 |
| Bonus issue | 2 | – | – | –2 | 0 | – | 0 |
| Reduction of share capital | –2 | – | – | 2 | 0 | – | 0 |
| **EQUITY, CLOSING BALANCE 31 MAR 09** | **51** | **344** | **80** | **347** | **822** | **11** | **833** |

For comments on shareholders' equity, refer to Note 20.
[1] For comments on the change in accounting for pensions, refer to Note 22.

| SEK | 2009/2010 | 2008/2009 |
|---|---|---|
| Dividend per share | 5.00 [1] | 5.00 |

[1] As proposed by the Board of Directors.

## PARENT COMPANY INCOME STATEMENT

| SEKm | Notes | 2009/2010 | 2008/2009 |
|---|---|---|---|
| Revenue | | 32 | 31 |
| Administrative expenses | | –42 | –37 |
| Other operating income | 9 | 1 | – |
| Other operating expenses | 9 | – | –3 |
| **Operating loss** | **6–9, 16** | **–9** | **–9** |
| Profit from shares in Group companies | 11 | 130 | 356 |
| Profit from financial non-current assets | 11 | 23 | 27 |
| Interest income and similar items | 11 | 6 | 10 |
| Interest expense and similar items | 11 | –11 | –26 |
| **Profit after financial items** | | **139** | **358** |
| Year-end appropriations | 12 | –14 | –47 |
| **Profit before tax** | | **125** | **311** |
| Income tax expense | 13 | –28 | –48 |
| **Profit for the year** | | **97** | **263** |

## PARENT COMPANY BALANCE SHEET

| SEKm | Notes | 31 Mar 10 | 31 Mar 09 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible non-current assets | 14 | 1 | 1 |
| Property, plant and equipment | 15 | 1 | 1 |
| **Financial non-current assets** | | | |
| Shares in Group companies | 17 | 681 | 675 |
| Receivables from Group companies | 17 | 928 | 853 |
| Other non-current securities holdings | 17 | – | 0 |
| Other non-current receivables | | 0 | 0 |
| **Total financial non-current assets** | | **1,609** | **1,528** |
| **Total non-current assets** | | **1,611** | **1,530** |
| **CURRENT ASSETS** | | | |
| Receivables from Group companies | | 246 | 347 |
| Prepaid expenses and accrued income | 19 | 4 | 4 |
| **Total current receivables** | | **250** | **351** |
| Cash and bank balances | | 33 | 62 |
| **Total current assets** | | **283** | **413** |
| **TOTAL ASSETS** | | **1,894** | **1,943** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS' EQUITY** | 20 | | |
| **Restricted equity** | | | |
| Share capital | | 51 | 51 |
| Legal reserve | | 18 | 18 |
| **Unrestricted equity** | | | |
| Retained earnings | | 875 | 716 |
| Profit for the year | | 97 | 263 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **1,041** | **1,048** |
| **UNTAXED RESERVES** | 21 | **235** | **221** |
| **PROVISIONS** | | | |
| Provisions for pensions and similar obligations | 22 | 17 | 17 |
| **LIABILITIES** | | | |
| Liabilities to credit institutions | 24 | – | 22 |
| Liabilities to Group companies | 24 | 221 | 39 |
| **Total non-current liabilities** | | **221** | **61** |
| Liabilities to credit institutions | 25 | 21 | 172 |
| Accounts payable | | 1 | 1 |
| Liabilities to Group companies | | 332 | 372 |
| Tax liabilities | | 14 | 40 |
| Other liabilities | | 3 | 1 |
| Accrued expenses and deferred income | 26 | 9 | 10 |
| **Total current liabilities** | | **380** | **596** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **1,894** | **1,943** |
| Pledged assets | 27 | 0 | 0 |
| Contingent liabilities | 27 | 141 | 154 |

## PARENT COMPANY CASH FLOW STATEMENT

| SEKm | Notes | 2009/2010 | 2008/2009 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit after financial items | | 139 | 358 |
| Adjustment for items not included in cash flow | 28 | –115 | –171 |
| Income tax paid | | –54 | –55 |
| Cash flow from operating activities before changes in working capital | | –30 | 132 |
| Cash flow from changes in working capital: | | | |
| Changes in operating receivables | | 0 | –1 |
| Changes in operating liabilities | | 0 | –5 |
| **Cash flow from operating activities** | | **–30** | **126** |
| | | | |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment and intangible assets | | 0 | –1 |
| Disposal of businesses | | – | 44 |
| Disposal of financial non-current assets | | 2 | 1 |
| **Cash flow from investing activities** | | **2** | **44** |
| | | | |
| **FINANCING ACTIVITIES** | | | |
| Repurchase of own shares | | –13 | –32 |
| Personnel options exercised and call options issued | | 12 | 5 |
| Repayment (raising) of loans | | –173 | –31 |
| Change in receivables from and liabilities to Group companies | | 79 | –151 |
| Dividend paid | | –111 | –154 |
| Group contributions received | | 205 | 222 |
| **Cash flow from financing activities** | | **–1** | **–141** |
| | | | |
| **Cash flow for the year** | | **–29** | **29** |
| | | | |
| Cash and cash equivalents at beginning of year | | 62 | 33 |
| **Cash and cash equivalents at year-end** | | **33** | **62** |

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

| | Restricted equity | | Unrestricted equity | |
|---|---|---|---|---|
| SEKm | Share capital | Legal reserve | Retained earnings, including profit for the year | Total equity |
| **EQUITY, OPENING BALANCE 1 APR 09** | **51** | **18** | **979** | **1,048** |
| Profit for the year | – | – | 97 | 97 |
| Dividend | – | – | –111 | –111 |
| Personnel options exercised and call options issued | – | – | 20 | 20 |
| Repurchase of own shares | – | – | –13 | –13 |
| **EQUITY, CLOSING BALANCE 31 MAR 10** | **51** | **18** | **972** | **1,041** |

| | Restricted equity | | Unrestricted equity | |
|---|---|---|---|---|
| SEKm | Share capital | Legal reserve | Retained earnings, including profit for the year | Total equity |
| **EQUITY, OPENING BALANCE 1 APR 08** | **51** | **16** | **902** | **969** |
| Group contributions paid | – | – | –7 | –7 |
| Profit for the year | – | – | 263 | 263 |
| Dividend | – | – | –154 | –154 |
| Bonus issue | 2 | – | –2 | 0 |
| Reduction of share capital | –2 | 2 | – | 0 |
| Personnel options exercised | – | – | 9 | 9 |
| Repurchase of own shares | – | – | –32 | –32 |
| **EQUITY, CLOSING BALANCE 31 MAR 09** | **51** | **18** | **979** | **1,048** |

For comments on shareholders' equity, refer to Note 20.

# NOTE 1 ACCOUNTING AND VALUATION POLICIES

## General accounting policies

The annual report was prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union (EU). Recommendation RFR 1.2, Supplementary Accounting Standards for Groups, issued by the Swedish Financial Reporting Board, was also applied.

As per its listing agreement with NASDAQ OMX Stockholm, the Group also provides information about outstanding incentive programmes and benefits for members of senior management.

The Parent Company's and the Group's accounting policies are consistent with each other, except in the case of reporting pensions, untaxed reserves and year-end appropriations. See also "Accounting policies of the Parent Company".

The Board approved the Parent Company's annual report and the Group's consolidated financial statements for publication on 21 June 2010. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 24 August 2010.

## Presentation of the Annual Report

The financial reports are stated in million Swedish kronor (SEK million) unless otherwise specified. The Parent Company's functional currency is the Swedish krona, as is the presentation currency for the Parent Company and the Group. Assets and liabilities are recognised at historical acquisition cost, except for certain financial assets and liabilities that are measured at fair value. Assets held for sale are recognised at the lower of the previous carrying amount and fair value, less selling expenses.

Preparing financial reports according to IFRS requires that management make judgments, estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenues and costs. These estimates and assumptions are based on historical experience and numerous other factors deemed reasonable under the circumstances at the time. Estimates and assumptions are reviewed periodically.

The Annual Report was prepared in compliance with IAS 1 Presentation of Financial Statements, such that separate income statements and balance sheets, as well as statements of other comprehensive income, changes in shareholders' equity and cash flow, are prepared and notes are provided that detail disclosures and the accounting policies applied.

Assets are divided into current assets and non-current assets. An asset is considered current if it is expected to be realised within 12 months of the balance sheet date or within the Company's operating cycle. "Operating cycle" refers to the time elapsed, from the start of production, until the company receives payment for goods or services delivered. The Group's operating cycle is judged to be less than one year.

If an asset does not fulfil the current asset criterion, it is classified as a non-current asset.

Receivables and liabilities, as well as revenues and expenses, are offset only if required or if expressly permitted under IFRS.

Liabilities are divided into current liabilities and non-current liabilities. Current liabilities are liabilities to be paid within 12 months of the balance sheet date or, in the case of operating liabilities only, are expected to be paid within the operating cycle. As this takes into account the operating cycle, no non-interest-bearing liabilities, such as accounts payable or accrued employee benefit expenses, are recognised as non-current liabilities.

**Early application of IFRS or interpretations issued or revised during Addtech's 2009/2010 financial year**

No newly issued IFRS or interpretations were applied early.

**New or revised IFRS applied during financial year 2009/2010**

The Group has applied the revised IAS 1, Presentation of Financial Statements, since 1 April 2009. As per this amendment, items formerly recognised directly in equity that did not relate to transactions with shareholders are now being recognised in a separate statement titled "Consolidated Statement of Comprehensive Income" directly after the income statement. Addtech has chosen to present other comprehensive income as a separate statement.

Since 1 April 2009, the Group has also applied the new IFRS 8, Operating Segments, which replaces IAS 14, Segment Reporting. IFRS 8 applies a management perspective to the division and presentation of operating segments. That is, operating segments shall be identified based on internal reporting periodically followed up by the Group's chief operating decision maker. IFRS 8 did not change Addtech's identification of the Group's segments, so the figures for comparison were not affected by the implementation of IFRS 8. The same accounting policies are applied for the operating segments as for the consolidated financial statements.

IFRS 7 Financial Instruments entails changes in disclosure requirements for liquidity risk and financial instruments measured at fair value. The instruments are divided into three levels based on the inputs for measuring fair value.

IAS 23 Borrowing Costs requires that borrowing costs be capitalised for assets that take considerable time to complete. This amendment has not had any effect on the Group's accounts.

**New or revised IFRS that will apply in future periods**

IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements have been revised and entail changes such as that transaction fees in acquisitions be expensed and conditional additional purchase consideration be determined at fair value at the time of acquisition. The effects of the revaluations of conditional purchase considerations are recognised in profit for the year. In addition, the standards allow the company to recognise, for individual acquisitions, either parts of goodwill or complete goodwill in total net assets, including the portion related to non-controlling shareholders. The amendments will be applied starting 1 April 2010 and will impact the Group in the future.

## Consolidated financial statements

The consolidated financial statements comply with IAS 27 Consolidated and Separate Financial Statements and IFRS 3 Business Combinations and include the annual accounts for the Parent Company and those companies in which the Parent Company has a direct or indirect controlling influence. Such influence exists when the Parent Company, directly or indirectly, is entitled to determine a company's financial and operative strategies to obtain economic benefits. Normally this means that the Parent Company holds more than 50 percent of the voting rights.

Shareholdings in Group companies are eliminated using the acquisition method. In brief, this means that identifiable assets, liabilities and contingent liabilities in the company acquired are measured and recognised in the consolidated financial statements as if they had been acquired directly by purchase and not indirectly by acquisition of the company's shares. The valuation is based on fair values. If the value of the net assets is less than the acquisition price, consolidated goodwill arises. If the opposite occurs, the difference is recognised directly in the income statement. Goodwill is determined in local currency and is recognised at acquisition cost, less any impairment losses. Consolidated equity includes the Parent Company's equity and that portion of subsidiaries' equity earned after the time of acquisition. Companies acquired or disposed of are consolidated or deconsolidated, respectively, from the date of acquisition or disposal.

Intra-Group receivables and liabilities and transactions between companies in the Group, as well as related unrealised gains, are wholly eliminated. Unrealised losses are eliminated in the same way as unrealised gains, except in the case of impairment.

## Exchange rate effects

**Translation of the financial reports of foreign Group companies**

Assets and liabilities in foreign operations, including goodwill and other Group surpluses and deficits, are converted to Swedish kronor using the exchange rate prevailing at the balance sheet date. Revenues and costs in foreign businesses are converted to Swedish kronor using the average rate, which is an approximation of the rates prevailing at the time of each transaction. Translation differences resulting from the conversion of foreign operations' accounts are recognised through other comprehensive income in the foreign currency translation reserve in equity. This reserve contains translation differences accumulated from 1 April 2004, when IFRS were adopted.

**Transactions denominated in foreign currencies**

A transaction denominated in a foreign currency is converted to the functional currency at the rate of exchange at the transaction date. Monetary assets and liabilities in foreign currency are converted to the functional currency using the rate prevailing at the balance sheet date. Non-monetary assets and liabilities recognised at historical acquisition cost are converted using the exchange rate at the time of the transaction. Exchange differences that arise in conversion are recognised in the income statement. Exchange differences on operating receivables and operating liabilities are included in operating profit or loss, while exchange differences on financial receivables and liabilities are recognised among financial items. The Group uses forward exchange contracts to a certain extent to reduce its exposure to exchange rate fluctuations. Forward exchange contracts are carried at fair value at the balance sheet date.

## Financial assets and liabilities, recognition and derecognition

Financial instruments recognised among assets in the balance sheet include cash and cash equivalents, loan receivables, accounts receivable, financial investments and derivatives. The liabilities include accounts payable, loan liabilities and derivatives. A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the terms and conditions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has completed its undertaking and a contractual obligation to pay exists, even if no invoice has yet been received. A financial asset (or part thereof) is removed from the balance sheet when the rights in the contract are realised or expire or the company loses control over them. A financial liability (or part thereof) is removed from the balance sheet when the obligation in the contract is fulfilled or in some other way ceases to exist. A financial asset and a financial liability are only offset and recognised at the net amount in the balance sheet when the company is legally entitled to offset their amounts and the company intends to settle the items with a net amount or simultaneously realise the asset and settle the liability.

## Financial assets and liabilities, measurement and classification

Financial instruments are measured and recognised in the Group as per IAS 39 Financial Instruments: Recognition and Measurement.

A financial instrument that is not a derivative is initially recognised at acquisition cost, equivalent to the instrument's fair value plus transaction costs; this applies to all financial instruments except those in the category of financial assets recognised at fair value via the income statement. At initial recognition, a financial instrument is classified based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

Financial instruments measured at fair value are classified in a hierarchy based on the origin of the inputs used in the evaluation. At level 1 are financial instruments with a price quoted in an active market. Level 2 comprises financial instruments whose value is determined based on observable market data, though not prices quoted in an active market. Level 3 is measured using inputs, such as cash-flow analyses, not based on observable market data.

**Financial assets and liabilities measured at fair value via the income statement**

This category comprises two sub-groups: financial assets and liabilities held for trading, and other financial assets and liabilities that the company initially chose to place in this category. The Group has not identified any financial asset or liability, when initially recognised, as measured at fair value via the income statement. The first group includes derivatives unless they are undertaken for hedging.

**Accounts receivable and loan receivables**

Loan receivables and accounts receivable are financial assets that are not derivatives, that have fixed payments or payments that can be determined and that are not quoted on an active market. Assets in this category are measured at amortised cost.

Accounts receivable are recognised at the amount expected to be recovered, after deduction for doubtful receivables, assessed individually. The expected maturities of accounts receivable are short, so they are recognised at nominal amounts without discounting. Impairment losses on accounts receivable are recognised in operating expenses.

## NOTE 1 Cont'd.

**Available-for-sale financial assets**
This category comprises financial assets not classified in any other category or financial assets that the company initially chose to classify in this category. Shares and participations not recognised as subsidiaries, associates or joint ventures are recognised here. Assets in this category are measured on a current basis at fair value, with changes in value recognised directly in other comprehensive income, except for changes attributable to impairment losses. However, unqoted holdings and holdings whose fair value cannot be calculated reliably are recognised at acquisition cost.

**Other financial liabilities**
Loans and other financial liabilities, such as accounts payable, are included in this category. These liabilities are measured at amortised cost. Accounts payable are measured at nominal amounts without discounting.

**Derivatives and hedge accounting**
Derivative instruments include currency clauses, forward exchange contracts, options, swaps and interest rate caps used to cover the risk of foreign exchange rate fluctuations and exposure to interest rate risk. An embedded derivative is disclosed separately unless closely related to its host contract. Derivatives are initially recognised at fair value, so transaction costs are charged to profit or loss for the period. After initial recognition, derivatives are measured at fair value as follows. Changes in the value of derivatives are recognised in the income statement based on the purpose for which they are held. When a derivative is used in hedge accounting, changes in a derivative's value are recognised in the income statement on the same line and at the same time as the item it is hedging.

Even if hedge accounting does not apply, increases and decreases in the value of a derivative are recognised as income and expense, respectively, in operating profit or loss or in net financial items, based on the intended use of the derivative and whether or not its use is related to an operating item or a financial item. Changes in the value of the call option on Addtech shares, purchased to manage the impact of social security contributions related to the personnel option programme, are recognised as other operating income or other operating expenses.

In hedge accounting, the ineffective portion is recognised in the same way as changes in the value of derivatives not used for hedging.

**Transaction exposure – cash flow hedges**
Foreign currency exposure related to future contractual and forecasted flows is hedged either with currency clauses in customer and supplier contracts or by forward exchange contracts or currency options. These derivatives, which protect the forecasted flow, are recognised in the balance sheet at fair value. Changes in value are recognised via other comprehensive income in the hedging reserve until the hedged flow enters the income statement, whereupon the accumulated changes in value of the hedge are transferred to the income statement, where they will meet and match the impact of the hedged transaction on earnings.

**Net investments in foreign subsidiaries**
Investments in foreign subsidiaries (net assets including goodwill) are currently not hedged.

### Financial assets and liabilities, classification

**Cash and cash equivalents**
Cash and cash equivalents consists of cash and funds immediately available in banks and equivalent institutions, as well as short-term liquid investments that mature less than three months after the time of acquisition and are subject to only an insignificant risk of fluctuation in value.

**Financial investments and current investments**
Financial investments are classified either as financial non-current assets or current investments, depending on the purpose of the holding. If the maturity or the anticipated holding period is longer than one year, such financial assets are considered non-current assets; if shorter than one year, current investments.

**Non-current receivables and other current receivables**
Non-current receivables and other current receivables are receivables that arise when the Company provides funds without intending to trade in the resulting receivable. If the anticipated holding period is longer than one year, the receivable is a non-current receivable; if shorter, an other current receivable.

**Liabilities**
Non-current liabilities have an anticipated term exceeding one year, while current liabilities have a term less than one year.

### Property, plant and equipment

Property, plant and equipment are recognised in accordance with IAS 16 Property, Plant and Equipment at acquisition cost, less accumulated depreciation and any impairment losses. The acquisition cost comprises the purchase price, including customs and excise duties, as well as costs directly attributable to the asset to bring it to the location in a condition that it can be used as intended by the acquisition. Discounts and the like are deducted from the purchase price. Examples of directly attributable costs included in the acquisition cost are shipping and handling, installation, legal ratification and consulting services.

The acquisition cost of a qualifying asset includes capitalised borrowing costs. The Group does not normally have qualifying assets.

Additional expenditure for an item of property, plant and equipment is only added to the acquisition cost if it increases the future economic benefits. All other expenditure, such as expenditure for repair and maintenance, is expensed on a current basis. A decisive factor as to when an incremental expenditure should be added to the acquisition cost is whether the expenditure refers to the replacement of identified components or parts thereof, in which case the expenditure is capitalised. Also, if a new component has been created, the expenditure is added to the acquisition cost. Any undepreciated carrying amounts for replaced components, or parts of components, are retired and expensed in conjunction with the replacement.

Any impairment is reported as per IAS 36 Impairment of Assets.

Depreciation is effected on a straight-line basis over the estimated period of use and taking account of any residual value at the end of that period. Property, plant and equipment comprising parts that have different periods of use are treated as separate components.

The carrying amount of an item of property, plant and equipment is removed from the balance sheet upon retirement or disposal of the asset, or when no future economic benefits are expected to be derived from its use. Gains or losses realised upon the disposal or retirement of an asset consist of the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains or losses are recognised as other operating income or other operating expense.

| Property, plant and equipment | Period of use |
|---|---|
| Buildings | 15–100 years |
| Land improvements | 20 years |
| Leasehold improvements | 3–5 years |
| Machinery | 3–10 years |
| Equipment | 3–5 years |

### Leases

IAS 17 Leases differentiates between finance and operating leases. A finance lease is characterised by the lessee assuming, in all essential respects, the economic benefits and risks associated with ownership of the asset. If that is not the case, the lease is regarded as an operating lease.

Significant finance leases are recognised as non-current assets, initially valued at the present value of the minimum lease payments upon commencement. On the liabilities side, the present value of remaining future lease payments is recognised as interest-bearing non-current and current liabilities. The asset is depreciated over its period of use, usually corresponding to the lease period, taking into account any residual value at the end of the period. Impairment is tested in accordance with IAS 36 Impairment of Assets.

Lease payments are divided into interest and amortisation of the liability. Other lease obligations are recognised as per rules for operating leases, such that lease payments are charged as an operating expense on a straight-line basis during the lease period.

### Intangible non-current assets

Intangible non-current assets are recognised in accordance with IAS 38 Intangible Assets at acquisition cost, less accumulated amortisation, and are divided between goodwill and other intangible non-current assets. Any impairment of intangible assets is recognised as per IAS 36 Impairment of Assets.

An intangible asset is an identifiable non-monetary asset, without physical substance, that is used for marketing, producing or supplying goods or services, or for rental and administration. To be recognised as an asset, it must be probable that the future economic benefits attributable to the asset will benefit the company and that the acquisition cost can be calculated reliably.

Additional expenditure for an intangible asset is only added to the acquisition cost if it increases future economic benefits beyond the original assessment and if the expenditure can be calculated reliably. All other expenditure is expensed as it is incurred.

Goodwill represents the difference between the acquisition cost, in connection with a business combination, and the fair value of acquired assets, assumed liabilities and contingent liabilities.

For acquisitions completed before 1 April 2004, goodwill has been recognised, after testing for impairment, at an acquisition cost corresponding to the carrying amount as per previous accounting policies. The classification and accounting treatment of business combinations that occurred before 1 April 2004 were not reassessed based on IFRS 3 when the Group's opening balance as of 1 April 2004 was calculated in accordance with IFRS.

Goodwill and intangible non-current assets with indefinable periods of use are measured at acquisition cost, less any accumulated impairment losses. Goodwill and intangible non-current assets with indefinable periods of use are allocated among cash-generating units and are not amortised but are tested for impairment on an annual basis.

Intangible assets aside from goodwill are recognised at their original acquisition costs, less accumulated amortisation and impairment losses. Amortisation is charged primarily on a straight-line basis and is based on the periods of use of the assets, which is reviewed on an annual basis. An asset's periods of use is based on historical experience of use of similar assets, areas of application and other specific features of the asset.

Amortisation is included in cost of sales, selling expenses or administrative expenses, depending on where in the business the assets are used.

Expenditure for development, in which the results of research or other knowledge are applied to achieve new or improved products or processes, is recognised as an asset in the balance sheet if the product is technically and commercially viable and the company has sufficient resources to complete development and subsequently use or sell the intangible asset. Other development expenditure is expensed as it is incurred.

Expenditure for internally generated goodwill and brands is recognised in the income statement as an expense as it is incurred.

| Intangible non-current assets | Period of use |
|---|---|
| Capitalised development projects | 3 years |
| Software for IT operations | 3–5 years |
| Trademarks | indeterminable |
| Supplier relationships | 10–33 years |
| Technology | 5–15 years |
| Customer relationships | 5–10 years |

## NOTE 1 Cont'd.

### Impairment losses

**Property, plant and equipment, intangible assets and shares in subsidiaries and associates**

The carrying amounts of Group assets are tested as soon as there is indication that the asset in question has decreased in value. If such indication exists, impairment is determined after calculating the recoverable amount of the asset, which is the higher of an asset's value in use and its fair value. Impairment loss is recognised if the recoverable amount is less than the carrying amount. The value in use is calculated as the present value of future payments that the company is expected to receive by using the asset. The estimated residual value at the end of the period of use is included in the value in use. If the recoverable amount of an individual asset cannot be determined, the recoverable amount is set at the recoverable amount for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that give rise to continuous payment surpluses independent of other assets or groups of assets. Group goodwill is attributable to the cash-generating unit to which the goodwill is linked. Impairment losses are reversed when the impairment, wholly or partly, no longer exists. However, this does not apply to goodwill or intangible assets with indefinite useful lives.

For goodwill and other intangible assets with indefinable periods of use and for intangible assets not yet ready for use, the recoverable amount is calculated annually.

**Financial assets**

When accounts are prepared for reporting, the Company assesses whether there is objective evidence that any financial asset or group of assets is impaired. The recoverable amount of loan receivables and accounts receivable recognised at amortised cost is calculated as the present value of future cash flows discounted by the effective interest rate prevailing when the asset was first recognised. Assets with short maturities are not discounted. Impairment losses are charged to the income statement.

### Inventories

Inventories, that is, raw materials and finished goods for resale, are carried at the lower of acquisition cost and net realisable value, taking into account the risk of obsolescence. The acquisition cost is calculated using the first-in, first-out (FIFO) principle or weighted average prices.

In the case of finished and semi-finished goods manufactured in-house, the acquisition cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Normal capacity utilisation is taken into account in valuation.

### Shareholders' equity

When the Company's shares are repurchased, the entire purchase price reduces equity. Proceeds from the sale of equity instruments are recognised as an increase in equity. Any transaction costs are recognised in equity.

### Employee benefits

Employee benefits are recognised in the consolidated financial statements as per IAS 19 Employee Benefits.

**Employee benefits after termination of employment, pension obligations**

The recommendation differentiates between defined-contribution pension plans and defined-benefit pension plans. In defined-contribution plans, the company pays stipulated fees to a separate legal entity and has no obligation to pay additional fees. Costs are charged to the Group's profit or loss at the rate at which the benefits are earned. In defined-benefit pension plans, benefits are paid to current and former employees based on their salary upon retirement and the number of years of service. The Group bears the risk for payment of promised benefits.

The Group's net obligation to defined-benefit plans is calculated individually for each plan by estimating future benefits that employees have earned through employment in current and previous periods. These benefits are discounted to a present value, from which any unreported costs related to service in previous periods and the fair value of any plan assets are deducted.

Defined-benefit pension plans are both funded and unfunded. When a plan is funded, its assets have been separated into plan assets. These plan assets can only be used for payments as per the pension agreements. The net value of the estimated present value of the obligations and the fair value of plan assets is recognised in the balance sheet, either as a provision or as a non-current financial receivable. When a surplus in a plan cannot be fully utilised, only that portion of the surplus that the company can recover through reduced future fees or repayments is recognised. A surplus in one plan is only offset by a deficit in another plan if the company is entitled to utilise a surplus in one plan to settle a deficit in another plan, or if the obligations are intended to be settled on a net basis.

The pension cost and pension obligation for defined-benefit pension plans are calculated using the Projected Unit Credit Method. This method distributes the cost of pensions at the rate at which employees perform services for the company that increase their rights to future benefits. The aim is to expense expected future pension payouts in a manner that provides an even cost over the employee's period of employment. This calculation takes into account anticipated future salary increases and anticipated inflation. The company's obligation is calculated annually by independent actuaries. The discount rate used is equivalent to the interest rate on high-quality corporate bonds or government bonds with a maturity equivalent to the average maturity of the obligation and the currency.

Actuarial gains and losses may arise when establishing the obligation's present value and fair value on plan assets. These may arise either because the actual outcome differs from previously made assumptions, or because assumptions were changed. To avoid major changes in pension costs between years, changes within certain limits (the "corridor") are disregarded in the income statement and balance sheet. With the corridor, actuarial gains and losses affect consolidated profit/loss only to the extent they exceed the higher of 10 percent of the present value of the pension obligation and 10 percent of the fair value of the plan assets. The portion of the accumulated actuarial gains and losses, at the end of the previous year, that exceeds 10 percent of the greater of the present value of the obligations and the fair value of plan assets is recognised in profit/loss during the expected average remaining service period of those employees covered by the plan. The reported return on plan assets refers to the estimated return at the start of the year and therefore normally differs from the actual return during the year. The difference is an actuarial gain or loss.

Owing to a lack of information, certain defined-benefit pension plans have previously been recognised as defined-contribution plans. The information now available regarding the defined-benefit plan in question is organised in a manner that enables its recognition as a defined-benefit plan as per IAS 19. As per UFR 5, the defined-benefit liability is recognised in the opening balance for shareholders' equity. The change in accounting for pensions was based on the transitional regulations by which an irrevocable choice is made to recognise the defined-benefit liability directly, as per IAS 8. The change was made at the start of the financial year. Owing to a lack of information, the figures for comparison were not restated. The net effect in equity is SEK –5 million. The pension liability increased SEK 6 million, accrued expenses SEK 1 million and deferred tax assets SEK 2 million.

A portion of the Group's defined-benefit pension obligations has been financed by premiums to Alecta. The required information cannot be obtained from Alecta, so these pension obligations are reported as a defined-contribution pension plan.

When the cost of a pension for a legal entity is determined differently than for the Group, a provision or claim for taxes on pension costs is recognised, such as a special employer's contribution for Swedish companies based on this difference. The provision or claim is not based on a present-value calculation.

**Benefits upon termination of employment**

A cost for benefits in conjunction with termination of employment is recognised only if the company is obliged by a formal, detailed plan to terminate employment prior to the normal date.

**Short-term benefits**

Short-term benefits to employees are calculated without discounting and recognised as an expense when the related services are performed.

A provision for the expected costs of bonus disbursements is recognised when the Group has a valid legal or informal obligation to make such payments as a result of services received from employees and where the obligation can be calculated reliably.

**Share-based payment**

In December 2001, the Board of Directors awarded personnel options to a number of senior managers in the Group.

In accordance with transitional provisions in IFRS 1, Addtech's personnel option programme is not disclosed based on IFRS 2 except for options newly awarded in financial 2005/2006. The newly awarded options are expensed on an ongoing basis until the end of the vesting period. At the time they were awarded, the options were valued at fair value using the Black-Scholes model. The programme was concluded at 18 February 2010.

### Provisions and contingent liabilities

A provision is recognised in the balance sheet when the company has a formal or informal obligation as a result of a transpired event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. If the effect is material, the provision is based on a present value calculation.

Provisions are made for future costs resulting from warranty undertakings. The calculation is based on expenditure during the financial year for similar undertakings or the estimated costs for each undertaking.

Provisions for restructuring costs are recognised when a detailed restructuring plan has been adopted and the restructuring has either begun or been announced.

Contingent liabilities are recognised when a possible undertaking exists stemming from past events and the existence of the undertaking is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the Company's control. Other obligations are also recognised as contingent liabilities if they result from past events but are not recognised as a liability or provision because it is unlikely that an outflow of resources will be required to settle the undertaking or because the size of the undertaking cannot be determined with sufficient accuracy.

### Revenue recognition

Sales revenue and revenue from projects in progress are recognised as per IAS 18 Revenue. The fair value of what has been received, or what will be received, is recognised as sales revenue. Thus, the Company recognises revenue at the amount of the invoice if the Company receives cash compensation in conjunction with delivery. Deductions are made for value-added tax, returns, discounts and price reductions. Revenue from sales of goods is recognised when certain requirements have been met. These requirements are that material risks and benefits associated with ownership of the goods have been transferred to the purchaser, that the selling company does not retain any interest in ongoing administration nor does it exert any real control over the goods sold, that the revenue can be calculated reliably, that it is likely that the economic benefits that the company will obtain from the transaction will accrue to the company, and that the expenses that have arisen or are expected to arise as a result of the transaction can be calculated reliably.

Revenue from projects in progress is recognised in increments as projects are completed. The degree of completion is determined on the basis of accumulated project expenses at the end of the period as a proportion of estimated total project expenses. If future costs to complete a project are estimated to exceed remaining revenue, a provision is made to cover estimated losses.

Lease revenue is recognised on a straight-line basis in the income statement based on the terms of the lease.

### Financial income and expenses

Interest income on receivables and interest expense on liabilities are computed using the effective interest method. The effective rate is the interest rate that makes the present value of all future receipts and payments during the period of fixed interest equal to the carrying amount of the receivable or liability. Interest income includes accrued rebates, premiums and other differences between the original value of the receivable and the amount received upon maturity. Interest and dividends are recognised as revenue when it is probable that the economic benefits associated with the transaction will accrue to the company and that the income can be calculated reliably. Interest income is

## NOTE 1 Cont'd.

recognised applying the interest rate that generates an even return on the asset in question. Dividend income is recognised when the shareholder's right to receive the dividend is deemed certain.

### Income taxes

Income tax is recognised as per IAS 12 Income Taxes. Tax is recognised in the income statement, except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is also recognised in other comprehensive income or equity. Current tax refers to tax that is to be paid or refunded for the current year. This also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated using the balance sheet method based on temporary differences between carrying amounts and tax bases of assets and liabilities. The amounts are calculated depending on how the temporary differences are expected to be settled and by applying the tax rates and tax rules in effect or announced as of the balance sheet date. Temporary differences are not taken into account for Group goodwill, nor in differences attributable to participations in subsidiaries or associates owned by Group companies outside Sweden that are not expected to be taxed in the foreseeable future. In the consolidated financial statements, untaxed reserves are allocated to deferred tax liability and equity. Deferred tax assets related to deductible temporary differences and tax loss carry-forwards are only recognised to the extent it is likely they will reduce tax payments in the future.

### Segment reporting

The Group's operations are described in accordance with IFRS 8 Operating Segments. Assets and liabilities as well as income and expenses are attributed to the segment where they are used, earned and consumed, respectively.

The division into operating segments is based on the business area organisation, by which the Group's operations are managed and followed up. These are Addtech Components, Addtech Energy & Equipment, Addtech Industrial Solutions and Addtech Life Science. Operations that do not belong to these areas of operation are included under the heading Parent Company and Group items.

### Earnings per share

Addtech discloses earnings per share (EPS) directly following the income statement.

Calculation of EPS is based on consolidated profit or loss for the year attributable to equity holders of the Parent Company and on the weighted average number of shares outstanding during the year. To calculate diluted EPS, the average number of shares is adjusted to take into account the effect of potentially dilutive common shares that, during the periods reported, could result from options awarded to employees.

### Cash flow statement

In preparing the cash flow statement, the indirect method was applied as per IAS 7 Statement of Cash Flows. In addition to flows of cash and bank funds, current investments maturing in less than three months from the acquisition date that can be converted into bank deposits at an amount known beforehand are classified as cash and cash equivalents.

### Events after the balance sheet date

Events that occurred after the balance sheet date but whose circumstances were identifiable at the balance sheet date are inlcuded in the account. If significant events occurred after the balance sheet date but did not affect the recognised results of operations or financial position, the event is disclosed under a separate heading in the administration report and in a note.

### Related party disclosures

Information about transactions and agreements with closely related companies and natural persons is disclosed in accordance with IAS 24 Related Party Disclosures. In the consolidated financial statements, intra-group transactions fall outside this reporting requirement.

### Changes in accounting policies

When there is a change in accounting policy, comparative figures are restated, unless otherwise prescribed by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. If a change in accounting policy affects equity, the effect is recognised on a separate line in the statement of changes in equity.

### Government grants

Government grants refers to support from the government in the form of transfers of resources to a company in exchange for the company fulfilling (in the past or future) certain conditions regarding its operations.

The Group is active in areas where government grants are insignificant in scope.

### Personnel information

The Swedish Annual Accounts Act requires more information than IFRS, including information about employee absence due to illness and the gender of Board Directors and management.

Data on gender distribution refer to the situation at the balance sheet date. "Members of the Board of Directors" are directors, elected by a general meeting of shareholders, in the Parent Company and in Group companies. "Members of senior management" are people in Group management, presidents, executive vice presidents and management groups in Group companies.

### Accounting policies of the Parent Company

The Parent Company applies the same accounting policies as the Group does, except where the Swedish Annual Accounts Act and the Swedish Act on Safeguarding Pension Obligations prescribe different procedures for the Parent Company.

The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2.2 Accounting for Legal Entities, from the Swedish Financial Reporting Board. RFR 2.2 prescribes that, in the annual accounts for its legal entity, the Parent Company shall apply all EU -approved IFRS and standard interpretations to the greatest extent possible within the scope of the Annual Accounts Act and taking account of the relationship between reporting and taxation. The recommendation spells out which exceptions from and additions to IFRS must be made.

Shares in Group companies are recognised in the Parent Company using the cost method. Dividends received are recognised as revenue.

Instead of IAS 19, the Swedish Act on Safeguarding Pension Obligations is applied in the Parent Company when calculating defined-benefit pension plans. The most significant differences compared to IAS 19 are the method for determining the discount rate, that the defined-benefit obligation is calculated based on current salaries without assuming future salary increases and that all actuarial gains and losses are recognised in the income statement as they occur.

The Parent Company recognises untaxed reserves including deferred tax liabilities, rather than allocating them to deferred tax liabilities and equity as is done for the Group.

Group contributions and shareholder contributions are recognised in the Parent Company as per statement UFR 2 Group contributions and shareholders' contributions, from the Swedish Financial Reporting Board. Shareholder contributions are recognised directly in the equity of the recipient and are capitalised in the contributor's shares and participations, insofar as no impairment is required. Group contributions are recognised based on financial purpose. Group contributions comparable to dividends are recognised as dividends. Consequently Group contributions received and their current tax effects are recognised in the income statement. Group contributions paid and their current tax effect are recognised directly in retained earnings. In the Parent Company, Group contributions received that are comparable to dividends are recognised in net financial items.

Recommendation RFR 2.2 was applied to financial guarantee contracts, so rules in IAS 39 for recognising and measuring financial guarantee contracts benefiting subsidiaries were not applied.

## NOTE 2 CRITICAL ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are based in part on estimates and assumptions. This applies particularly to impairment testing of goodwill (Note 14) and to defined-benefit pension obligations (Note 22). Assumptions and estimates are continually evaluated and are based on historical experience and expectations regarding future events deemed reasonable under prevailing circumstances.

Tests are performed each year to determine if goodwill is impaired. The recoverable amount of cash-generating units has been determined by calculating values in use. For these calculations, certain estimates must be made.

A large part of the Group's pension obligations for salaried employees is on a defined-benefit basis and is covered by group policies with Alecta. Currently it is impossible to obtain data from Alecta on the Group's share of obligations and plan assets, so the pension plan with Alecta must be recognised as a defined-contribution plan. The consolidation ratio reported by Alecta does not indicate any deficit, but it is not possible to obtain detailed information from Alecta about the size of the pension obligation.

The present value of pension obligations recognised as defined-benefit plans depends on multiple factors determined on an actuarial basis using a number of assumptions. The assumptions used to determine the present value of the obligation include the discount rate and salary rises. Each change in these assumptions will affect the carrying amount of pension obligations. See also Note 22.

## NOTE 3 FINANCIAL RISKS AND RISK MANAGEMENT

### Goals and policy for risk management

Addtech strives for structured and efficient management of the financial risks that arise in operations, which is manifest in the financial policy adopted by the Board of Directors. This policy spells out goals and guidelines for how to manage risks and lays a framework for how to limit such risks. The financial policy expresses the goal of limiting or eliminating financial risks. The policy defines and identifies the financial risks that arise at Addtech and how responsibility for managing these risks is distributed in the organisation. The financial risks defined in the financial policy are transaction exposure, translation exposure, financing risk, interest rate risk and credit and counterparty risk. Operational risks, that is, risks related to operating activities, are managed by each subsidiary's management according to principles approved by the Group's Board of Directors and management. Risks such as translation exposure, financing risk and interest rate risk are managed by the Parent Company, Addtech AB.

### Currency risks

Currency risk is defined as the risk of a negative effect on profit resulting from changes in foreign exchange rates. For Addtech, currency risk arises 1) as a result of future payment flows in foreign currency, known as transaction exposure, and 2) because parts of the Group's equity comprises net assets in foreign subsidiaries, known as translation exposure.

### Transaction exposure

The Group's currency flows are mainly attributable to imports from Europe, Asia and North America. During the year, the Group's payment flows in foreign currencies were distributed as follows.

| | Currency flows, gross 2009/2010 | | Currency flows, net | |
|---|---|---|---|---|
| | Inflows | Outflows | 2009/2010 | 2008/2009 |
| EUR | 710 | 1,030 | −320 | −390 |
| USD | 170 | 255 | −85 | −105 |
| JPY | 80 | 120 | −40 | −60 |
| GBP | 40 | 60 | −20 | −40 |
| CHF | 5 | 65 | −60 | −30 |

## NOTE 3 Cont'd

The effects of exchange rate fluctuations are reduced by buying and selling in the same currency, through currency clauses in customer contracts and, to a limited degree, by forward purchases or sales of foreign currency. Currency clauses are a common method in the industry for handling uncertainty associated with future cash flows. A currency clause means that compensation will be paid for any changes in the exchange rate that exceed a certain predefined level during the contract period. If these thresholds are not reached, for example when the exchange rate changes by less than two percentage points, no compensation is paid. The currency clauses adjust the exchange rate change between the time the order is placed and the invoice date. Currency clauses are symmetrically designed, which means that compensation is charged or credited when the exchange rate rises or declines beyond the predefined thresholds.

Of Group revenue, currency clauses cover about 20 percent and sales in the purchasing currency about 40 percent. In certain transactions, there is a direct link between the customer's order and the associated purchase order, which is a good basis for effective currency risk management. However, in many cases the dates of the orders do not coincide, which may reduce the effectiveness of these measures.

At the end of the financial year, the extent of outstanding forward exchange contracts was limited.

The Group has a net exposure in several currencies. If each separate currency pair changes by 5 percent, the aggregate effect on profits would total about SEK 15 million (20), all things being equal. Inflows and outflows in the same currency mean that the Group's exposure is relatively limited.

Currency flows in the Parent Company are mainly in Swedish kronor (SEK).

### Translation exposure

The translation exposure of the Addtech Group is currently not hedged. The Group's net assets are divided among foreign currencies as follows.

| | 31 Mar 10 | | 31 Mar 09 |
|---|---|---|---|
| Net investments | SEKm | Sensitivity analysis, impact of +/–5% in exchange rate on Group equity | SEKm |
| DKK | 210.4 | 10.5 | 264.9 |
| EUR | 189.4 | 9.5 | 260.5 |
| NOK | 75.8 | 3.8 | 88.0 |
| PLZ | 22.7 | 1.1 | 22.2 |
| CNY | 5.4 | 0.3 | 9.7 |
| GBP | 4.4 | 0.2 | 7.1 |

When translating the income statement of units with a functional currency other than SEK, a translation effect arises when exchange rates vary. With the present distribution of Group companies' different functional currencies, a change of 1 percentage point in the exchange rates would have an effect of SEK +/–17 million (22) on revenue and SEK +/–1 million (1) on operating profit.

The exchange rates used in the financial statements are shown in the following table.

| | Average rate | | Closing day rate | |
|---|---|---|---|---|
| Exchange rate | 2009/2010 | 2008/2009 | 31 Mar 10 | 31 Mar 09 |
| DKK 100 | 139.41 | 134.11 | 130.80 | 147.35 |
| EUR 1 | 10.38 | 10.00 | 9.74 | 10.98 |
| NOK 100 | 121.76 | 118.06 | 121.30 | 122.75 |
| GBP 1 | 11.72 | 11.99 | 10.94 | 11.82 |
| PLZ 1 | 2.47 | 2.69 | 2.52 | 2.34 |
| USD 1 | 7.35 | 7.12 | 7.26 | 8.29 |
| JPY 1,000 | 79.21 | 71.80 | 77.80 | 84.40 |
| CHF 1 | 6.91 | 6.42 | 6.81 | 7.23 |
| CNY 100 | 107.66 | 103.61 | 106.00 | 121.00 |
| HKD 1 | 0.95 | 0.92 | 0.94 | 1.07 |

### Financing risk

Financing risk is defined as the risk that the Group's borrowing needs cannot be met. To ensure available financing in the future, the Company must secure, in the form of cash available or binding credit facilities ("letters of credit"), access to an amount 20 percent greater than the estimated capital requirement for the next 12 months. At 31 March 2010, the Group had a total of SEK 220 million (156) in contractually agreed unutilised credit facilities, aside from contractual bank overdraft facilities (see Note 25). Parts of the contractually binding credit facilities are contingent upon loan covenants.

The Parent Company is responsible for the Group's long-term financing as well as its supply of liquidity. The Group's non-current and current interest-bearing liabilities are shown in Notes 24 and 25.

To manage surpluses and deficits in different currencies, Addtech uses currency swaps from time to time. This allows the Group to reduce its financing costs and the Company's liquid funds to be used in an efficient manner.

### Interest rate risk

Interest rate risk is defined as the risk of negative effects on profits as a result of changes in general interest rates. Addtech's main exposure to interest rate risk is in its debt portfolio. Aside from the pension liability, interest–bearing external debt totals SEK 35 million (221).

All investments are intended to mature in less than six months. At 31 March 2010 there were no current investments.

To achieve favourable matching of interest-rate risk, Addtech's financial policy prescribes that a maximum of 50 percent of the debt portfolio, not including the pension liability, may have a period of fixed interest exceeding one year.

At year-end, the average interest rate was 0.25 percent (0.59) for interest-bearing assets in the Group. The corresponding rate for the Parent Company was 1.91 percent (1.88).

The average rate of interest for all of the Group's interest-bearing liabilities (not including pension liabilities) was 1.78 percent (2.08) at the end of the financial year. The corresponding rate for the Parent Company was 0.60 percent (1.05).

The Group has used interest rate caps to hedge SEK 200 million of its liabilities to credit institutions. The caps, which have a remaining maturity of 1–1.5 years, come into force when interest rates (based on the STIBOR 90-day rate) are 5.00–5.25 percent.

With the current net financial debt, the impact on the Group's net financial items is SEK +/–2 million if interest rates change by one percentage point.

### Credit and counterparty risks

Credit risk is defined as the risk that Addtech's counterparties fail to fulfil their contractual obligations. Addtech is exposed to credit risk in its financial transactions, that is, in investing its surplus liquidity and executing forward exchange transactions, and in its commercial operations in connection with accounts receivable and advance payments to suppliers.

Addtech's finance department is responsible for evaluating and managing financial credit risk. The finance policy prescribes that surplus liquidity only be invested with counterparties that have a very high credit rating. As in prior years, in 2009/2010 surplus funds were not invested with any counterparties other than Swedish banks, aside from the Group's normal bank contacts.

To utilise its subsidiaries' detailed knowledge of Addtech's customers and suppliers, Addtech has each company assess the credit risk in their commercial transactions. New customers are assessed before credit is granted, and credit limits set are strictly enforced. Short credit periods are the goal, and avoiding excessive concentration of business with individual customers and with specific sectors helps minimise risks. No individual customer accounts for more than 2 percent of total credit exposure during a one-year period. The equivalent figure for the 10 largest customers is about 13 percent. Exposure per customer segment and geographic market is presented in Note 5. Bad debt losses totalled SEK 3.5 million (2.7) during the year, equal to 0.1 percent (0.1) of revenue.

### Accounts receivable

| | 31 Mar 10 | 31 Mar 09 |
|---|---|---|
| Carrying amount | 515.8 | 562.1 |
| Impairment losses | 4.1 | 4.8 |
| **Acquisition cost** | **519.9** | **566.9** |

### Change in impaired accounts receivable

| | 2009/2010 | 2008/2009 |
|---|---|---|
| Amount at start of year | –4.8 | –3.8 |
| Corporate acquisitions | – | – |
| Year's impairment losses/reversals | –0.4 | –0.9 |
| Settled impairment losses | 0.8 | 0.4 |
| Translation effects | 0.3 | –0.5 |
| **Total** | **–4.1** | **–4.8** |

### Time analysis of accounts receivable that are overdue but not impaired

| | 31 Mar 10 | 31 Mar 09 |
|---|---|---|
| ≤ 30 days | 49.8 | 56.5 |
| 31–60 days | 6.0 | 7.2 |
| > 60 days | 3.7 | 7.9 |
| **Total** | **59.5** | **71.6** |

### Measurement of financial assets and liabilities at fair value

The fair value of a listed security is determined based on the publicly quoted price for the asset in an active market (level 1). At the balance sheet date, the Group had no items in this category. The fair value of foreign exchange contracts is determined based on observed market data (level 2). Current and non-current loans are carried at amortised cost. The difference between carrying amount and fair value is marginal for these items. Fair value and carrying amount are recognised in the balance sheet according to the following table:

## NOTE 3 Cont'd.

| SEKm | Financial assets and liabilities measured at fair value via the income statement – Held for trading | Derivatives used in hedge accounting | Accounts receivable and loan receivables | Available-for-sale financial assets | Other liabilities | Total carrying amount | Fair value |
|---|---|---|---|---|---|---|---|
| | 31 Mar 10 | | | | | | |
| Financial investments | – | – | – | 5[4] | – | 5 | 5 |
| Non-current receivables | – | – | 1 | – | – | 1 | 1 |
| Accounts receivable | – | – | 516 | – | – | 516 | 516 |
| Other receivables [2] | 0 | 1 | – | – | – | 1 | 1 |
| **Total** | **0** | **1** | **517** | **5** | **–** | **523** | **523** |
| Non-current interest-bearing liabilities | – | – | – | – | 4 | 4 | 4 |
| Current interest-bearing liabilities | – | – | – | – | 31 | 31 | 31 |
| Accounts payable | – | – | – | – | 307 | 307 | 307 |
| Other liabilities [3] | 1 | 4 | – | – | – | 5 | 5 |
| **Total** | **1** | **4** | **–** | **–** | **342** | **347** | **347** |

| SEKm | Financial assets and liabilities measured at fair value via the income statement – Held for trading | Derivatives used in hedge accounting | Accounts receivable and loan receivables | Available-for-sale financial assets | Other liabilities | Total carrying amount | Fair value |
|---|---|---|---|---|---|---|---|
| | 31 Mar 09 | | | | | | |
| Financial investments | 0 [1] | – | – | 6 [4] | – | 6 | 6 |
| Non-current receivables | – | – | 2 | – | – | 2 | 2 |
| Accounts receivable | – | – | 562 | – | – | 562 | 562 |
| Other receivables[2] | 0 | 4 | – | – | – | 4 | 4 |
| **Total** | **0** | **4** | **564** | **6** | **–** | **574** | **574** |
| Non-current interest-bearing liabilities | – | – | – | – | 30 | 30 | 30 |
| Current interest-bearing liabilities | – | – | – | – | 191 | 191 | 191 |
| Accounts payable | – | – | – | – | 321 | 321 | 321 |
| Other liabilities[3] | 0 | 2 | – | – | 21 | 23 | 23 |
| **Total** | **0** | **2** | **–** | **–** | **563** | **565** | **565** |

[1] Refers to a share option in the Parent Company (see Note 17).
[2] Part of other receivables in the consolidated balance sheet.
[3] Part of other liabilities in the consolidated balance sheet.
[4] Measured at amortised cost.

| Impact of financial instruments on net earnings, SEKm | 2009/2010 | 2008/2009 |
|---|---|---|
| Assets and liabilities measured at fair value via the income statement [1] | 1 | –5 |
| Derivatives used in hedge accounting | –2 | 1 |
| Accounts receivable and loan receivables | –3 | –3 |
| Available-for-sale financial assets | 0 | 0 |
| Other liabilities | –6 | –16 |
| **Total** | **–10** | **–23** |

[1] Refers to a change in value of a share option and other derivatives in the Parent Company (see Note 17).

## NOTE 4 REVENUE BY REVENUE TYPE

| Group<br>SEKm | 2009/2010 | 2008/2009 |
|---|---|---|
| **OEM** | | |
| Components | 1,915 | 2,543 |
| **Products for end users** | | |
| Components | 898 | 1,045 |
| Machinery/Instruments | 279 | 261 |
| Materials | 477 | 458 |
| Services | 111 | 111 |
| **Total** | **3,680** | **4,445** |

OEM components are built into the products that Addtech's customers produce. OEM stands for "original equipment manufacturer". Products for end users comprise all other uses.

Dividends and interest income are recognised in financial items (see Note 11).

| Addtech Components<br>SEKm | 2009/2010 | 2008/2009 |
|---|---|---|
| **OEM** | | |
| Components | 759 | 951 |
| **Products for end users** | | |
| Components | 123 | 139 |
| Machinery/Instruments | 13 | 12 |
| Materials | 6 | 2 |
| Services | 7 | 2 |
| **Total** | **908** | **1,106** |

Minor changes were made in the breakdown of revenue by type for 2009/2010. Comparative data has been adjusted accordingly.

## NOTE 4 Cont'd.

| Addtech Energy & Equipment<br>SEKm | 2009/2010 | 2008/2009 |
|---|---|---|
| **OEM** | | |
| Components | 343 | 426 |
| **Products for end users** | | |
| Components | 313 | 355 |
| Machinery/Instruments | 41 | 30 |
| Materials | 28 | 68 |
| Services | 10 | 9 |
| **Total** | **735** | **888** |

| Addtech Life Science<br>SEKm | 2009/2010 | 2008/2009 |
|---|---|---|
| **OEM** | | |
| Components | 55 | 65 |
| **Products for end users** | | |
| Components | 144 | 148 |
| Machinery/Instruments | 181 | 182 |
| Materials | 384 | 361 |
| Services | 91 | 85 |
| **Total** | **855** | **841** |

| Addtech Industrial Solutions<br>SEKm | 2009/2010 | 2008/2009 |
|---|---|---|
| **OEM** | | |
| Components | 779 | 1,107 |
| **Products for end users** | | |
| Components | 320 | 403 |
| Machinery/Instruments | 40 | 40 |
| Materials | 51 | 59 |
| Services | 1 | 15 |
| **Total** | **1,191** | **1,624** |

## NOTE 5 SEGMENT REPORTING

The division into business areas reflects Addtech's internal organisation and reporting system Addtech reports its business areas as operating segments. The four business areas are Addtech Components, Addtech Energy & Equipment, Addtech Industrial Solutions and Addtech Life Science. This market grouping reflects a natural division of markets in the Group. Intra-Group sales are based on the same prices that an independent party would pay for the product. SEK 31 million (31) of the Parent Company's revenue refer to Group companies. The Parent Company made no purchases from subsidiaries during the year.

### Addtech Components

Addtech Components markets and sells components and subsystems in mechanics, electromechanics and hydraulics to customers in manufacturing.

### Addtech Energy & Equipment

Addtech Energy & Equipment markets and sells battery solutions, products for power transmission and equipment and materials for industrial production processes. Its customers are found in the commercial vehicle industry, the energy and telecom sectors and engineering.

### Addtech Industrial Solutions

Addtech Industrial Solutions markets and sells machinery components, automation solutions, polymer products and customised products in electromechanics and connection technology. Products are marketed and sold under the Group's own brands to industrial customers locally and globally.

### Addtech Life Science

Addtech Life Science markets and sells instruments and consumable supplies to laboratories in healthcare and research, diagnostics equipment for the healthcare sector and process and analysis equipment for industry.

### Data by operating segment

| | 2009/2010 | | | 2008/2009 | | |
|---|---|---|---|---|---|---|
| Revenue | External | Internal | Total | External | Internal | Total |
| Components | 907 | 1 | 908 | 1,105 | 1 | 1,106 |
| Energy & Equipment | 735 | 0 | 735 | 888 | 0 | 888 |
| Industrial Solutions | 1,183 | 8 | 1,191 | 1,611 | 13 | 1,624 |
| Life Science | 855 | 0 | 855 | 841 | 0 | 841 |
| Parent Company and Group items | – | –9 | –9 | – | –14 | –14 |
| **Total** | **3,680** | **0** | **3,680** | **4,445** | **0** | **4,445** |

| | 2009/2010 | | | 2008/2009 | | |
|---|---|---|---|---|---|---|
| Operating profit/loss, assets and liabilities | Operating profit | Assets[1] | Liabilities[1] | Operating profit | Assets[1] | Liabilities[1] |
| Components | 36 | 375 | 158 | 90 | 436 | 159 |
| Energy & Equipment | 70 | 337 | 133 | 85 | 347 | 139 |
| Industrial Solutions | 52 | 645 | 180 | 129 | 762 | 223 |
| Life Science | 71 | 364 | 134 | 74 | 425 | 153 |
| Parent Company and Group items | –13 | 81 | 383 | –2 | 150 | 613 |
| **Total** | **216** | **1,802** | **988** | **376** | **2,120** | **1,287** |

[1] Does not include balances in Group accounts or financial transactions between Group companies.

| | 2009/2010 | | | 2008/2009 | | |
|---|---|---|---|---|---|---|
| Investments in non–current assets | Intangible | Property, plant and equipment | Total | Intangible | Property, plant and equipment | Total |
| Components | – | 1 | 1 | – | 3 | 3 |
| Energy & Equipment | 0 | 1 | 1 | 0 | 2 | 2 |
| Industrial Solutions | 3 | 7 | 10 | 2 | 22 | 24 |
| Life Science | 0 | 15 | 15 | 0 | 26 | 26 |
| Parent Company and Group items | 1 | 1 | 2 | 3 | 3 | 6 |
| **Total** | **4** | **25** | **29** | **5** | **56** | **61** |

| | 2009/2010 | | | 2008/2009 | | |
|---|---|---|---|---|---|---|
| Depreciation/Amortisation of non–current assets | Intangible | Property, plant and equipment | Total | Intangible | Property, plant and equipment | Total |
| Components | 8 | 4 | 12 | 7 | 4 | 11 |
| Energy & Equipment | 7 | 4 | 11 | 6 | 5 | 11 |
| Industrial Solutions | 10 | 16 | 26 | 9 | 16 | 25 |
| Life Science | 6 | 14 | 20 | 6 | 11 | 17 |
| Parent Company and Group items | 7 | 1 | 8 | 7 | 2 | 9 |
| **Total** | **38** | **39** | **77** | **35** | **38** | **73** |

## NOTE 5 Cont'd.

| Significant income statement items, other than depreciation or amortisation, not giving rise to payments in 2009/2010 | Capital gains | Change in pension liability | Other items | Total |
|---|---|---|---|---|
| Components | 0 | −3 | 0 | −3 |
| Energy & Equipment | 0 | −1 | −2 | −3 |
| Industrial Solutions | 0 | −2 | 0 | −2 |
| Life Science | 0 | −4 | 0 | −4 |
| Parent Company and Group items | 1 | 0 | 5 | 6 |
| **Total** | **1** | **−10** | **3** | **−6** |

### Data by country

| | 2009/2010 | | | 2008/2009 | | |
|---|---|---|---|---|---|---|
| | Revenue, external | Assets [1] | of which non-current assets | Revenue, external | Assets [1] | of which non-current assets |
| Sweden | 1,635 | 991 | 409 | 1,909 | 1,098 | 408 |
| Denmark | 664 | 352 | 132 | 822 | 417 | 157 |
| Finland | 516 | 251 | 96 | 708 | 332 | 120 |
| Norway | 330 | 93 | 25 | 360 | 127 | 25 |
| Other countries | 535 | 64 | 20 | 646 | 90 | 23 |
| Parent Company, Group items and unallocated assets | – | 51 | 13 | – | 56 | 43 |
| **Total** | **3,680** | **1,802** | **695** | **4,445** | **2,120** | **776** |

[1] Does not include Group account balances. External revenues are based on the customers' location, and the carrying amounts of asset are based on where the assets are located.

| | 2009/2010 | | | 2008/2009 | | |
|---|---|---|---|---|---|---|
| Investments in non–current assets | Intangible | Property, plant and equipment | Total | Intangible | Property, plant and equipment | Total |
| Sweden | 1 | 13 | 14 | 5 | 38 | 43 |
| Denmark | 2 | 7 | 9 | – | 8 | 8 |
| Finland | 1 | 2 | 3 | 0 | 3 | 3 |
| Norway | – | 2 | 2 | – | 1 | 1 |
| Other countries | 0 | 1 | 1 | 0 | 6 | 6 |
| **Total** | **4** | **25** | **29** | **5** | **56** | **61** |

## NOTE 6 EMPLOYEES AND PERSONNEL COSTS

| | 2009/2010 | | | 2008/2009 | | |
|---|---|---|---|---|---|---|
| Average number of employees | Men | Women | Total | Men | Women | Total |
| Sweden | | | | | | |
| Parent Company | 6 | 4 | 10 | 6 | 4 | 10 |
| Other companies | 431 | 178 | 609 | 475 | 188 | 663 |
| Denmark | 158 | 94 | 252 | 229 | 129 | 358 |
| Finland | 167 | 78 | 245 | 173 | 84 | 257 |
| Norway | 53 | 16 | 69 | 58 | 17 | 75 |
| Other countries | 116 | 34 | 150 | 136 | 33 | 169 |
| **Total** | **931** | **404** | **1,335** | **1,077** | **455** | **1,532** |

| | 2009/2010 | | | 2008/2009 | | |
|---|---|---|---|---|---|---|
| Salaries and remuneration | Senior management | of which profit-related remuneration | Other employees | Senior management | of which profit-related remuneration | Other employees |
| Sweden | | | | | | |
| Parent Company | 9.5 | 0.1 | 5.6 | 10.7 | 1.0 | 4.5 |
| Other companies | 33.7 | 2.9 | 218.2 | 37.1 | 4.9 | 245.9 |
| Denmark | 15.1 | 0.2 | 159.2 | 17.9 | 1.1 | 179.9 |
| Finland | 12.3 | 0.7 | 80.1 | 14.4 | 2.5 | 100.9 |
| Norway | 6.3 | 0.2 | 38.9 | 5.8 | 0.4 | 40.8 |
| Other countries | 7.8 | 1.2 | 19.3 | 7.3 | 1.5 | 23.5 |
| **Total** | **84.7** | **5.3** | **521.3** | **93.2** | **11.4** | **595.5** |

In addition to payroll expenses above, during the year appreciation in the value of personnel options resulted in costs of SEK 2.9 million (depreciation of 4.4) being recognised by Swedish Group companies. This sum is reversed in the Group. In addition, the value of personnel options in the Parent Company appreciated SEK 5.2 million (depreciation of 10.7), which cannot be recognised in profit/loss according to current accounting rules. As from the 2007/2008 financial year, salaries and remuneration are stated for senior management but not for the Board. Senior management comprises Group management, Management Directors and vice MD's in Group subsidiaries.

## NOTE 6 Cont'd.

| Salaries, remuneration and social security costs | Group 2009/2010 | Group 2008/2009 | Parent Company 2009/2010 | Parent Company 2008/2009 |
|---|---|---|---|---|
| Salaries and other remuneration | 606.0 | 688.7 | 15.1 | 15.2 |
| Contractually agreed pensions for senior management | 15.7 | 15.4 | 2.9 | 2.2 |
| Contractual pensions to others | 55.5 | 61.5 | 1.5 | 1.1 |
| Other social security costs | 115.7 | 124.1 | 7.6 | 2.6 |
| **Total** | **792.9** | **889.7** | **27.1** | **21.1** |

At year–end, outstanding pension commitments to senior management totalled SEK 8.4 million (7.7) for the Group and SEK 2.2 million (2.3) for the Parent Company.

Different accounting policies are applied to pension costs in the Parent Company and the Group (see Note 1 Accounting Policies).

| Proportion of women | Group 31 Mar 10 | Group 31 Mar 09 | Parent Company 31 Mar 10 | Parent Company 31 Mar 09 |
|---|---|---|---|---|
| Board of Directors (not including alternates) | 3% | 4% | 20% | 17% |
| Other members of senior management | 17% | 15% | 0% | 0% |

| Absence due to illness, % | Group 2009/2010 | Group 2008/2009 |
|---|---|---|
| Total absence due to illness | 3.3 | 3.8 |
| Long-term absence due to illness | 1.1 | 0.9 |
| Absence due to illness, men | 2.9 | 3.0 |
| Absence due to illness, women | 4.1 | 5.7 |
| Employees, aged up to 29 years | 3.9 | 4.4 |
| Employees, aged 30–49 | 2.8 | 3.4 |
| Employees, aged 50+ | 4.1 | 4.2 |

Total absence due to illness in the Parent Company was 0.0 percent (0.2). For employee privacy, Parent Company data are not provided by category.

### Preparation and decision-making process for remuneration to the Board of Directors, CEO and Group management

The guidelines applied in the 2009/2010 financial year for remuneration to senior management correspond to those in the proposal for coming years included in the administration report.

The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group management is that remuneration should be competitive.

The nomination committee proposes Board fees to the Annual General Meeting (AGM). Board fees are paid based on a resolution of the AGM. No separate fees are paid for committee work.

For remuneration to the CEO, members of Group management and other members of senior management in the Group, the Board of Directors has appointed a remuneration committee consisting of the Chairman and Vice Chairman of the Board, with the CEO as the reporting member. A fixed salary, variable remuneration and conventional employment benefits are paid to the CEO, Group management and other members of senior management. In addition, pension benefits and incentive programmes apply, as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by Addtech AB's AGM.

### Personnel options to members of senior management

In December 2001, the Board of Directors awarded 700,000 personnel options to 56 members of senior management in the Group. The programme entitled participants to acquire repurchased shares at a redemption price of SEK 44.80. In the 2009/2010 financial year, 282,400 (137,600) options were exercised to acquire 282,400 (137,600) shares at a weighted average share price of SEK 108 (116). Thus all options have been redeemed. The programme was concluded on 18 February 2010.

In accordance with a resolution of the August 2009 AGM, 22 members of senior management were offered to acquire 236,000 call options on Class B shares repurchased by the Company. The programme was fully subscribed, and if all options are exercised the number of Class B shares outstanding will increase by 236,000, equivalent to 1.1 percent of the total number of shares and 0.7 percent of the votes.

The call options were transferred at a price of SEK 9.20 per option, equivalent to the fair value of the options based on an independent valuation. The redemption price of the call options is SEK 127.70, corresponding to 120 percent of the average share price during the period 31 August–11 September 2009. To encourage participation in the programme, a grant will be paid that corresponds to the premium paid for each call option.

### Board of Directors

The Board fees of SEK 1,250 thousand (1,475) set by the AGM are distributed, as per the AGM's decision, among those Board Directors who are not employed by the Parent Company.

### Parent Company's CEO

Johan Sjö, Parent Company CEO, received a fixed salary of SEK 2,654 thousand (2,615) and SEK 0 thousand (204) in variable pay. SEK 600 thousand (600) of the fixed salary refers to the long-term incentive programme detailed below. Taxable benefits totalling SEK 164 thousand (166) are additional. From age 65, the CEO is covered by a defined-contribution pension, the size of which depends on the outcome of pension insurance agreements. During 2009/2010, a total of SEK 600 thousand (600) in pension premiums, determined annually by the remuneration committee, were paid for the CEO. Variable salary is not pensionable income.

When the Board of Directors recruited Johan Sjö as CEO, they offered him a long-term incentive programme (LTI), which entitles the CEO to receive annually during a five-year period the equivalent of 20 percent of amounts invested in Addtech shares up to SEK 3,000 thousand. As a result, Johan Sjö received SEK 600 thousand (600) during the financial year. The LTI remuneration is not pensionable income.

Variable remuneration based on Group earnings may be payable in an amount up to 30 percent of fixed salary. In addition, a further premium of 20 percent of the variable remuneration received may be payable for shares acquired in Addtech.

The period of notice is a maximum of 12 months when the Company terminates the employment contract and six months when the employee does so. In the case of termination on the initiative of the Company, the CEO is entitled to a severance payment equivalent to one year's salary in addition to salary during the period of notice. No severance package is payable if the employee terminates the employment contract.

### Other members of Group management

Other members of Group management were paid a total of SEK 5,509 thousand (5,618) in fixed salaries and SEK 107 thousand (780) in variable remuneration. This variable remuneration was expensed during the 2009/2010 financial year and will be paid during 2010/2011. Taxable benefits totalling SEK 374 thousand (448) are additional. Persons in Group management are covered from age 65 by pension entitlements based on individual agreements. Existing pension schemes consist of defined-contribution schemes, in which the pension amount depends on the outcome of pension insurance agreements, as well as defined-benefit schemes. The cost of the defined-benefit pensions and the defined-contribution schemes is basically equivalent to the ITP plan (pension agreement for private-sector salaried employees). During 2009/2010, a total of SEK 2,256 thousand (1,598) in pension premiums were paid for the group "Other members of group management". Variable remuneration is pensionable income.

Variable remuneration based on Group earnings may be payable in an amount up to 30 percent of fixed salary. In addition, a further premium of 20 percent of the variable remuneration received may be payable for shares acquired in Addtech.

The period of notice is a maximum of 12 months when the Company terminates the employment contract and six months when the employee does so. Remuneration is payable upon termination of employment equivalent to no more than one year's salary. No severance package is payable if the employee terminates the employment contract.

| Remuneration and other benefits during the year | Basic salary/ Board fees | Variable remuneration | Long-term incentive programme | Other benefits | Pension costs | Financial instruments | Personnel options | Other remuneration | Total |
|---|---|---|---|---|---|---|---|---|---|
| Chairman of the Board | 0.5 | – | – | – | – | – | – | – | 0.5 |
| Other members of the Board | 0.8 | – | – | – | – | – | – | – | 0.8 |
| Chief Executive Officer | 2.1 | – | 0.6 | 0.2 | 0.6 | – | – | – | 3.5 |
| Other members of Group management (4 persons) | 5.5 | 0.1 | – | 6.3[1] | 2.3 | – | – | – | 14.2 |
| **Total** | **8.9** | **0.1** | **0.6** | **6.5** | **2.9** | **–** | **–** | **–** | **19.0** |

[1] Other benefits includes the taxable value that arose in exercising personnel options totalling SEK 5.9 million (4.1).

| Board fees for 2009/2010, SEK '000s | Group | |
|---|---|---|
| Name | Position | Fee |
| Anders Börjesson | Chairman of the Board | 450 |
| Tom Hedelius | Vice Chairman of the Board | 350 |
| Eva Elmstedt | Director | 225 |
| Johan Sjö | Director | – |
| Lars Spongberg | Director | 225 |
| **Total** | | **1,250** |

## NOTE 7 REMUNERATION TO AUDITORS

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 |
| Audit engagements: | | | | |
| KPMG | 5.7 | 5.9 | 0.5 | 0.6 |
| Other audit firms | 0.1 | 0.2 | – | – |
| **Total remuneration for audit engagements** | **5.8** | **6.1** | **0.5** | **0.6** |
| Other engagements: | | | | |
| KPMG | 2.1 | 2.0 | 0.7 | 0.5 |
| Other audit firms | 0.0 | 0.1 | – | – |
| **Total remuneration for other engagements** | **2.1** | **2.1** | **0.7** | **0.5** |
| **Total remuneration to auditors** | **7.9** | **8.2** | **1.2** | **1.1** |

## NOTE 8 DEPRECIATION AND AMORTISATION

| | Group | | Parent Company | |
|---|---|---|---|---|
| Depreciation and amortisation, by function | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 |
| Cost of sales | –26.3 | –20.7 | – | – |
| Selling expenses | –36.1 | –36.1 | – | – |
| Administrative expenses | –14.4 | –14.8 | –0.7 | –0.8 |
| Other operating expenses | – | –1.2 | – | – |
| **Total** | **–76.8** | **–72.8** | **–0.7** | **–0.8** |

| | Group | | Parent Company | |
|---|---|---|---|---|
| Depreciation and amortisation, by type of asset | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 |
| Intangible assets | –37.5 | –35.2 | –0.4 | –0.6 |
| Buildings and land | –2.0 | –2.6 | – | – |
| Leasehold improvements | –1.2 | –1.7 | – | – |
| Machinery | –11.4 | –11.5 | – | – |
| Equipment | –24.7 | –21.8 | –0.3 | –0.2 |
| **Total** | **–76.8** | **–72.8** | **–0.7** | **–0.8** |

## NOTE 9 OTHER OPERATING INCOME AND EXPENSES

| Group | 2009/2010 | 2008/2009 |
|---|---|---|
| **Other operating income** | | |
| Rental revenue | 1.6 | 1.0 |
| Gain on sale of operations and non-current assets | 0.4 | 26.0 |
| Change in value of share option | 1.4 | – |
| Change in value of derivatives | 0.3 | 1.3 |
| Exchange gains, net | – | 5.9 |
| Other | 5.7 | 4.3 |
| **Total** | **9.4** | **38.5** |
| **Other operating expenses** | | |
| Property costs | –2.0 | –3.1 |
| Loss on sale of operations and non-current assets | – | –0.3 |
| Change in value of share option | – | –3.6 |
| Change in value of derivatives | –2.6 | – |
| Exchange losses, net | –5.6 | – |
| Other | –0.6 | –2.9 |
| **Total** | **–10.8** | **–9.9** |

The change in value of the share option represents the social security contributions attributable to the personnel option programme (for further details, see Financial assets and liabilities, measurement and classification as well as Derivatives and hedge accounting, in Note 1 Accounting Policies).

| Parent Company | 2009/2010 | 2008/2009 |
|---|---|---|
| **Other operating income** | | |
| Change in value of share option | 1.4 | – |
| **Total** | **1.4** | **–** |
| **Other operating expenses** | | |
| Change in value of share option | – | –3.6 |
| **Total** | **–** | **–3.6** |

## NOTE 10 OPERATING EXPENSES

| Group | 2009/2010 | 2008/2009 |
|---|---|---|
| Personnel costs | 818.7 | 922.4 |
| Depreciation and amortisation | 76.8 | 72.8 |
| Impairment of inventories | 15.6 | 14.6 |
| Impairment of doubtful accounts receivable | 3.5 | 2.7 |

## NOTE 11 FINANCIAL INCOME AND EXPENSES

| Group | 2009/2010 | 2008/2009 |
|---|---|---|
| Interest income on bank balances | 2.1 | 4.7 |
| Dividends | 0.0 | 0.0 |
| Exchange rate changes, net | 0.2 | 11.9 |
| Other financial income | 1.8 | 1.3 |
| **Financial income** | **4.1** | **17.9** |
| Interest expense on financial liabilities measured at amortised cost | –5.8 | –16.3 |
| Interest expense on pension liability | –9.9 | –9.1 |
| Change in value from revaluation of financial assets/liabilities, net | –0.1 | –0.9 |
| Other financial expenses | –2.0 | –1.3 |
| **Financial expenses** | **–17.8** | **–27.6** |
| **Net financial items** | **–13.7** | **–9.7** |

| Parent Company | 2009/2010 | 2008/2009 |
|---|---|---|
| Dividend income | 15.7 | 183.7 |
| Group contributions | 114.5 | 205.0 |
| Impairment losses | – | –40.0 |
| Capital gain on disposal of subsidiaries | – | 7.4 |
| **Profit from shares in Group companies** | **130.2** | **356.1** |
| Interest income: | | |
| Group companies | 23.2 | 26.9 |
| **Profit from financial non-current assets** | **23.2** | **26.9** |
| Interest income: | | |
| Group companies | 3.0 | 4.4 |
| Other interest income and exchange rate differences | 2.7 | 5.4 |
| **Interest income and similar items** | **5.7** | **9.8** |
| Interest income: | | |
| Group companies | –1.8 | –8.9 |
| Other interest expense, change in value and banking fees | –8.8 | –16.6 |
| **Interest expense and similar items** | **–10.6** | **–25.5** |
| **Financial income and expenses** | **148.5** | **367.3** |

## NOTE 12 YEAR-END APPROPRIATIONS – PARENT COMPANY

| | 2009/2010 | 2008/2009 |
|---|---|---|
| Reversal of tax allocation reserve | 22.1 | 9.5 |
| Provision made to tax allocation reserve | –35.7 | –56.5 |
| Excess amortisation/depreciation | –0.3 | –0.2 |
| **Total** | **–13.9** | **–47.2** |

Had the Parent Company reported deferred tax on year-end appropriations as per the policies applied in the consolidated financial statements, the deferred tax expense would have totalled SEK 3.7 million (12.4).

## NOTE 13 TAXES

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 |
| Current tax for the period | −63.9 | −103.2 | −28.5 | −48.0 |
| Adjustment from previous years | −0.2 | 0.6 | 0.6 | – |
| **Total current tax expense** | **−64.1** | **−102.6** | **−27.9** | **−48.0** |
| Deferred tax | 11.7 | 7.5 | 0.0 | 0.1 |
| **Total recognised tax expense** | **−52.4** | **−95.1** | **−27.9** | **−47.9** |

| Group | 2009/2010 | % | 2008/2009 | % |
|---|---|---|---|---|
| Profit before tax | 202.3 | | 365.8 | |
| Weighted average tax based on national tax rates | −52.6 | 26.0 | −99.9 | 27.3 |
| Tax effects of: | | | | |
| Non-deductible costs/non-taxable income | −0.5 | 0.2 | 1.6 | −0.4 |
| Effect of personnel options | 2.2 | −1.1 | −4.2 | 1.1 |
| Standard interest on tax allocation reserves | −1.7 | 0.8 | −1.3 | 0.4 |
| Adjustment from previous years | 0.0 | 0.0 | 0.6 | −0.2 |
| Effect of changed tax rates | – | – | 7.1 | −1.9 |
| Other | 0.2 | −0.1 | 1.0 | −0.3 |
| **Recognised tax expense** | **−52.4** | **25.9** | **−95.1** | **26.0** |

| Parent Company | 2009/2010 | % | 2008/2009 | % |
|---|---|---|---|---|
| Profit before tax | 125.2 | | 310.5 | |
| Weighted average tax based on national tax rates | −32.9 | 26.3 | −86.9 | 28.0 |
| Tax effects of: | | | | |
| Personnel options | 1.4 | −1.1 | −3.0 | 1.0 |
| Standard interest on tax allocation reserves | −1.3 | 1.0 | −1.0 | 0.3 |
| Non-deductible costs: | | | | |
| Revaluation of share option | 0.4 | −0.3 | −1.0 | 0.3 |
| Impairment of shares in subsidiaries | – | – | −11.2 | 3.6 |
| Other | −0.2 | 0.2 | 1.7 | −0.5 |
| Non-taxable income: | | | | |
| Dividends from subsidiaries | 4.1 | −3.3 | 51.4 | −16.6 |
| Capital gain on sale of subsidiary | – | – | 2.1 | −0.7 |
| Adjustment from previous years | 0.6 | −0.5 | – | – |
| **Recognised tax expense** | **−27.9** | **22.3** | **−47.9** | **15.4** |

### Deferred tax assets/liabilities

| | 31 Mar 10 | | | 31 mar 09 | | |
|---|---|---|---|---|---|---|
| Group | Assets | Liabilities | Net | Assets | Liabilities | Net |
| Non-current assets | 4.2 | −71.5 | −67.3 | 6.1 | −83.5 | −77.4 |
| Untaxed reserves | – | −78.7 | −78.7 | – | −80.3 | −80.3 |
| Pension provisions | 11.9 | −1.1 | 10.8 | 10.7 | −1.9 | 8.8 |
| Other | 14.6 | −3.5 | 11.1 | 11.6 | −1.2 | 10.4 |
| Net recognised | −29.9 | 29.9 | 0.0 | −28.4 | 28.4 | 0.0 |
| **Deferred taxes, net, at year−end** | **0.8** | **−124.9** | **−124.1** | **0.0** | **−138.5** | **−138.5** |

| | 2009/2010 | | | | | | | | | 2008/2009 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Group | Amount at start of year | Change in accounting for pensions | Adjusted opening balance | Recognised in the income statement | Acquisitions and disposals | Recognised in other comprehensive income | Reclassifications | Translation effects | Amount at year-end | Amount at start of year | Recognised in the income statement | Acquisitions and disposals | Recognised in other comprehensive income | Translation effects | Amount at year-end |
| Non-current assets | −77.4 | – | −77.4 | 9.0 | −1.9 | – | 0.8 | 2.2 | −67.3 | −66.6 | 10.3 | −17.4 | – | −3.7 | −77.4 |
| Untaxed reserves | −80.3 | – | −80.3 | 2.0 | −0.4 | – | – | – | −78.7 | −76.1 | −5.5 | 1.3 | – | – | −80.3 |
| Pension provisions | 8.8 | 1.9 | 10.7 | 0.1 | – | – | – | 0.0 | 10.8 | 8.2 | 0.5 | – | – | 0.1 | 8.8 |
| Other | 10.4 | – | 10.4 | 0.6 | – | 1.0 | −0.8 | −0.1 | 11.1 | 8.6 | 2.2 | – | −0.6 | 0.2 | 10.4 |
| **Deferred taxes, net** | **−138.5** | **1.9** | **−136.6** | **11.7** | **−2.3** | **1.0** | **0.0** | **2.1** | **−124.1** | **−125.9** | **7.5** | **−16.1** | **−0.6** | **−3.4** | **−138.5** |

| | 2009/2010 | | | 2008/2009 | | |
|---|---|---|---|---|---|---|
| Parent Company | Amount at start of year | Recognised in the income statement | Amount at year-end | Amount at start of year | Recognised in the income statement | Amount at year-end |
| Financial instruments | 0.1 | 0.0 | 0.1 | – | 0.1 | 0.1 |
| **Deferred taxes, net** | **0.1** | **0.0** | **0.1** | **–** | **0.1** | **0.1** |

Non-capitalised tax-loss carry-forwards in the Group totalled SEK 0 million (0.2).

## NOTE 14 INTANGIBLE NON-CURRENT ASSETS

| | 2009/2010 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Intangible assets acquired | | | | | | Intangible assets developed in the Group | |
| Group | Goodwill | Supplier relationships, customer relationships and technology | Trademarks | Capitalised R&D expenses | Leases (rental) and similar rights | Software | Software | Total |
| **Accumulated acquisition cost** | | | | | | | | |
| Opening balance | 335.4 | 293.4 | 9.5 | 8.2 | 0.2 | 41.3 | 3.7 | 691.7 |
| Acquisition of companies | 5.8 | 7.3 | – | – | – | – | – | 13.1 |
| Investments | – | – | 0.0 | 0.4 | – | 3.5 | – | 3.9 |
| Change in additional purchase payment | –7.8 | – | – | – | – | – | – | –7.8 |
| Reclassifications | – | – | – | – | – | 0.0 | – | 0.0 |
| Translation effect for the year | –14.6 | –11.9 | – | – | 0.0 | –0.8 | – | –27.3 |
| **Closing balance** | **318.8** | **288.8** | **9.5** | **8.6** | **0.2** | **44.0** | **3.7** | **673.6** |
| **Accumulated amortisation** | | | | | | | | |
| Opening balance | – | –53.7 | –0.1 | –4.7 | 0.0 | –25.7 | –1.5 | –85.7 |
| Amortisation | – | –28.5 | 0.0 | –0.9 | – | –7.5 | –0.6 | –37.5 |
| Translation effect for the year | – | 2.3 | – | – | – | 0.8 | – | 3.1 |
| **Closing balance** | **–** | **–79.9** | **–0.1** | **–5.6** | **0.0** | **–32.4** | **–2.1** | **–120.1** |
| **Carrying amount at year-end** | **318.8** | **208.9** | **9.4** | **3.0** | **0.2** | **11.6** | **1.6** | **553.5** |
| **Carrying amount at start of year** | **335.4** | **239.7** | **9.4** | **3.5** | **0.2** | **15.6** | **2.2** | **606.0** |

| | 2008/2009 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Intangible assets acquired | | | | | | Intangible assets developed in the Group | |
| Group | Goodwill | Supplier relationships, customer relationships and technology | Trademarks | Capitalised R&D expenses | Leases (rental) and similar rights | Software | Software | Total |
| **Accumulated acquisition cost** | | | | | | | | |
| Opening balance | 286.9 | 225.3 | 9.5 | 6.3 | 0.2 | 43.2 | 3.7 | 575.1 |
| Acquisition of companies | 29.8 | 54.2 | – | – | – | – | – | 84.0 |
| Investments | – | – | 0.0 | 1.9 | – | 3.1 | – | 5.0 |
| Disposals and retirement of assets | – | – | – | – | – | –6.7 | – | –6.7 |
| Reclassifications | – | – | – | – | – | 0.6 | – | 0.6 |
| Translation effect for the year | 18.7 | 13.9 | – | – | – | 1.1 | – | 33.7 |
| **Closing balance** | **335.4** | **293.4** | **9.5** | **8.2** | **0.2** | **41.3** | **3.7** | **691.7** |
| **Accumulated amortisation** | | | | | | | | |
| Opening balance | – | –25.4 | –0.1 | –4.4 | 0.0 | –23.5 | –0.9 | –54.3 |
| Amortisation | – | –26.6 | 0.0 | –0.3 | – | –7.7 | –0.6 | –35.2 |
| Disposals and retirement of assets | – | – | – | – | – | 6.6 | – | 6.6 |
| Reclassifications | – | – | – | – | – | –0.1 | – | –0.1 |
| Translation effect for the year | – | –1.7 | – | – | – | –1.0 | – | –2.7 |
| **Closing balance** | **–** | **–53.7** | **–0.1** | **–4.7** | **0.0** | **–25.7** | **–1.5** | **–85.7** |
| **Carrying amount at year-end** | **335.4** | **239.7** | **9.4** | **3.5** | **0.2** | **15.6** | **2.2** | **606.0** |
| **Carrying amount at start of year** | **286.9** | **199.9** | **9.4** | **1.9** | **0.2** | **19.7** | **2.8** | **520.8** |

| | 2009/2010 | | 2008/2009 | |
|---|---|---|---|---|
| Parent Company | Software | Total | Software | Total |
| **Accumulated acquisition cost** | | | | |
| Opening balance | 2.0 | 2.0 | 3.0 | 3.0 |
| Investments | 0.2 | 0.2 | 0.2 | 0.2 |
| Retirement of assets | – | – | –1.2 | –1.2 |
| **Closing balance** | **2.2** | **2.2** | **2.0** | **2.0** |
| **Accumulated amortisation** | | | | |
| Opening balance | –0.5 | –0.5 | –1.1 | –1.1 |
| Amortisation | –0.4 | –0.4 | –0.6 | –0.6 |
| Retirement of assets | – | – | 1.2 | 1.2 |
| **Closing balance** | **–0.9** | **–0.9** | **–0.5** | **–0.5** |
| **Carrying amount at year-end** | **1.3** | **1.3** | **1.5** | **1.5** |
| **Carrying amount at start of year** | **1.5** | **1.5** | **1.9** | **1.9** |

| | Group | |
|---|---|---|
| Goodwill distributed by business area | 31 Mar 10 | 31 Mar 09 |
| Addtech Components | 48 | 51 |
| Addtech Energy & Equipment | 59 | 57 |
| Addtech Industrial Solutions | 115 | 127 |
| Addtech Life Science | 97 | 100 |
| **Total** | **319** | **335** |

### Impairment testing of goodwill

The Group's recognised goodwill amounts to SEK 319 million (335). Having adopted IFRS, the Company no longer amortises goodwill but rather tests goodwill annually in accordance with IAS 36. The latest test took place in March 2010.

Goodwill is allocated among cash-generating units, which usually correspond to the company acquired. In cases where the acquired business is integrated with another Addtech business to such an extent that it is not possible to separate assets and cash flows attributable to the acquired company, goodwill is tested for impairment at a higher level, though not higher than the segment level.

The recoverable amount was calculated based on value in use and applies a current estimate of cash flows for the coming five-year period. Assumptions were made concerning gross margin, overhead costs, working capital required and investments required. As the norm, these parameters were set to correspond to the profit forecast for the next financial year 2010/2011. An annual growth rate of 2 percent was assumed for the remainder of the five-year period. When major changes were expected, the parameters were adjusted to better reflect such expectations. For cash flows beyond the five-year period, the growth rate was assumed to correspond to growth during the fifth year. Cash flows were discounted using a weighted cost of capital corresponding to roughly 12 percent before tax (11 percent in the previous year). These calculations show that value in use significantly exceeds the carrying amount. Consequently, impairment testing indicated no impairment. The sensitivity of these calculations means that the value of goodwill will continue to be justified even if the discount rate increases by 1 percentage point or if the long-term growth rate decreases by one percentage point.

### Other impairment testing

Each year, brands are tested for impairment applying the same policies as with goodwill. No events or changes in circumstances were identified that would motivate impairment testing for other intangible assets that have been amortised.

## NOTE 15 PROPERTY, PLANT AND EQUIPMENT

| Group | 2009/2010 | | | | | | 2008/2009 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Buildings and land | Leasehold improve-ments | Machinery | Equipment | Construc-tion in progress | Total | Buildings and land | Leasehold improve-ments | Machinery | Equipment | Construc-tion in progress | Total |
| **Accumulated acquisition cost** | | | | | | | | | | | | |
| Opening balance | 94.8 | 12.8 | 169.8 | 248.9 | 1.2 | 527.5 | 148.4 | 14.3 | 135.8 | 224.6 | 3.6 | 526.7 |
| Acquisition of companies | – | – | – | 0.6 | – | 0.6 | 6.6 | – | 0.1 | 3.7 | – | 10.4 |
| Investments | 0.2 | 0.9 | 3.3 | 20.7 | 0.2 | 25.3 | 1.5 | 0.4 | 15.4 | 37.5 | 1.2 | 56.0 |
| Disposals and retirement of assets | –7.0 | 0.0 | –0.2 | –16.6 | – | –23.8 | –70.5 | –3.3 | –0.5 | –31.1 | – | –105.4 |
| Reclassifications | – | – | –0.7 | –0.4 | 0.0 | –1.1 | – | – | 3.5 | –0.8 | –4.1 | –1.4 |
| Translation effect for the year | –6.3 | –0.7 | –13.4 | –11.2 | –0.1 | –31.7 | 8.8 | 1.4 | 15.5 | 15.0 | 0.5 | 41.2 |
| **Closing balance** | **81.7** | **13.0** | **158.8** | **242.0** | **1.3** | **496.8** | **94.8** | **12.8** | **169.8** | **248.9** | **1.2** | **527.5** |
| **Accumulated depreciation and impairment losses** | | | | | | | | | | | | |
| Opening balance | –35.1 | –9.8 | –121.3 | –191.1 | 0.0 | –357.3 | –54.1 | –10.1 | –99.4 | –183.0 | 0.0 | –346.6 |
| Acquisition of companies | – | – | – | –0.5 | – | –0.5 | –0.5 | – | –0.1 | –1.8 | – | –2.4 |
| Depreciation | –2.0 | –1.1 | –11.4 | –24.7 | –0.1 | –39.3 | –2.6 | –1.7 | –11.5 | –21.8 | 0.0 | –37.6 |
| Impairment losses, reversed | – | – | – | – | – | – | 1.1 | – | – | – | – | 1.1 |
| Disposals and retirement of assets | 1.1 | 0.0 | 0.1 | 15.2 | – | 16.4 | 24.5 | 3.1 | 0.4 | 27.6 | – | 55.6 |
| Reclassifications | – | – | 0.2 | 0.9 | – | 1.1 | – | – | 0.7 | 0.7 | – | 1.4 |
| Translation effect for the year | 3.0 | 0.6 | 10.2 | 9.8 | 0.0 | 23.6 | –3.5 | –1.1 | –11.4 | –12.8 | 0.0 | –28.8 |
| **Closing balance** | **–33.0** | **–10.3** | **–122.2** | **–190.4** | **–0.1** | **–356.0** | **–35.1** | **–9.8** | **–121.3** | **–191.1** | **0.0** | **–357.3** |
| **Carrying amount at year-end** | **48.7** | **2.7** | **36.6** | **51.6** | **1.2** | **140.8** | **59.7** | **3.0** | **48.5** | **57.8** | **1.2** | **170.2** |
| **Carrying amount at start of year** | **59.7** | **3.0** | **48.5** | **57.8** | **1.2** | **170.2** | **94.3** | **4.2** | **36.4** | **41.6** | **3.6** | **180.1** |

| | Parent Company | |
|---|---|---|
| Equipment | 2009/2010 | 2008/2009 |
| **Accumulated acquisition cost** | | |
| Opening balance | 2.5 | 2.1 |
| Investments | 0.1 | 0.9 |
| Disposals and retirement of assets | –0.1 | –0.5 |
| **Closing balance** | **2.5** | **2.5** |
| **Accumulated depreciation according to plan** | | |
| Opening balance | –1.3 | –1.6 |
| Depreciation | –0.3 | –0.2 |
| Disposals and retirement of assets | 0.1 | 0.5 |
| **Closing balance** | **–1.5** | **–1.3** |
| **Carrying amount at year-end** | **1.0** | **1.2** |
| **Carrying amount at start of year** | **1.2** | **0.5** |

| | Group | |
|---|---|---|
| Tax–assessed values, Swedish properties | 31 Mar 10 | 31 Mar 09 |
| Buildings | 5.5 | 8.4 |
| Land | 2.7 | 2.7 |

## NOTE 16 LEASING

| Operating leases | Group | | Parent Company | |
|---|---|---|---|---|
| Addtech as lessee | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 |
| **Lease payments** | | | | |
| Lease payments made during the financial year | 88.8 | 90.6 | 3.4 | 4.0 |
| of which variable payments | 1.0 | 0.3 | – | – |
| Future minimum lease payments under non-cancellable contracts fall due as follows: | | | | |
| Within one year | 67.4 | 62.8 | 2.6 | 2.9 |
| Later than one year and within five years | 107.9 | 117.1 | 4.8 | 6.2 |
| Five years or later | 10.4 | 10.7 | – | – |
| **Total** | **185.7** | **190.6** | **7.4** | **9.1** |

Significant operating leases primarily constitute rental contracts for premises in which the Group conducts business.

### Addtech as lessor

Addtech received a total of SEK 1.6 million (1.0) in lease revenue during the financial year. SEK 2.2 million (0.9) remains to be received within one year, and thereafter a total of SEK 2.9 million (0.9) is receivable within five years. Most operating leases for which Group companies are lessors concern the rental of technical equipment to customers.

### Finance leases

At present there are no significant finance leases in the Group.

## NOTE 17 FINANCIAL NON–CURRENT ASSETS

| Group | 2009/2010 Financial investments | 2009/2010 Non-current receivables | 2009/2010 Total | 2008/2009 Financial investments | 2008/2009 Non-current receivables | 2008/2009 Total |
|---|---|---|---|---|---|---|
| **Accumulated acquisition cost** | | | | | | |
| Opening balance | 6.1 | 1.7 | 7.8 | 10.7 | 1.2 | 11.9 |
| Acquisition of companies | – | – | – | – | 1.9 | 1.9 |
| Deductions | –0.2 | –0.1 | –0.3 | –2.3 | –1.7 | –4.0 |
| Additions | 0.4 | 0.1 | 0.5 | 0.5 | 0.2 | 0.7 |
| The year's unrealised changes in value charged to the income statement | – | – | – | –3.6 | – | –3.6 |
| Translation effect for the year | –0.7 | –0.1 | –0.8 | 0.8 | 0.1 | 0.9 |
| **Closing balance** | **5.6** | **1.6** | **7.2** | **6.1** | **1.7** | **7.8** |
| **Accumulated impairment losses** | | | | | | |
| Opening balance | 0.0 | –0.1 | –0.1 | 0.0 | –0.1 | –0.1 |
| **Closing balance** | **0.0** | **–0.1** | **–0.1** | **0.0** | **–0.1** | **–0.1** |
| **Carrying amount at year-end** | **5.6** | **1.5** | **7.1** | **6.1** | **1.6** | **7.7** |

Financial investments primarily consist of shares in housing corporations.

| Receivables from Group companies | Parent Company 2009/2010 | Parent Company 2008/2009 |
|---|---|---|
| Opening balance | 853.3 | 381.5 |
| Increase during the year | 102.4 | 471.8 |
| Decrease during the year | –27.9 | – |
| **Carrying amount at year-end** | **927.8** | **853.3** |

| Other non-current securities holdings | Parent Company 2009/2010 | Parent Company 2008/2009 |
|---|---|---|
| Opening balance | 0.2 | 4.8 |
| The year's changes in value charged to the income statement | 1.4 | –3.6 |
| Deductions | –1.6 | –1.0 |
| **Carrying amount at year-end** | **–** | **0.2** |

This amount consists of a share option measured at fair value, with the change in value recognised in the income statement.

| Specification of participations in Group companies | Number of shares | Currency | Quotient value | Holding % | Carrying amount 31 Mar 10 | Carrying amount 31 Mar 09 |
|---|---|---|---|---|---|---|
| | Parent Company | | | | | |
| Addtech Equipment AB, 556199–7866, Järfälla | 5,000 | SEK | 100 | 100 | 205.0 | 201.6 |
| Addtech Nordic AB, 556236–3076, Stockholm | 1,750 | SEK | 100 | 100 | 298.7 | 293.2 |
| Addtech Business Support AB, 556625–7092, Stockholm | 1,000 | SEK | 100 | 100 | – | 2.8 |
| Addtech A/S, 68132, Copenhagen | 2 | DKK | | 100 | – | 91.6 |
| Betech Seals A/S, 10611342, Herlev | 20,000 | DKK | 100 | 100 | 91.6 | – |
| Metric Industrial Oy, 0200580–9, Espoo | 31,000 | EUR | 16.8 | 100 | 27.5 | 27.5 |
| Metric Industrial AB, 556093–6998, Sollentuna | 10,000 | SEK | 100 | 100 | 17.1 | 17.0 |
| Metric Industrial A/S, 19989305, Smørum | 1 | DKK | | 100 | 30.3 | 30.3 |
| Metric Industrial AS, 987209976, Trollåsen | 8,500 | NOK | 100 | 100 | 10.9 | 11.0 |
| **Total** | | | | | **681.1** | **675.0** |

A complete statutory specification is included as an annex to the annual accounts submitted to the Swedish Companies Registration Office. The specification can be obtained from Addtech AB. During the year, Addtech Business Support AB was merged with Addtech Nordic AB, and Addtech A/S was incorporated in Betech Seals A/S through a reverse merger.

| Shares in Group companies | Parent Company 2009/2010 | Parent Company 2008/2009 |
|---|---|---|
| **Accumulated acquisition cost** | | |
| Opening balance | 790.0 | 1,301.6 |
| Disposals | – | –25.0 |
| Intra-Group restructuring (disposal of subsidiaries) | –2.8 | –558.3 |
| Shareholder contributions | 8.9 | 71.7 |
| **Closing balance** | **796.1** | **790.0** |
| **Accumulated impairment losses** | | |
| Opening balance | –115.0 | –286.0 |
| Disposals | – | 211.0 |
| Impairment losses for the year | – | –40.0 |
| **Closing balance** | **–115.0** | **–115.0** |
| **Carrying amount at year-end** | **681.1** | **675.0** |
| **Carrying amount at start of year** | **675.0** | **1,015.6** |

## NOTE 18 INVENTORIES

| | 31 Mar 10 | 31 Mar 09 |
|---|---|---|
| Raw materials and consumables | 38.7 | 44.8 |
| Work in progress | 14.7 | 14.7 |
| Finished goods | 412.1 | 529.1 |
| **Total** | **465.5** | **588.6** |

The cost of sales for the Group includes impairment losses of SEK 15.6 million (14.6) on inventories. No significant reversals of prior impairment losses were made in 2009/2010 or 2008/2009.

## NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 31 Mar 10 | 31 Mar 09 | 31 Mar 10 | 31 Mar 09 |
| Rent | 9.7 | 9.6 | 0.6 | 1.0 |
| Insurance premiums | 5.9 | 6.8 | 1.8 | 2.2 |
| Pension costs | 1.9 | 3.6 | 0.5 | 0.5 |
| Lease payments | 1.9 | 2.0 | 0.0 | 0.0 |
| Other prepaid expenses | 15.0 | 13.5 | 0.8 | 0.5 |
| Other accrued income | 1.7 | 1.4 | 0.0 | 0.1 |
| **Total** | **36.1** | **36.9** | **3.7** | **4.3** |

## NOTE 20 SHAREHOLDERS' EQUITY

### GROUP

#### Other contributed capital
Refers to equity contributed by shareholders.

| | Group | |
|---|---|---|
| Reserves[1] | 2009/2010 | 2008/2009 |
| **Foreign currency translation reserve** | | |
| Opening translation reserve | 79.8 | 11.3 |
| Translation effect for the year | −49.8 | 68.5 |
| **Closing translation reserve** | **30.0** | **79.8** |
| **Hedging reserve** | | |
| Opening hedging reserve | 0.7 | −1.8 |
| Revaluations recognised in other comprehensive income | −0.7 | 10.3 |
| Recognised in the income statement upon disposal (other operating income/expenses) | −2.7 | −6.9 |
| Taxes attributable to the year's revaluations | 0.2 | −2.9 |
| Taxes attributable to disposals | 0.8 | 2.0 |
| **Closing hedging reserve** | **−1.7** | **0.7** |
| **Total reserves** | **28.3** | **80.5** |

[1] Refers to reserves attributable to equity holders of the Parent Company.

#### Foreign currency translation reserve
The translation reserve includes all exchange differences that arise in translating financial reports of foreign operations prepared in a currency other than the Group's presentation currency for financial reports. The Parent Company and Group present their financial reports in Swedish kronor (SEK).

#### Hedging reserve
The hedging reserve includes the effective portion of the accumulated net change in fair value for a cash-flow hedge attributable to hedge transactions that have not yet occurred.

#### Retained earnings, including profit for the year
Retained earnings including profit for the year include earnings in the Parent Company and its subsidiaries. Prior provisions to the legal reserve are included in this equity item.

#### Repurchased shares
Repurchased shares includes the acquisition cost of own shares held in treasury by the Parent Company (known as treasury shares). At the balance sheet date, the Group's holding of treasury shares was 466,800 (637,400).

#### Dividend
After the balance sheet date, the Board of Directors proposed a dividend of SEK 5.00 per share. The dividend is subject to approval by the Annual General Meeting on 24 August 2010.

### PARENT COMPANY

#### Restricted reserves
Restricted reserves are funds that cannot be paid out as dividends.

#### Legal reserve
The purpose of the legal reserve is to save a portion of net profit that will not be used to cover a loss carried forward.

#### Retained earnings
Retained earnings comprises the previous year's unrestricted equity, less any provision to the legal reserve and less any dividend paid. Together with profit for the year and any fair value reserve, retained earnings constitute the sum of unrestricted equity, that is, the amount available to be paid as dividends to shareholders.

#### Number of shares
The number of shares at 31 March 2010 consisted of 1,099,782 Class A shares, entitling the holders to 10 votes per share, and 21,633,050 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 2.25. The Company has repurchased 466,800 Class B shares, 111,800 of which during the 2009/2010 financial year, within the framework of the Company's ongoing repurchase programme. After subtracting repurchased shares, the number of Class B shares is 21,166,250, net.

| Number of shares outstanding | Class A shares | Class B shares | All share classes |
|---|---|---|---|
| At start of year | 1,102,470 | 20,992,962 | 22,095,432 |
| Repurchase of treasury shares | – | −111,800 | −111,800 |
| Personnel options exercised | – | 282,400 | 282,400 |
| Conversion of Class A shares to Class B shares | −2,688 | 2,688 | 0 |
| **At year-end** | **1,099,782** | **21,166,250** | **22,266,032** |

## NOTE 21 UNTAXED RESERVES

| Parent Company | 31 Mar 10 | 31 Mar 09 |
|---|---|---|
| Tax allocation reserve, allocation for tax assessment 2005 | – | 15.5 |
| Tax allocation reserve, allocation for tax assessment 2006 | 18.5 | 18.5 |
| Tax allocation reserve, allocation for tax assessment 2007 | 23.8 | 26.2 |
| Tax allocation reserve, allocation for tax assessment 2008 | 42.5 | 46.7 |
| Tax allocation reserve, allocation for tax assessment 2009 | 57.9 | 57.9 |
| Tax allocation reserve, allocation for tax assessment 2010 | 56.5 | 56.5 |
| Tax allocation reserve, allocation for tax assessment 2011 | 35.7 | – |
| Accumulated excess depreciation | 0.5 | 0.2 |
| **Closing balance** | **235.4** | **221.5** |

SEK 61.9 million of the Parent Company's total untaxed reserves of SEK 235.4 million represent deferred tax included in the deferred tax line item in the consolidated balance sheet..

The value of tax allocation reserves for each year was adjusted as a result of corrections requested from and accepted by the tax authority. The effects of these corrections were recognised in the 2009/2010 income statement.

## NOTE 22 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Addtech has defined-benefit pension plans in Sweden and Norway. In these plans, a pension is determined mainly by the salary received at the time of retirement. The plans cover many employees, but some defined-contribution plans also apply. Subsidiaries in other countries in the Group mainly have defined-contribution pension plans.

The Parent Company's data on pensions are reported in accordance with the Swedish Act on Safeguarding Pension Obligations.

#### Defined-benefit pension plans
These pension plans primarily comprise retirement pensions. Each employer generally has an obligation to pay a lifelong pension. Vesting is based on the number of years of employment. The employee must subscribe to the plan for a certain number of years to be fully entitled to retirement benefits. Each year increases the employee's entitlement to retirement benefits, which is recognised as pension earned during the period and as an increase in pensionobligations.

Some funded pension plans apply in Norway and Sweden. These pension obligations are secured by plan assets.

Addtech applies the "corridor" method. Corridor rules stipulate that part of the actuarial gains and losses be recognised in the income statement and balance sheet in the next period if they exceed the higher of:
– 10 percent of the present value of the pension obligation and
– 10 percent of the fair value of plan assets.

At the end of the year the actuarial losses equalled about 14.1 percent of the present value of pension obligations.

Owing to a lack of information, certain defined-benefit pension plans have previously been recognised as defined-contribution plans. The information now available regarding the defined-benefit plan in question is organised in a manner that enables its recognition as a defined-benefit plan as per IAS 19. As per UFR 5, the defined-benefit liability is recognised in the opening balance for shareholders' equity. The change in accounting for pensions was based on the transitional regulations by which an irrevocable choice is made to recognise the defined-benefit liability directly, as per IAS 8. At 1 April 2009, the pension liability was calculated at SEK 6 million for the defined benefit plans that could not be recognised as such previously.

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement UFR 6 of the Swedish Financial Reporting Board, this is a defined-benefit plan covering multiple employers. For the 2009/2010 financial year, the Company has not had access to information enabling it to report this plan as a defined-benefit plan. Thus the pension plan according to ITP and secured by insurance in Alecta is recognised as a defined-contribution plan. The year's fees for pension insurance with Alecta totalled SEK 11.6 million (10.4).

#### Defined–contribution pension plans
These plans are mainly retirement pension plans, disability pensions and family pensions. Premiums are paid on an ongoing basis during the year by each Group company to separate legal entities, such as insurance companies. The size of the premium is based on the salary. The pension cost for the period is included in the income statement.

## NOTE 22 Cont'd.

| | Group | | Parent Company | |
|---|---|---|---|---|
| Pension liability as per balance sheet | 31 Mar 10 | 31 Mar 09 | 31 Mar 10 | 31 Mar 09 |
| Pension liability PRI | 168.2 | 178.1 | 17.0 | 17.2 |
| Other pension obligations | 14.7 | 6.9 | – | – |
| **Total** | **182.9** | **185.0** | **17.0** | **17.2** |

| | Group | | Parent Company | |
|---|---|---|---|---|
| Reconciliation of net amount for pensions in the balance sheet | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 |
| Opening balance | 185.0 | 178.1 | 17.2 | 8.6 |
| Change in accounting for pensions | 5.9 | – | – | – |
| Adjusted opening balance | 190.9 | 178.1 | 17.2 | 8.6 |
| Taken over from subsidiaries | – | – | – | 8.6 |
| Cost of defined-benefit plans | 16.0 | 15.5 | 0.8 | 1.0 |
| Payment of pension benefits | –5.5 | –4.5 | –1.0 | –1.0 |
| Funds contributed by employer | –3.6 | –3.5 | – | – |
| Liabilities repaid | –15.1 | – | – | – |
| Translation effects | 0.0 | 0.4 | – | – |
| Other | 0.2 | –1.0 | – | – |
| **Net amount in balance sheet** | **182.9** | **185.0** | **17.0** | **17.2** |

| | Group | |
|---|---|---|
| Return on plan assets | 2009/2010 | 2008/2009 |
| Actual return on plan assets | 1.7 | 1.0 |
| Expected return on plan assets | 1.7 | 1.0 |
| **Actuarial gains/losses on plan assets during the period** | **0.0** | **0.0** |

### Obligations for employee benefits, defined-benefit pension plans

| | Group | | Parent Company | |
|---|---|---|---|---|
| Obligations for defined benefits and the value of plan assets | 31 Mar 10 | 31 Mar 09 | 31 Mar 10 | 31 Mar 09 |
| Wholly or partly funded obligations: | | | | |
| Present value of defined-benefit obligations | 48.8 | 34.2 | – | – |
| Fair value of plan assets | –33.8 | –22.2 | – | – |
| **Wholly or partly funded obligations, net** | **15.0** | **12.0** | **–** | **–** |
| Present value of unfunded defined-benefit obligations | 203.5 | 220.8 | 17.0 | 17.2 |
| **Net obligations before adjustments** | **218.5** | **232.8** | **17.0** | **17.2** |
| Adjustments: | | | | |
| Accumulated unrecognised actuarial gains (+) and losses (–) | –35.6 | –47.8 | – | – |
| **Net amount in the balance sheet (obligation +, asset –)** | **182.9** | **185.0** | **17.0** | **17.2** |
| The net amount is recognised under the following items in the balance sheet: | | | | |
| Financial non-current assets | – | 0.0 | – | – |
| Provisions for pensions and similar obligations | 182.9 | 185.0 | 17.0 | 17.2 |
| **Net amount in the balance sheet (obligation +, asset –)** | **182.9** | **185.0** | **17.0** | **17.2** |
| The net amount is divided among plans in the following countries: | | | | |
| Sweden | 177.5 | 181.6 | 17.0 | 17.2 |
| Norway | 5.4 | 3.4 | – | – |
| **Net amount in the balance sheet (obligation +, asset –)** | **182.9** | **185.0** | **17.0** | **17.2** |

| | Group | |
|---|---|---|
| Changes in the obligation for defined-benefit plans recognised in the balance sheet | 2009/2010 | 2008/2009 |
| Opening balance | 255.0 | 215.5 |
| Change in accounting for pensions | 16.0 | – |
| Adjusted opening balance | 271.0 | 215.5 |
| Pensions earned during the period | 8.5 | 6.9 |
| Interest on obligations | 9.9 | 9.1 |
| Benefits paid | –6.8 | –5.7 |
| Actuarial gain or loss | –10.3 | 25.1 |
| Liabilities repaid | –17.9 | – |
| Translation effects | –2.2 | 3.0 |
| Other | 0.1 | 1.1 |
| **Present value of pension obligations** | **252.3** | **255.0** |

| | Group | |
|---|---|---|
| Changes in plan assets | 2009/2010 | 2008/2009 |
| Opening balance | 22.2 | 18.5 |
| Change in accounting for pensions | 10.1 | – |
| Adjusted opening balance | 32.3 | 18.5 |
| Funds contributed by employer | 3.6 | 3.5 |
| Benefits paid | –1.3 | –1.2 |
| Expected return on plan assets | 1.7 | 1.0 |
| Actuarial gain or loss | 0.0 | 0.0 |
| Translation effects | –1.4 | 1.9 |
| Other | –1.1 | –1.5 |
| **Fair value of plan assets** | **33.8** | **22.2** |

## NOTE 22 Cont'd.

| The year's change in unrecognised actuarial gains (+) and losses (–) | Group | | | | |
|---|---|---|---|---|---|
| | 2009/2010 | 2008/2009 | 2007/2008 | 2006/2007 | 2005/2006 |
| Changes in actuarial assumptions | –6.1 | 21.9 | 12.5 | –14.8 | 19. 1 |
| Experience-based changes | –4.2 | 3.2 | –1.0 | 1.3 | – 3.3 |
| **Total** | **–10.3** | **25.1** | **11.5** | **–13.5** | **15. 8** |

| Pension costs | Group | | Parent Company | |
|---|---|---|---|---|
| | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 |
| **Defined-benefit pension plans** | | | | |
| Cost for pensions earned during the year | 8.5 | 6.9 | 0.2 | 0.0 |
| Amortized liabilities | –2.5 | – | – | – |
| Interest expense | 9.9 | 9.1 | 0.7 | 1.0 |
| Expected return on plan assets | –1.7 | –1.0 | – | – |
| Recognised actuarial gains (–) and losses (+) | 1.8 | 0.5 | – | – |
| **Total cost of defined-benefit plans** | **16.0** | **15.5** | **0.9** | **1.0** |
| Total cost of defined-contribution plans | 63.4 | 69.5 | 4.2 | 3.3 |
| Social security costs on pension costs | 9.8 | 10.8 | 1.2 | 1.1 |
| **Total cost of benefits after termination of employment** | **89.2** | **95.8** | **6.3** | **5.4** |

| Allocation of pension costs in the income statement | Group | |
|---|---|---|
| | 2009/2010 | 2008/2009 |
| Costs of goods sold | 14.7 | 17.3 |
| Selling and administrative expenses | 66.3 | 70.4 |
| Net financial items | 8.2 | 8.1 |
| **Total pension costs** | **89.2** | **95.8** |

| Actuarial assumptions | 2009/2010 | | 2008/2009 | |
|---|---|---|---|---|
| | Sweden | Norway | Sweden | Norway |
| The following material actuarial assumptions were applied in calculating obligations: | | | | |
| Discount rate, 1 April | 3.70% | 3.80% | 4.20% | 4.50% |
| Discount rate, 31 March | 3.80% | 4.00% | 3.70% | 3.80% |
| Expected return on plan assets | 4.50% | 5.20% | – | 5.80% |
| Future salary increases | 2.00–3.50% | 4.50% | 2.00–3.50% | 4.00% |
| Future increases in pensions (change in income base amount) | 3.00% | – | 3.00% | – |
| Employee turnover | 5.00% | 2.00–5.00 % | 5.00% | 2.00–5.00 % |
| Expected "G regulation" | – | 4.25% | – | 3.75% |
| Mortality table | FFFS 2007:31 | K2005 | FFFS 2007:31 | K2005 |

Future increases in pensions are based on inflation assumptions. Remaining period of employment (mortality) is based on statistical tables prepared by Finansinspektionen (Sweden's Financial Supervisory Authority) and the Insurance Society, in Sweden FFFS 2007:31 and in Norway K2005. Expected G regulation is used in the calculations in Norway and corresponds to Sweden's basic amount.

## NOTE 23 PROVISIONS

| Group 2009/2010 | Premises | Personnel | Warranties | Other | Total |
|---|---|---|---|---|---|
| Carrying amount at start of period | 1.2 | 1.3 | 4.6 | – | 7.1 |
| Provisions made during the period | – | 1.0 | 0.7 | 1.5 | 3.2 |
| Amounts utilised during the period | –0.1 | –1.9 | –0.1 | – | –2.1 |
| Unutilised amounts reversed | –0.6 | –0.2 | – | – | –0.8 |
| Translation effects | 0.0 | – | –0.1 | – | –0.1 |
| **Carrying amount at end of period** | **0.5** | **0.2** | **5.1** | **1.5** | **7.3** |

### Premises
The provision for premises refers to premises that the Group has vacated and cannot sublet or use during the remainder of the lease.

### Personnel
The provision refers to costs of personnel, including estimated remuneration upon termination of employment in connection with changes in operations. A provision is made when there is an approved restructuring plan and the restructuring has been announced.

### Warranties
The provision is calculated based on historical data for warranties associated with products and services.

### Other
Other includes provisions not classified under premises, personnel or warranties, such as equipment that cannot be used due to changes in operations. All provisions are classified as short-term and are expected to lead to an outflow of resources within 12 months of the balance sheet date.

## NOTE 24 NON-CURRENT INTEREST-BEARING LIABILITIES

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 31 Mar 10 | 31 Mar 09 | 31 Mar 10 | 31 Mar 09 |
| Liabilities to credit institutions: | | | | |
| Maturing within 2 years | – | 22.5 | – | 22.1 |
| **Total non-current liabilities to credit institutions** | **–** | **22.5** | **–** | **22.1** |
| Other interest–bearing liabilities: | | | | |
| Maturing within 2 years | 2.4 | 6.7 | – | – |
| Maturing within 3 years | 1.0 | 0.8 | – | – |
| Maturing within 4 years | 0.4 | 0.1 | – | – |
| Maturing within 5 years | 0.2 | 0.1 | – | – |
| Maturing in five years or later | – | 0.0 | – | – |
| **Total other non-current interest-bearing liabilities** | **4.0** | **7.7** | **–** | **–** |
| **Total** | **4.0** | **30.2** | **–** | **22.1** |

The Addtech Group's non–current liabilities to credit institutions are divided among currencies as follows:

| | 31 Mar 10 | | 31 Mar 09 | |
|---|---|---|---|---|
| Currency | Local currency | SEKm | Local currency | SEKm |
| EUR | – | – | 0.0 | 0.4 |
| DKK | – | – | 15.0 | 22.1 |
| **Total** | | **–** | | **22.5** |

| | Parent Company | |
|---|---|---|
| | 31 Mar 10 | 31 Mar 09 |
| Liabilities to Group companies | 220.8 | 38.6 |
| **Total** | **220.8** | **38.6** |

The Parent Company's liabilities to Group companies have no fixed maturity dates.

## NOTE 25 CURRENT INTEREST-BEARING LIABILITIES

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 31 Mar 10 | 31 Mar 09 | 31 Mar 10 | 31 Mar 09 |
| **Bank overdraft facility** | | | | |
| Approved credit limit | 436.5 | 437.9 | 430.0 | 430.0 |
| Unutilised portion | –434.2 | –435.5 | –430.0 | –430.0 |
| **Credit amount utilised** | **2.3** | **2.4** | **0.0** | **0.0** |
| Other liabilities to credit institutions | 21.3 | 172.9 | 20.9 | 172.1 |
| Other interest-bearing liabilities | 7.2 | 15.7 | – | – |
| **Total** | **30.8** | **191.0** | **20.9** | **172.1** |

The Addtech Group's current liabilities to credit institutions are divided among currencies as follows:

| | 31 Mar 10 | | 31 Mar 09 | |
|---|---|---|---|---|
| Currency | Local currency | SEKm | Local currency | SEKm |
| SEK | 11.1 | 11.1 | 150.0 | 150.0 |
| EUR | 0.0 | 0.4 | 0.1 | 0.8 |
| DKK | 7.5 | 9.8 | 15.0 | 22.1 |
| **Total** | | **21.3** | | **172.9** |

All loans are subject to a variable interest rate that, at 31 March 2010, was 0.75 percent for loans in SEK, 1.53 percent for loans in DKK and 1.62 percent for loans in EUR.

## NOTE 26 ACCRUED EXPENSES AND DEFERRED INCOME

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 31 Mar 10 | 31 Mar 09 | 31 Mar 10 | 31 Mar 09 |
| Rental revenue | 0.2 | 0.3 | – | – |
| Other deferred income | 3.8 | 3.6 | – | – |
| Salaries and holiday pay | 98.9 | 125.2 | 3.5 | 3.2 |
| Social security contributions and pensions | 56.1 | 61.6 | 3.5 | 5.3 |
| Other accrued expenses | 28.6 | 36.1 | 2.0 | 1.9 |
| **Total** | **187.6** | **226.8** | **9.0** | **10.4** |

Other accrued expenses mainly consist of overhead accruals.

## NOTE 27 PLEDGED ASSETS AND CONTINGENT LIABILITIES

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 31 Mar 10 | 31 Mar 09 | 31 Mar 10 | 31 Mar 09 |
| **Pledged assets for liabilities to credit institutions** | | | | |
| Real estate mortgages | 0.4 | 1.2 | – | – |
| Floating charges | 14.2 | 5.0 | – | – |
| Other pledged assets | 2.8 | 0.1 | – | – |
| **Total** | **17.4** | **6.3** | **–** | **–** |
| **Contingent liabilities** | | | | |
| Guarantees and other contingent liabilities | 5.7 | 14.7 | 0.3 | 0.2 |
| Guarantees for subsidiaries | – | – | 140.9 | 153.6 |
| **Total** | **5.7** | **14.7** | **141.2** | **153.8** |

## NOTE 28 CASH FLOW STATEMENT

| | Group | | Parent Company | |
|---|---|---|---|---|
| Adjustment for items not included in cash flow | 2009/2010 | 2008/2009 | 2009/2010 | 2008/2009 |
| Depreciation/Amortisation | 76.8 | 72.8 | 0.7 | 0.8 |
| Gain/Loss on sale of companies and change in fair value on sale of of non-current assets | –1.4 | –25.7 | –1.4 | –7.4 |
| Change in pension liability | 9.7 | 6.8 | –0.2 | – |
| Group contributions/dividends not paid | – | – | –114.5 | –205.0 |
| Impairment losses on shares in Group companies | – | – | – | 40.0 |
| Other | –2.4 | 1.6 | – | 0.7 |
| **Total** | **82.7** | **55.5** | **–115.4** | **–170.9** |

For the Group, interest received during the year totalled SEK 4.0 million (5.8), interest paid SEK 6.0 million (17.0). For the Parent Company, interest received during the year was SEK 26.6 million (33.5), interest paid SEK 6.3 million (23.5).

The following adjustments were made as a result of the value of assets and liabilities in companies acquired during the year, together with adjustments such as additional purchase consideration paid for acquisitions made in previous years:

| | 2009/2010 | 2008/2009 |
|---|---|---|
| Non-current assets | 5.5 | 96.1 |
| Inventories | 4.1 | 16.6 |
| Receivables | 9.5 | 24.8 |
| Cash and cash equivalents | 8.0 | 25.9 |
| **Total** | **27.1** | **163.4** |
| Interest-bearing liabilities and provisions | –13.1 | –2.0 |
| Non-interest–bearing liabilities and provisions | 10.6 | 35.6 |
| **Total** | **–2.5** | **33.6** |
| Purchase consideration paid | –29.6 | –129.8 |
| Cash and cash equivalents in acquired companies | 8.0 | 25.9 |
| **Effect on the Group's cash and cash equivalents** | **–21.6** | **–103.9** |

## NOTE 28 Cont'd.

The following adjustments were made as a result of the value of assets and liabilities in companies sold during the year.

| | 2009/2010 | 2008/2009 |
|---|---|---|
| Non-current assets | – | –31.1 |
| Inventories | – | –3.2 |
| Receivables | – | –6.3 |
| Cash and cash equivalents | – | –3.6 |
| **Total** | **–** | **–44.2** |
| Capital gain on sold companies | – | –16.5 |
| Non-interest-bearing liabilities and provisions | – | 11.1 |
| **Total** | **–** | **–5.4** |
| Purchase consideration received | – | 49.6 |
| Cash and cash equivalents in companies sold | – | –3.6 |
| **Effect on the Group's cash and cash equivalents** | **–** | **46.0** |

| Year's acquisitions of operations | | | | |
|---|---|---|---|---|
| Company | Country | Acquisition date | Ownership, % | Acquisition price |
| Switchgear AB | Sweden | 2009–12–01 | 100% | 22.1 |

All businesses acquired during the year were consolidated in the accounts using the acquisition method.

### Cash and cash equivalents

Cash and cash equivalents in the cash flow statement consist of cash at banks and on hand. The same definition applied to determine cash and cash equivalents in the balance sheet was applied in the cash flow statement.

## NOTE 29 ACQUISITIONS OF COMPANIES

### Acquisitions in 2009/2010

One company was acquired during the year (see Note 28). This acquisition had annual revenue of SEK 50 million. Assets and liabilities included in the acquisition were as follows.

| | Carrying amount at acquisition date | Adjustment to fair value | Fair value |
|---|---|---|---|
| Supplier relationships | – | 7.3 | 7.3 |
| Trademarks | – | – | – |
| Other intangible non-current assets | – | – | – |
| Property, plant and equipment | 0.2 | – | 0.2 |
| Financial non-current assets | – | – | – |
| Inventories | 4.0 | – | 4.0 |
| Current receivables | 9.5 | – | 9.5 |
| Cash and cash equivalents | 8.0 | – | 8.0 |
| Deferred tax liability/tax asset | –0.4 | –1.9 | –2.3 |
| Non-current liabilities | – | – | – |
| Current liabilities | –9.9 | – | –9.9 |
| **Net assets acquired** | **11.4** | **5.4** | **16.8** |
| Goodwill | | | 5.3 |
| **Purchase consideration [1]** | | | **22.1** |
| Less: cash and cash equivalents in acquired businesses | | | –8.0 |
| Less: purchase consideration not yet paid | | | –1.9 |
| **Effect on the Group's cash and cash equivalents** | | | **12.2** |

[1] The purchase consideration is stated including SEK 0.2 million in acquisition expenses.

The purchase consideration for this acquisition totalled SEK 22 million, of which SEK 13 million was allocated to goodwill and other intangible assets based on a preliminary acquisition analysis. The acquisition had an effect of SEK 10 million on the Addtech Group's revenue, SEK 0 million on operating profit and SEK 0 million on profit after tax for the period.

Had the acquisition been completed at 1 April 2009, its impact would have been an estimated SEK 42 million on Group revenue, about SEK 3 million on operating profit and about SEK 2 million on profit after tax for the period.

The values allocated to intangible non-current assets, in this case supplier relationships, were assessed as the discounted value of future cash flows. The amortisation period is determined by estimating the annual decrease in revenue attributable to each asset. Supplier relationships are generally amortised over a period of 10–33 years.

The goodwill arising in connection with this acquisition is a result of expectations that the Group's position in that market will strengthen and as a result of the knowledge accumulated in the acquired company.

## NOTE 30 EARNINGS PER SHARE (EPS) BEFORE AND AFTER DILUTION

| | 2009/2010 | 2008/2009 |
|---|---|---|
| EPS, before dilution (SEK) | 6.60 | 12.05 |
| EPS, after dilution (SEK) | 6.60 | 11.95 |

See the definitions on page 55 for the method of calculation.

The numerators and denominators used to calculate the above EPS are derived as stated below.

### EPS, before dilution

The calculation of earnings per share for 2009/2010 is based on earnings attributable to the equity holders of the Parent Company, totalling SEK 147 million (267), and a weighted average number of shares outstanding during 2009/2010 of 22,204 thousand (22,112). The two components were calculated in the following manner.

| | 2009/2010 | 2008/2009 |
|---|---|---|
| Profit for the year attributable to the equity holders of the Parent Company, before dilution (SEKm) | 147 | 267 |

### Weighted average number of shares outstanding, before dilution

| In thousands of shares | 2009/2010 | 2008/2009 |
|---|---|---|
| Total number of shares 1 April | 22,095 | 22,208 |
| Effect of treasury shares held | 109 | –96 |
| **Weighted average number of shares during the year, before dilution** | **22,204** | **22,112** |

### EPS, after dilution

The calculation of diluted EPS for 2009/2010 is based on profit attributable to the equity holders of the Parent Company, totalling SEK 147 million (267), and a weighted average number of shares outstanding during 2009/2010 of 22,249 thousand (22,276). The two components were calculated in the following manner:

| | 2009/2010 | 2008/2009 |
|---|---|---|
| Profit for the year attributable to the equity holders of the Parent Company, after dilution (SEKm) | 147 | 267 |

### Weighted average number of shares outstanding, after dilution

| In thousands of shares | 2009/2010 | 2008/2009 |
|---|---|---|
| Weighted average number of shares during the year, before dilution | 22,204 | 22,112 |
| Effect of share options issued | 45 | 164 |
| **Weighted average number of shares during the year, after dilution** | **22,249** | **22,276** |

## NOTE 31 ADDITIONAL DISCLOSURES

Addtech AB, corporate ID number 556302–9726, is the Parent Company of the Group. The Company's registered office is in Stockholm, Stockholm County, and by Swedish law Addtech AB is a limited liability company.

Head office address:
Addtech AB
Box 5112
SE–102 43 Stockholm, Sweden
Telephone +46 8 470 49 00
Fax +46 8 470 49 01
Website: www.addtech.com

## NOTE 32 RELATED PARTY DISCLOSURES

For the Addtech Group, related parties mainly comprise members of senior management. Information about employee benefit expenses is provided in Note 6 Employees and Employee Benefit Expenses.

## NOTE 33 EVENTS AFTER THE BALANCE SHEET DATE

At 7 May, the Addtech Group's Life Science business area signed an agreement to acquire all shares in Immuno Diagnostic Oy. Immuno Diagnostic Oy sells reagents for diagnostics and research to laboratories at hospitals, colleges and universities and to pharmaceutical companies. The company has sales of approximately EUR 4 million. The date of transfer was 31 May 2010.

At 8 June, the Addtech Components business areas acquired 80 percent of the shares in Egil Eng & Co. AS is a technology trading company that sells components and customised solutions in hydraulics and mechanics. The company is a well known supplier to Norwegian manufacturers of agricultural and construction machinery, as well as to customers in the marine and offshore sector. The company has sales of about NOK 50 million. The date of transfer is estimated to be 1 July 2010.

# Proposed Allocation of Earnings

## Dividend

The Board of Directors proposes a dividend of SEK 5.00 (5.00) per share. The total dividend amounts to SEK 111 million (111). Addtech's dividend policy is to pay as a dividend more than 50 percent of average Group profit after tax over a business cycle. The proposed dividend represents a payout ratio of 76 percent (41).

## Proposed allocation of earnings

The following amounts are available for distribution by the Annual General Meeting of Addtech AB:

| | |
|---|---|
| Retained earnings | SEK 875 million |
| Profit for the year | SEK 97 million |
| | **SEK 972 million** |

The Board of Directors and the CEO propose that the funds available for distribution be allocated as follows:

| | |
|---|---|
| A dividend paid to shareholders of SEK 5.00 per share* | SEK 111 million |
| To be carried forward | SEK 861 million |
| | **SEK 972 million** |

*Based on the number of shares outstanding at 31 May 2010. The total dividend payout may change if the number of shares repurchased changes prior to the proposed dividend record date of 27 August 2010.

The Board of Directors deems the proposed dividend justifiable in the context of the demands on Group equity made by Addtech's operations, size and risks, and in the context of the Group's need for a strong balance sheet, liquidity and overall financial position.

At the balance sheet date, equity in the Parent Company included SEK –1 million (–2) resulting from financial assets and liabilities being measured at fair value in accordance with the Swedish Annual Accounts Act (Chapter 4, Section 14a).

## Assurance of the Board of Directors

The Board of Directors and the Chief Executive Officer deem the consolidated financial statements and annual accounts to be prepared in accordance with IFRS, as adopted by the EU, and with generally accepted accounting principles, and that they provide a true and fair overview of the financial position and results of operations of the Group and the Parent Company. The administration report for the Group and the Parent Company gives a true and fair overview of the Group's and the Parent Company's operating activities, financial position and results of operations and describes significant risks and uncertainties to which the Parent Company and the companies that comprise the Group are exposed. The results of operations and financial position of the Group and the Parent Company are shown in the income statements, balance sheets, cash flow statements and notes to the financial statements.

**Stockholm, 21 June 2010**

Anders Börjesson
CHAIRMAN OF THE BOARD

Tom Hedelius
VICE CHAIRMAN OF THE BOARD

Eva Elmstedt
DIRECTOR

Lars Spongberg
DIRECTOR

Johan Sjö
DIRECTOR AND CHIEF EXECUTIVE OFFICER

**We submitted our auditor's report on 23 June 2010**

KPMG AB

Joakim Thilstedt
AUTHORISED PUBLIC ACCOUNTANT

# Auditor's Report

To the Annual General Meeting of **Addtech AB**
Corporate ID number 556302-9726

We have audited the annual accounts, the consolidated financial statements, the accounting records and the administration of the Board of Directors and Chief Executive Officer of Addtech AB for the financial year 1 April 2009–31 March 2010. The annual accounts of the Company are included in the printed version of this document on pages 10–48. The Board of Directors and CEO are responsible for these accounts and the administration of the Company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements and the administration based on our audit.

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

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The corporate governance report has been prepared in accordance with the Annual Accounts Act. The statutory administration report and corporate governance report are consistent with the other parts of the annual accounts and the consolidated financial statements.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the statutory administration report and that the CEO and the members of the Board of Directors be discharged from liability for the financial year.

Stockholm, 23 June 2010

KPMG AB

Joakim Thilstedt
AUTHORISED PUBLIC ACCOUNTANT

# Board of Directors

**Anders Börjesson**
M.Sc. Econ. Born in 1948.

Board Chairman since 2001.

Other board assignments: Chairman of Cibenon, Lagercrantz Group and Stockholms Byggplåt. Vice Chairman of B&B TOOLS. Director of Boomerang, Bostad Direkt, Futuraskolan and Inomec.

Professional experience: CEO of Bergman & Beving.

Ownership (family): 496,920 Class A shares and 40,000 Class B shares.

**Eva Elmstedt**
BA. Born in 1960.

Director since 2005.

Vice President Customer Support, Ericsson AB.

Other board assignments: Director of Proact.

Professional experience: Senior management at Ericsson, Hi3G Access AB "3", IBM and Semcon.

Ownership: 2,300 Class B shares.

**Tom Hedelius**
M.Sc. Econ., Hon. Dr. of Economics. Born in 1939.

Vice Chairman since 2001.

Other board assignments: Honorary Chairman of Svenska Handelsbanken. Chairman of Anders Sandrews Stiftelse, B&B TOOLS and Jan Wallanders and Tom Hedelius Stiftelse. Vice Chairman of Lagercrantz Group. During the year, Tom Hedelius was also Chairman of the Board of Industrivärden and Director of L E Lundbergföretagen, SCA and other companies.

Professional experience: Board Chairman, CEO and managerial positions at Svenska Handelsbanken.

Ownership (family): 481,920 Class A shares and 5,400 Class B shares.

**Lars Spongberg**
M.Sc. Econ., LL M. Born in 1945.

Director since 2001.

Industrial Adviser in Nordic Capital.

Other board assignments: Director of BE Group, Cobolt, Elos, Intervalor, Skyways Holding and others.

Professional experience: Senior management at Spectra Physics, Autoliv, Svenska Handelsbanken, Electrolux and Swedish Match.

Ownership: 1,500 Class B shares.

**Johan Sjö**
B.Sc. Econ. Born in 1967.

President and CEO.

Director since 2008.

Employed in the Group since 2007.

Professional experience: Senior management at B&B TOOLS, prior to that Alfred Berg ABN Amro.

Ownership (family): 2,016 Class A shares and 18,800 Class B shares. Call options: 25,000.

# Group Management

**Johan Sjö**
B.Sc. Econ. Born in 1967.

President and CEO.

Director since 2008.

Employed in the Group since 2007.

Professional experience: Senior management at B&B TOOLS, prior to that Alfred Berg ABN Amro.

Ownership (family): 2,016 Class A shares and 18,800 Class B shares. Call options: 25,000.

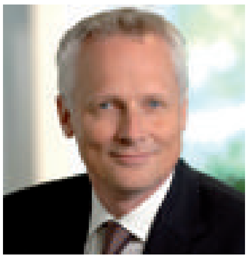
**Göran Brandt**
B.Sc. Eng. and Market Economist. Born in 1951.

Business Area Manager, Addtech Life Science

Employed in the Group since 1986.

Professional experience: Self-employed business owner and various managerial positions at Bergman & Beving.

Ownership (family): 13,000 Class B shares. Call options: 14,400.



**Anders Claeson**
M.Eng. Born in 1956.

Executive Vice President and Business Area Manager, Addtech Components.

Employed in the Group since 1982.

Professional experience: Various managerial positions at Bergman & Beving.

Ownership: 66,876 Class B shares. Call options: 19,700.

**Åke Darfeldt**
Economics at the University of Gothenburg. Born in 1954.

Business Area Manager, Addtech Energy & Equipment.

Employed in the Group since 1984.

Professional experience: Sales manager Singer Products, President and owner of CellTech AB and various managerial positions at Bergman & Beving.

Ownership: 25,900 Class B shares. Call options: 13,500.

**Håkan Franzén**
M.Eng. Born in 1951.

Vice President and Business Area Manager, Addtech Industrial Solutions.

Employed in the Group since 1982.

Professional experience: Various managerial positions at Bergman & Beving.

Ownership: 22,500 Class B shares. Call options: 19,700.

## Auditor

KPMG AB

Responsible accountant:

**Joakim Thilstedt**
Authorised public accountant, Stockholm. Born in 1967. Joakim Thilstedt has had main responsibility for auditing the Addtech Group since 2008/2009 and also works on the audits of Lagercrantz Group, Skanska and Ahlsell. In 2009/2010, KPMG AB had audit assignments for about 23 percent of the companies listed on NASDAQ OMX Stockholm.

# Addtech Share

The Addtech share is listed on NASDAQ OMX Stockholm. Since its listing in September 2001 until mid-June 2010, the total return on the share has averaged 16 percent per year.

## Market performance of the share and turnover

The highest price paid during the year was SEK 125.00 and was noted on 4 and 5 February 2010. The lowest was SEK 73.50 on 1 April 2009. The final price paid before the end of the financial year was SEK 121.75 on 31 March 2010. The value of the Addtech share rose 63 percent (–42) during the financial year. The OMX Stockholm index on the NASDAQ OMX Stockholm Exchange gained 62 percent (–36) during the corresponding period, and the OMX Industrials index gained 72 percent (–45).

During the period 1 April 2009–31 March 2010, 4.6 million (4.0) shares were traded with an aggregate value of approximately SEK 496 million (435). Relative to the average number of Class B shares outstanding, this is equivalent to a turnover rate of 21 percent (18). Broken down by trading day, an average of 19,000 (16,000) Addtech shares were traded at an average value of about SEK 1,990 thousand (1,728) per day.

## Share capital

The share capital in Addtech amounts to SEK 51,148,872 and is as of 31 May 2010 divided into 1,097,094 Class A shares and 21,635,738 Class B shares. The quotient value of each share is SEK 2.25. Each Class A share entitles its holder to 10 votes, each Class B share one vote. All shares entitle their holders to the same right to dividends. Only the Class B share is listed on NASDAQ OMX Stockholm.

## Repurchase of treasury shares

The Annual General Meeting (AGM) in August 2009 authorised the Board of Directors to repurchase a maximum of 10 percent of all shares in the Company during the time until the 2010 AGM. A total of 111,800 shares were repurchased during the financial year at an average price of SEK 113 per share. At 31 March 2010, the total number of shares held in treasury was 466,800, with an average purchase price of SEK 104. These shares correspond to 2.1 percent of the number of shares issued and 1.4 percent of the votes. Of total shares repurchased, 236,000 secured the Company's undertakings to holders of call options issued by the Company on repurchased Class B shares. The average number of treasury shares during the year was 528,410 (1,092,275).

## Incentive programme

The personnel option programme originally approved in December 2001 was concluded in February 2010. The programme comprised a total of 700,000 personnel options for 56 senior managers. To make this possible, an Extraordinary General Meeting of shareholders held on 17 December 2001 resolved that the Company transfer up to 700,000 Class B shares in the Company in connection with the possible exercise of these options. The exercise price was set at SEK 44.80, corresponding to 110 percent of the average price of the Addtech share on 3–7 December 2001. During the 2009/2010 financial year, 282,400 options were exercised to acquire 282,400 shares.

In accordance with a resolution of the August 2009 AGM, 22 members of senior management were offered to acquire 236,000 call options on Class B shares repurchased by the Company. The programme was fully subscirbed, and if all options are exercised the number of Class B shares outstanding will increase by 236,000 , equivalent to 1.1 percent of the total number of shares and 0.7 percent of the votes. The call options were transferred at a price of SEK 9.20 per option, equivalent to the fair value of the options based on an independent valuation. The redemption price of the call options is SEK 127.70, corresponding to 120 percent of the average share price during the period 31 August-11 September 2009.

## Dividend policy

The ambition of the Board of Directors is a payout ratio exceeding 50 percent of consolidated profit after tax averaged over a complete business cycle. Since the share was listed, the payout ratio, including the dividend proposed for the year, has averaged 60 percent.

## Proposals to the 2010 Annual General Meeting

### 1) Dividend

The Board of Directors proposes a dividend of SEK 5.00 per share (5.00), equivalent to a payout ratio of 76 percent (41) . The total dividend amounts to SEK 111 million (111).

### 2) Extension of repurchase mandate

The Board of Directors has decided to propose to the AGM that the mandate to repurchase shares be extended. The proposed mandate would entitle the Board of Directors to purchase shares such that the Company's holding at no time exceeds 10 percent of the total number of shares in the Company. Repurchases shall be made in the stock market. The proposed mandate would also allow the Board to use repurchased shares for acquisitions or to sell the shares outside the stock market to finance acquisitions.

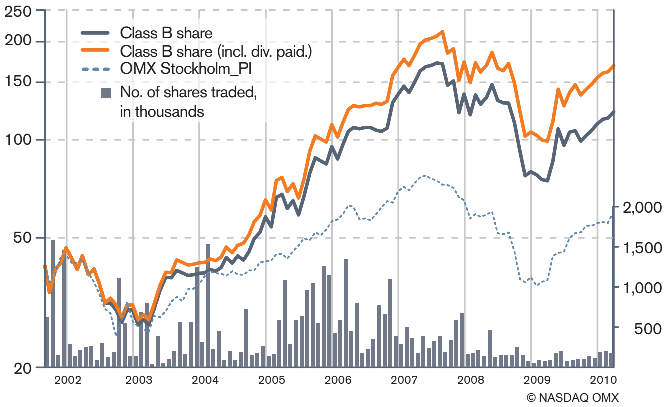
## Additional information

Addtech's website www.addtech.com is updated continuously with information about shareholder changes and the share price trend. The site also has information about which analysts follow Addtech.

## KEY INDICATORS

| | 2009/2010 | 2008/2009 | 2007/2008 |
|---|---|---|---|
| Earnings per share (EPS), SEK | 6.60 | 12.05 | 12.70 |
| Shareholders' equity per share, SEK | 36.10 | 37.20 | 29.90 |
| Price/earnings ratio | 18 | 6 | 10 |
| Dividend per share, SEK | 5.00[1] | 5.00 | 7.00 |
| Payout ratio, % | 76 | 41 | 55 |
| Dividend yield, % | 4.1 | 6.7 | 5.4 |
| Most recent price paid, SEK | 121.75 | 74.75 | 128.50 |
| Price/equity, multiple | 3.4 | 2.0 | 4.3 |
| Market capitalisation, SEKm | 2,711 | 1,652 | 2,854 |
| Average number of shares outstanding | 22,204,422 | 22,111,516 | 22,384,739 |
| Number of shares outstanding at year-end | 22,266,032[2] | 22,095,432 | 22,207,832 |
| Number of shareholders at year-end | 3,649 | 3,541 | 3,608 |

## ADDTECH B SHARE PRICE




## ADDTECH'S LARGEST SHAREHOLDERS, 31 MARCH 2010

| Shareholders | Class A shares | Class B shares | Proportion of capital | Proportion of votes |
|---|---|---|---|---|
| Anders Börjesson (family) | 496,920 | 40,000 | 2.4% | 15.6% |
| Tom Hedelius (family) | 481,920 | 5,400 | 2.2% | 15.0% |
| Swedbank Robur Fonder | | 2,579,442 | 11.6% | 8.0% |
| SEB Fonder | | 2,115,352 | 9.5% | 6.6% |
| Lannebo Fonder | | 2,078,000 | 9.3% | 6.5% |
| Odin Fonder | | 1,457,652 | 6.5% | 4.5% |
| Livförsäkringsbolaget Skandia | | 1,398,900 | 6.3% | 4.3% |
| Pär Stenberg | | 869,122 | 3.9% | 2.7% |
| Sandrew AB | | 600,000 | 2.7% | 1.9% |
| Säve Family | 10,000 | 438,931 | 2.0% | 1.7% |
| Fondita Nordic | | 498,000 | 2.2% | 1.5% |
| Nordea Investment Funds – Finland | | 478,554 | 2.1% | 1.5% |
| Christina Mörner | 10,000 | 346,411 | 1.6% | 1.4% |
| Handelsbanken fonder incl. XACT | | 441,688 | 2.0% | 1.4% |
| Margareta von Matérn | 10,000 | 341,661 | 1.6% | 1.4% |
| **Total 15 largest owners[3]** | **1,008,840** | **13,689,113** | **66.0%** | **73.9%** |

## SIZE CLASSES

| Number of shares | Proportion of share capital, % | Number of shareholders | Proportion of number of shareholders, % |
|---|---|---|---|
| 1 – 500 | 2 | 2,451 | 67 |
| 501 – 1,000 | 2 | 524 | 15 |
| 1,001 – 5,000 | 5 | 484 | 13 |
| 5,001 – 10,000 | 2 | 64 | 2 |
| 10,001 – 20,000 | 2 | 39 | 1 |
| 20,001 – | 87 | 87 | 2 |
| | **100** | **3,649** | **100** |

## HOLDINGS BY CATEGORY

| | Number of shareholders | Proportion of capital |
|---|---|---|
| Swedish owners | 3,472 | 85% |
| Foreign owners | 177 | 15% |
| **Total** | **3,649** | **100%** |
| | | |
| Legal entities | 397 | 71% |
| Natural persons | 3,252 | 29% |
| **Total** | **3,649** | **100%** |

## SHARE CAPITAL DEVELOPMENT

| | Class A | | | | | | Class B | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Event | Change in number | Number of shares | Proportion of capital, % | Number of votes | Proportion of votes, % | Change in number | Number of shares | Proportion of capital, % | Number of votes | Proportion of votes, % |
| At time of listing | | 1,840,286 | 7 | 18,402,860 | 41 | | 26,023,946 | 93 | 26,023,946 | 59 |
| **2001/2002** | | | | | | | | | | |
| Conversion of Class A shares to Class B shares | −726,808 | 1,113,478 | 4 | 11,134,780 | 29 | 726,808 | 26,750,754 | 96 | 26,750,754 | 71 |
| **2002/2003** | | | | | | | | | | |
| Conversion of Class A shares to Class B shares | −6,976 | 1,106,502 | 4 | 11,065,020 | 29 | 6,976 | 26,757,730 | 96 | 26,757,730 | 71 |
| **2003/2004** | | | | | | | | | | |
| Cancellation of Class B shares | | 1,106,502 | 4 | 11,065,020 | 30 | −1,350,000 | 24,407,730 | 96 | 25,407,730 | 70 |
| **2004/2005** | | | | | | | | | | |
| Cancellation of Class B shares | | 1,106,502 | 4 | 11,065,020 | 31 | −1,181,400 | 24,226,330 | 96 | 24,226,330 | 69 |
| Conversion of Class A shares to Class B shares | −2,688 | 1,103,814 | 4 | 11,038,140 | 31 | 2,688 | 24,229,018 | 96 | 24,229,018 | 69 |
| **2006/2007** | | | | | | | | | | |
| Cancellation of Class B shares | | 1,103,814 | 5 | 11,038,140 | 33 | −1,700,000 | 22,529,018 | 95 | 22,529,018 | 67 |
| **2008/2009** | | | | | | | | | | |
| Cancellation of Class B shares | | 1,103,814 | 5 | 11,038,140 | 34 | −900,000 | 21,629,018 | 95 | 21,629,018 | 66 |
| Conversion of Class A shares to Class B shares | −1,344 | 1,102,470 | 5 | 11,024,700 | 34 | 1,344 | 21,630,362 | 95 | 21,630,362 | 66 |
| **2009/2010** | | | | | | | | | | |
| Conversion of Class A shares to Class B shares | −2,688 | 1,099,782 | 5 | 10,997,820 | 34 | 2,688 | 21,633,050 | 95 | 21,633,050 | 66 |
| | | | | | | | | | | |
| Total number of shares | 22,732,832 | | | | | | | | | |
| Total number of votes | 32,630,870 | | | | | | | | | |

[1] Dividend proposed by the Board of Directors.
[2] The difference between the total number of shares and shares outstanding equals the shares repurchased by Addtech: 466,800 Class B shares at 31 March 2010.
[3] The proportion of capital and votes excludes the shares held in treasury by Addtech AB.

# Multi-Year Summary

Effective 1 April 2005, Addtech applies International Financial Reporting Standards (IFRS).
Comparative data for the 2004/2005 financial year have been restated to IFRS, but not data for 2003/2004 and earlier.

### Key Indicators

| SEKm, unless stated otherwise | 2009/2010 | 2008/2009 | 2007/2008 | 2006/2007 | 2005/2006 | 2004/2005 | 2003/2004 | 2002/2003 | 2001/2002 |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | 3,680 | 4,445 | 4,198 | 3,661 | 3,362 | 2,422 | 2,210 | 2,275 | 2,360 |
| Operating profit [1] | 216 | 376 | 415 | 360 | 271 | 170 | 96 | 98 | 86 |
| Financial income and expenses | –14 | –10 | –17 | –9 | –7 | –5 | –3 | –5 | –5 |
| Profit after financial items | 202 | 366 | 398 | 351 | 264 | 165 | 93 | 93 | 81 |
| Profit for the year | 150 | 271 | 287 | 256 | 194 | 119 | 65 | 65 | 55 |
| [1] For the purpose of comparison, data are provided on the following items included in the above operating profit: | | | | | | | | | |
| Sale of businesses | 0 | 1 | – | – | – | – | –7 | – | – |
| Sale of property | 0 | 24 | 0 | 4 | – | – | – | 13 | 4 |
| Closing of businesses | – | – | – | – | – | – | – | –9 | – |
| Listing costs | – | – | – | – | – | – | – | – | –3 |
| Redeployment costs | 0 | –35 | – | – | – | – | – | – | – |
| **Total** | **0** | **–10** | **0** | **4** | **–** | **–** | **–7** | **4** | **1** |
| Intangible non-current assets | 554 | 606 | 521 | 359 | 210 | 174 | 35 | 29 | 13 |
| Property, plant and equipment | 141 | 170 | 180 | 178 | 180 | 176 | 147 | 159 | 176 |
| Financial non-current assets | 8 | 8 | 12 | 18 | 15 | 10 | 11 | 7 | 6 |
| Inventories | 465 | 589 | 527 | 452 | 391 | 356 | 298 | 313 | 347 |
| Current receivables | 584 | 663 | 691 | 649 | 520 | 455 | 362 | 373 | 407 |
| Cash and cash equivalents | 50 | 84 | 78 | 73 | 110 | 159 | 121 | 97 | 92 |
| **Total assets** | **1,802** | **2,120** | **2,009** | **1,729** | **1,426** | **1,330** | **974** | **978** | **1,041** |
| Shareholders' equity | 803 | 822 | 664 | 547 | 459 | 460 | 410 | 432 | 417 |
| Non-controlling interests | 11 | 11 | 12 | 9 | 6 | 5 | 4 | 3 | 6 |
| Interest-bearing liabilities and provisions | 218 | 406 | 434 | 332 | 215 | 189 | 99 | 101 | 166 |
| Non-interest-bearing liabilities and provisions | 770 | 881 | 899 | 841 | 746 | 676 | 461 | 442 | 452 |
| **Total shareholders' equity and liabilities** | **1,802** | **2,120** | **2,009** | **1,729** | **1,426** | **1,330** | **974** | **978** | **1,041** |
| Capital employed | 1,032 | 1,239 | 1,110 | 888 | 680 | 656 | 513 | 536 | 589 |
| Operating capital | 982 | 1,155 | 1,032 | 814 | 570 | 497 | 392 | 439 | 497 |
| Financial net liabilities | 168 | 322 | 356 | 259 | 105 | 32 | –22 | 4 | 74 |
| Operating margin, % | 5.9 | 8.5 | 9.9 | 9.8 | 8.1 | 7.0 | 4.3 | 4.2 | 3.6 |
| Profit margin, % | 5.5 | 8.2 | 9.5 | 9.6 | 7.9 | 6.8 | 4.2 | 4.0 | 3.4 |
| Return on equity, % | 18 | 36 | 48 | 54 | 41 | 28 | 15 | 15 | 12 |
| Return on capital employed, % | 19 | 33 | 42 | 48 | 41 | 32 | 19 | 18 | 15 |
| Return on working capital (P/WC), % | 30 | 45 | 57 | 61 | 52 | 38 | 25 | 21 | 18 |
| Equity ratio, % | 45 | 39 | 34 | 32 | 33 | 35 | 42 | 44 | 41 |
| Debt/equity ratio, multiple | 0.3 | 0.5 | 0.6 | 0.6 | 0.5 | 0.4 | 0.2 | 0.2 | 0.4 |
| Interest coverage ratio, multiple[3] | 12.4 | 14.7 | 18.9 | 25.5 | 24.2 | 17.7 | 10.5 | 8.6 | 6.9 |
| Net debt/EBITDA, multiple | 0.6 | 0.7 | 0.8 | 0.6 | 0.3 | 0.2 | –0.2 | 0.0 | 0.6 |
| Earnings per share (EPS), SEK | 6.60 | 12.05 | 12.70 | 11.15 | 8.00 | 4.85 | 2.50 | 2.45 | 1.90 |
| EPS, after dilution, SEK | 6.60 | 11.95 | 12.50 | 11.00 | 7.90 | 4.80 | 2.50 | 2.45 | 1.90 |
| Cash flow per share, SEK | 13.20 | 13.90 | 14.45 | 9.25 | 11.00 | 8.10 | 6.20 | 6.40 | 1.50 |
| Shareholders' equity per share, SEK | 36.10 | 37.20 | 29.90 | 24.40 | 19.90 | 18.80 | 16.70 | 16.80 | 15.70 |
| Dividend per share, SEK | 5.00[2] | 5.00 | 7.00 | 6.00 | 4.00 | 2.75 | 2.00 | 1.50 | 1.20 |
| Average number of shares outstanding after repurchases, '000s | 22,204 | 22,112 | 22,385 | 22,652 | 24,073 | 24,486 | 25,534 | 26,446 | 27,496 |
| Average number of shares adjusted for dilution, '000s | 22,249 | 22,276 | 22,678 | 22,977 | 24,366 | 24,616 | 25,534 | 26,446 | 27,496 |
| Market price of share at 31 March, SEK | 121.75 | 74.75 | 128.50 | 149.75 | 106.00 | 68.00 | 39.50 | 27.00 | 43.00 |
| Turnover rate of the share, % | 21 | 18 | 20 | 29 | 41 | 13 | 21 | 20 | 29 |
| Cash flow from operating activities | 293 | 307 | 324 | 209 | 265 | 197 | 159 | 169 | 41 |
| Cash flow from investing activities | –43 | –85 | –196 | –183 | –124 | –124 | –32 | –41 | –9 |
| Cash flow from financing activities | –284 | –217 | –123 | –63 | –192 | –35 | –103 | –123 | –90 |
| Cash flow for the year | –34 | 5 | 5 | –37 | –51 | 38 | 24 | 5 | –58 |
| Average number of employees | 1,335 | 1,532 | 1,368 | 1,235 | 1,198 | 958 | 996 | 1,072 | 1,155 |
| Number of employees at year-end | 1,323 | 1,426 | 1,537 | 1,306 | 1,211 | 1,198 | 966 | 1,035 | 1,100 |

[2] As proposed by the Board of Directors.
[3] The definition of interest coverage ratio was changed in the 2008/2009 final accounts (see definitions). Comparative data have been restated as from 2005/2006.

| Quarterly data | 2009/2010 | | | | 2008/2009 | | | |
|---|---|---|---|---|---|---|---|---|
| Revenue by business area | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Components | 255 | 224 | 204 | 225 | 268 | 277 | 259 | 302 |
| Energy & Equipment | 187 | 190 | 164 | 194 | 194 | 253 | 215 | 226 |
| Industrial Solutions | 312 | 303 | 274 | 302 | 369 | 425 | 408 | 422 |
| Life Science | 219 | 219 | 185 | 232 | 228 | 228 | 177 | 208 |
| Parent Company and Group items | –2 | –3 | –2 | –2 | –2 | –5 | –3 | –4 |
| **Addtech Group** | **971** | **933** | **825** | **951** | **1,057** | **1,178** | **1,056** | **1,154** |

| Quarterly data | 2009/2010 | | | | 2008/2009 | | | |
|---|---|---|---|---|---|---|---|---|
| Profit by business area | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Components | 14 | 9 | 6 | 7 | 14 | 20 | 25 | 31 |
| Energy & Equipment | 16 | 21 | 14 | 19 | 15 | 22 | 25 | 23 |
| Industrial Solutions | 18 | 13 | 10 | 11 | 18 | 30 | 39 | 42 |
| Life Science | 22 | 15 | 12 | 22 | 21 | 17 | 12 | 24 |
| Parent Company and Group items | –4 | –3 | –1 | –5 | 7 | –1 | –4 | –4 |
| **Operating profit** | **66** | **55** | **41** | **54** | **75** | **88** | **97** | **116** |
| – as % of revenue | 6.8 | 5.9 | 5.0 | 5.7 | 7.1 | 7.5 | 9.2 | 10.1 |
| Financial income and expenses | –3 | –3 | –4 | –4 | –2 | 0 | –3 | –5 |
| **Profit after financial items** | **63** | **52** | **37** | **50** | **73** | **88** | **94** | **111** |
| – as % of revenue | 6.5 | 5.6 | 4.5 | 5.3 | 6.9 | 7.5 | 8.9 | 9.6 |

| Revenue by business area | | | |
|---|---|---|---|
| SEKm | 2009/2010 | 2008/2009 | 2007/2008 |
| Components | 908 | 1,106 | 1,095 |
| Energy & Equipment | 735 | 888 | 839 |
| Industrial Solutions | 1,191 | 1,624 | 1,525 |
| Life Science | 855 | 841 | 752 |
| Parent Company and Group items | –9 | –14 | –13 |
| **Addtech Group** | **3,680** | **4,445** | **4,198** |

| Profit by business area | | | |
|---|---|---|---|
| SEKm | 2009/2010 | 2008/2009 | 2007/2008 |
| Components | 36 | 90 | 105 |
| Energy & Equipment | 70 | 85 | 82 |
| Industrial Solutions | 52 | 129 | 172 |
| Life Science | 71 | 74 | 65 |
| Parent Company and Group items | –13 | –2 | –9 |
| **Operating profit** | **216** | **376** | **415** |
| – as % of revenue | 5.9 | 8.5 | 9.9 |
| Financial income and expenses | –14 | –10 | –17 |
| **Profit after financial items** | **202** | **366** | **398** |
| – as % of revenue | 5.5 | 8.2 | 9.5 |

- **Capital employed**
  Total assets, less non-interest-bearing liabilities and provisions.
- **Cash flow per share**
  Cash flow from operating activities, divided by the average number of shares outstanding.
- **Debt/equity ratio**
  Interest-bearing liabilities and interest-bearing provisions in relation to equity.
- **Earnings per share (EPS)**
  Shareholders' proportion of profit/loss for the year in relation to the average number of shares outstanding.
- **Earnings per share (EPS), after dilution**
  Shareholders' proportion of profit/loss for the year in relation to the average number of shares outstanding, adjusted for the additional shares resulting from the exercise of outstanding personnel options or similar programmes.
- **EBITDA**
  Operating profit before depreciation and amortisation of intangible assets and property, plant and equipment.
- **Employee turnover**
  Number of employees who left during the year, in relation to the average number of employees.
- **Equity per share**
  Shareholders' proportion of equity divided by number of outstanding shares on the balance sheet date.
- **Equity ratio**
  Equity as a percentage of total assets.
- **Financial net liabilities**
  Interest-bearing liabilities and interest-bearing provisions, less cash and cash equivalents.
- **Interest coverage ratio**
  Profit after net financial items, plus interest expenses, plus/minus exchange differences in relation to interest expenses.
- **Net debt/EBITDA**
  Net financial liabilities divided by EBITDA.
- **Operating capital**
  Capital employed, less cash and cash equivalents.
- **Operating margin**
  Operating profit as a percentage of revenue.
- **Outstanding shares**
  Total number of shares less treasury shares repurchased by the Company.
- **Profit margin**
  Profit/loss after net financial items as a percentage of revenue.
- **Return on capital employed**
  Profit after net financial items, plus interest expenses plus/minus exchange differences, as a percentage of average capital employed.
- **Return on equity**
  Net profit/loss after tax attributable to shareholders, as a percentage of shareholders' proportion of average equity.
- **Return on operating capital**
  Operating profit as a percentage of average operating capital.
- **Return on working capital (P/WC)**
  Operating profit in relation to working capital.
- **Working capital**
  Sum of inventories and accounts receivable, less accounts payable.

# Invitation to the Annual General Meeting

### Welcome to the Annual General Meeting

The Annual General Meeting of (AGM) Addtech AB (publ) will be held at 4.00 p.m. on Monday, 24 August 2010, at the IVA conference centre, Grev Turegatan 16, Stockholm.

### Notice of participation

Shareholders who wish to participate in the Annual General Meeting must

- be entered in the shareholders' register maintained by Euroclear Sweden AB no later than 18 August 2010,
- notify the Company's head office by post at Addtech AB (publ), Box 5112, SE-102 43 Stockholm, Sweden, or by telephone +46 8 470 49 00, or by fax +46 8 470 49 01, via the Company's website www.addtech.com or by e-mail to info@addtech.com, no later than 3.00 p.m. on 20 August 2010. Such notice must contain the shareholder's name, personal identification number (or corporate ID number), address, telephone number and the number of shares represented as well as advisors/assistance. The data submitted in such notification will be processed and only used for the 2010 AGM.

Shareholders whose shares are registered under a trustee must temporarily register their shares in their own name in order to exercise their voting rights at the AGM. Such changes in registration must be completed no later than Wednesday, 18 August 2010. If a shareholder intends to participate through a proxy, the proxy notice must be sent to the Company well before the AGM. The proxy notice must not have been issued earlier than one year before the AGM date. A representative of a legal entity must also send in a certified copy of the registration certificate or comparable documents for authorisation. The Company provides a proxy form for shareholders which is available from the head office or via the Company's website.

### Payment of dividend

The dividend resolution adopted by the AGM will specify the date on which shareholders must be recorded in the share register maintained by Euroclear Sweden AB to be entitled to receive the dividend. The record date proposed by the Board is Friday, 27 August 2010. Provided the AGM adopts the proposal, the dividend is expected to be paid through Euroclear Sweden AB on Wednesday, 1 September 2010, to shareholders entered in the share register at the record date.

### Change of address or bank account

Shareholders who have changed their name, address or account number should inform their trustee or account operator (bank) of any such change as soon as possible. A special form for this purpose is available at bank branch offices.

» Read more about the AGM at www.addtech.com

# Our Companies

## ADDTECH COMPONENTS

- **Allan Rehnström AB** www.rehnstrom.se
- **Aratron AB** www.aratron.se
- **Aratron AS** www.aratron.no
- **Aratron Kurt Wiig AS** www.aratronkurtwiig.no
- **Bondy LMT A/S** www.bondy.dk
- **Chemo Electric A/S** www.chemoelectric.dk
- **Compotech Provider AB** www.compotech.se
- **Cumatix AB** www.cumatix.se
- **Cumatix HK Ltd** www.cumatix.se
- **Egil Eng & Co. As** www.egileng.no
- **Eltech Automation A/S** www.eltech.dk
- **Eltech Components A/S** www.eltechcomp.dk
- **Emcomp Scandinavia AB** www.emcomp.se
- **FB Kjeder AS** www.fbkjeder.no
- **Movetec Oy** www.movetec.fi
- **R & K Tech AB** www.rk.se
- **Stig Wahlström AB** www.wahlstrom.se
- **Stig Wahlström Oy** www.swoy.fi
- **Tube Control AB** www.tubecontrol.se
- **Tube Hydraulik A/S** www.tubehydraulik.dk
- **Vactek A/S** www.vactek.dk

## ADDTECH ENERGY & EQUIPMENT

- **Abatel AB** www.abatel.com
- **Akkuvoima Oy** www.akkuvoima.fi
- **Alvetec Kontest AB** www.alveteckontest.se
- **Batteriunion AB** www.batteriunion.se
- **Beving Elektronik AB** www.bevingelektronik.se
- **Blästerprodukter i Köping AB** www.blasterprodukter.se
- **Breve-Tufvassons Sp. z o.o.** www.breve.pl
- **BTC Industribatterier AB** www.btc.nu
- **C.T Cell Tech Energy Systems AB** www.celltech.se
- **Celltech-Harring A/S** www.celltech.dk
- **Eurolaite Oy** www.eurolaite.fi
- **Gevea AB** www.gevea.se
- **KMC Ytbehandling AB** www.kmc.se
- **Nordic Battery AB** www.nordicbattery.se
- **Nordic Battery AS** www.nordicbattery.no
- **SABP Elteknik AB** www.sabp.se
- **Switchgear AB** www.switchgear.se
- **Tufvassons Transformator AB** www.tufvassons.se

## ADDTECH INDUSTRIAL SOLUTIONS

- **Adiator AB** www.adiator.se
- **Adigo Drives AB** www.adigodrives.se
- **Amitronic Oy** www.amitronic.fi
- **Betech Seals A/S** www.betechseals.dk
- **Caldaro AB** www.caldaro.se
- **Carbex AB** www.carbex.se
- **Codan Tech A/S** www.codantech.dk
- **Codan Tech Qingdao Rubber & Plastic Parts Co., Ltd.** www.codantech.com
- **Columbia Elektronik AB** www.columbia.se
- **Emcomp International AB** www.emcomp.se
- **ESD-Center AB** www.esd-center.se
- **FB Chain Limited** www.fbchain.com
- **FB Kedjor AB** www.fbkedjor.se
- **FB Ketjutekniikka Oy** www.fbketjutekniikka.fi
- **FB Ketten GmbH** www.fb-ketten.de
- **FB Ketten Handels GmbH** www.fb-ketten.at
- **Hjulex AB** www.hjulex.se
- **Kraftmek Oy** www.kraftmek.com
- **Metric Industrial A/S** www.metric.dk
- **Metric Industrial AB** www.metric.se
- **Metric Industrial AS** www.metricindustrial.no
- **Metric Industrial Oy** www.metric.fi
- **Teknikprodukter Nordic AB** www.teknikprodukter.se
- **Tesch System AB** www.tesch.se

## ADDTECH LIFE SCIENCE

- **Bergman AS** www.bergman.no
- **Bergman Diagnostika AS** www.bergmandiag.no
- **Bergman Labora AB** www.bergmanlabora.se
- **Holm & Halby A/S** www.holm-halby.dk
- **Immunkemi F & D AB** www.immunkemi.se
- **Immuno Diagnostic Oy** www.immunodiagnostic.fi
- **Insatech A/S** www.insatech.com
- **Kouvo Automation Oy** www.kouvo.fi
- **LabRobot Products AB** www.labrobot.com
- **Mikro Kemi AB** www.mikrokemi.se
- **Omniprocess AB** www.omniprocess.se
- **PLD Finland Oy** www.pld.fi
- **Triolab A/S** www.triolab.dk
- **Triolab AB** www.triolab.se
- **Triolab Oy** www.triolab.fi

**Addtech AB**
Box 5112
Sturegatan 38
SE-102 43 Stockholm
Sweden

Tel: +46 8 470 49 00
Fax: +46 8 470 49 01
Company ID no.: 556302-9726

www.addtech.com