



Annual Report 2011



A close-up, high-contrast photograph of a metal drill bit drilling into a rotating workpiece on a lathe. The workpiece is a large, cylindrical metal component with a polished, reflective surface. The drill bit is a smaller, tapered metal tool with a sharp, fluted tip, positioned at the center of the workpiece. The background is blurred, showing the complex machinery of the lathe. The lighting is dramatic, with bright highlights on the metal surfaces and deep shadows in the recesses.

Active ownership in companies
with entrepreneurial drive



XANO in brief

BUSINESS CONCEPT

XANO will develop, acquire and operate manufacturing businesses with unique or market-leading products and systems with related services.

XANO will own niche engineering companies that have industries in the northern Europe as their principal markets. XANO will generate value for shareholders by exercising both active ownership and management by objectives.

XANO consists of engineering companies based in the Nordic and Baltic regions. These companies provide manufacturing and development services for industrial products and automation equipment. They operate within well-defined niches and possess a high level of expertise within their respective technical fields. Each unit is anchored locally and developed according to its own potential. At the same time, the Group affinity creates economies of scale for the companies and their customers. The Group is divided into three business units: Industrial Solutions, Precision Technology and Rotational Moulding.

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XANO GROUP

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Parent Company

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2011 in brief

The year as a whole

	Continuing operations		Group total	
Net revenue, SEK m	1,162	(1,049)	1,162	(1,268)
Profit after tax, SEK m	81	(53)	83	(72)
Earnings per share, SEK	11.80	(7.80)	12.15	(10.60)

Important events during the year

Q3

Acquisition of Metall Göte

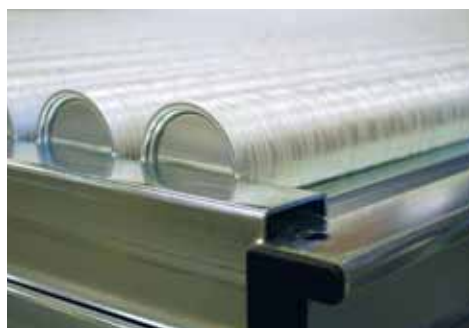
In September, all the shares in Metall Göte AB in Värnamo were acquired. Metall Göte manufactures industrial components made from material such as brass, free-cutting steels, stainless steel and aluminium. The largest customer segments are heavy vehicles and hydraulics/pneumatics.



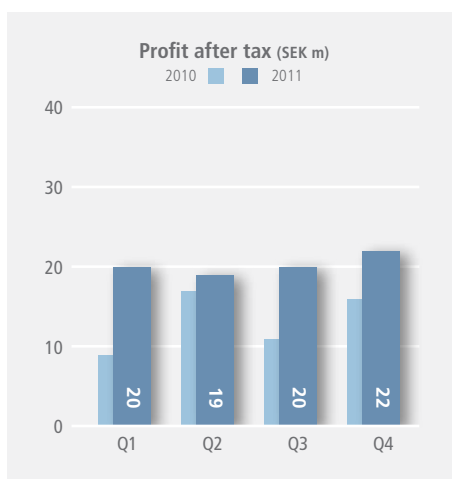
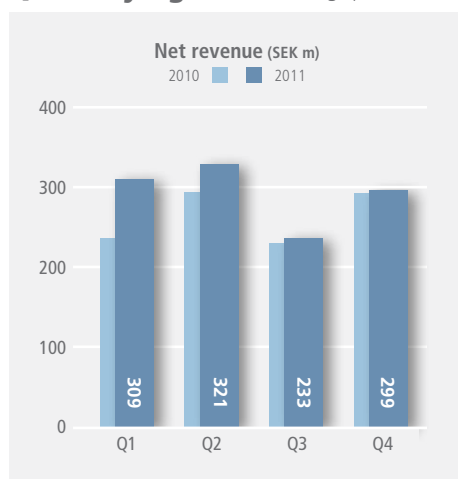
Q4

NPB lands new large order

In December, subsidiary NPB signed a supply agreement with a world-leading company in the USA worth somewhere in the region of SEK 97 million. The order covers 13 complete plants for full automation of packaging processes with delivery and installation in 2012 and 2013.



Quarterly figures (continuing operations)



Key figures in brief – continuing operations		2011	2010
Net revenue	SEK m	1,162	1,049
Operating profit	SEK m	115	83
Profit after financial items	SEK m	105	69
Investments in non-current assets	SEK m	55	25
Gross margin	%	20.6	18.3
Operating margin	%	9.9	8.0
Profit margin	%	9.0	6.6
Capital employed	SEK m	741	728
Equity	SEK m	499	446
Balance sheet total	SEK m	1,036	976
Return on equity ¹⁾	%	17.6	17.4
Return on capital employed ¹⁾	%	16.6	12.4
Return on total capital ¹⁾	%	12.3	9.6
Equity/assets ratio	%	48	46
Proportion of risk-bearing capital	%	52	49
Interest coverage ratio ¹⁾	multiple	7.8	5.8
Average number of employees		732	677

¹⁾ Refers to the Group as a whole.

For definitions, see page 88.

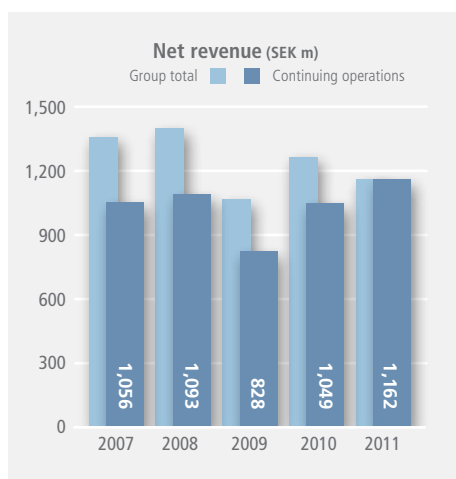
After the balance sheet date

February 2012

Acquisition of KMV and Albins Mek

In February Kungsörs Mekaniska Verkstad AB and Albins Mekaniska Verkstad AB were acquired.

KMV specialises in internal processing, primarily precision drilling, and is a unique company within its niche in the Nordic countries. Albins Mek works with contract manufacturing within cutting machining of primarily large products in short production runs.



Strong positions during the best year ever

It is with great pleasure that I am able to report that 2011 was the best year ever in the history of XANO. This positive development is particularly due to active and successful sales work within our companies, combined with the better margins that have been achieved as a result of the initiatives aimed at improving efficiency in recent years.

Developments during 2011

The Group companies have adopted a more offensive and strategic approach to the market than has previously been the case. Through each company focussing more on adapting its customer structure and assignments according to existing production resources, capacity utilisation has been improved considerably. We have also seen benefits from the general initiatives in recent years aimed at rationalising procurement and internal logistics, as well as the greater degree of automation. Combined with greater flexibility within production, this has resulted in efficiency gains and stronger margins.

The market situation during the year was generally positive, although the rate of growth within certain segments declined to some extent during the final few months. Our sales initiatives have collectively led to increased market shares within many sectors. Higher turnover and the fact that the companies which reported weak figures during the previous year managed to improve their profitability, while other companies managed to retain their good margins, resulted in an excellent set of financial results.

The Group's debt burden was reduced significantly as a result of the previous year's disposal of the majority of the companies within the Plastic Components business unit. Together with the positive trend in results, this has resulted in a strong cash flow, which in turn has contributed to our good financial position. The disposal also resulted in a change in the Group's structure through a concentration on three business units, offering both economies of scale and improved opportunities for growth.

Developments within the Group's business units

Within the Industrial Solutions business unit, Fredriksons reported slightly lower volumes to the packaging industry than during the previous year. Both the Swedish and Chinese units made major investments and implemented flow changes within production. NPB successfully produced and delivered a large order for one of the world's leading manufacturers of metal packaging for food products. During the autumn, new agreements were also signed concerning the delivery of equipment with a total value equivalent to SEK 110 million, for installation during the current year and next year. Ackurat continued to develop strongly, with steadily rising sales and good profitability. During the year, the company established itself in new markets with considerable potential for expansion.

The Precision Technology business unit reported a sharp improvement in its operating margin. The companies have successfully implemented sales initiatives which are more clearly aimed at customers and assignments that result in better capacity utilisation than was previously the case. Combined with the cost adjustments that have already been implemented, this has resulted in the companies that showed weak results during the previous year once again reporting good profitability.

The Rotational Moulding business unit also developed positively. A certain level of fall-off within a couple of the product segments was compensated for by increased sales to new sectors and geographic areas. Product development and other marketing activities continued intensively during the course of the year.

Acquisitions

Strategic acquisitions, and in some cases also disposals, are important for our development. During the autumn, we decided to acquire Metall Göte in Värnamo, Sweden. The company manufactures turned industrial components and is a subcontractor to the automotive industry in particular. The reason for the acquisition was the economies of scale that can be achieved in the future between Metall Göte, Segerströms and Värnamo Industri, all of which are

part of the Precision Technology business unit.

After the year-end, a further two machining companies were acquired: Kungsörs Mekaniska Verkstad and Albins Mekaniska Verkstad. Kungsörs Mekaniska specialises in internal machining, particularly precision drilling for the offshore industry for example. The company is highly technical and is unique in the Nordic region within its niche, which harmonises well with XANO's business concept. Albins Mekaniska specialises in cutting machining, particularly of large products in short production runs for toolmakers, wind power and the mining industry.

Outlook for 2012

At the beginning of the current year, both the order stock and incoming orders were at levels comparable with the previous year. However, the growth curve has flattened out and many uncertain external factors are making future developments difficult to predict. It is therefore important that we maintain a high level of preparedness and monitor developments closely. Due to the high degree of flexibility that has been achieved within our companies, we feel well-equipped to meet any changes within the market.

During the year, we will continue to prioritise our long-term initiatives with regard to market canvassing, product development and further investments in raising the degree of automation. In addition to the company acquisitions that have already been made, we will also continue to assess other possible acquisitions.

In recent years, we have successfully implemented a number of corporate training initiatives within leadership and production. In addition to the knowledge gains, these projects have resulted in the closer exchange of experience between the companies. Our next programme, which concerns employees within sales and marketing, will commence during the spring.

This autumn, the Group will celebrate its 75th anniversary and it is therefore particularly pleasing to be able to report that we are now stronger than ever before. We have an excellent foundation on which to build and a clear business orientation within XANO. It is with both pleasure and confidence that I look forward to the rest of the year and the Group's further development.

Jönköping, February 2012

Sune Lantz
Sune Lantz



The XANO share

XANO's Class B shares were registered on the stock exchange on 5 December 1988.

The share is listed on the NASDAQ OMX Stockholm in the Small Cap segment.

The share capital in XANO amounts to SEK 34.6 million, distributed between 1,950,000 Class A shares and 4,978,974 Class B shares.

The quotient value is SEK 5 per share.

Each Class A share gives entitlement to ten votes and each Class B share to one vote.

All shares give equal rights to dividends.

Price developments

During 2011, XANO's share price declined by 1.5 per cent from SEK 83.00 to SEK 81.75. The highest price paid during the year was SEK 110.50 on 31 May. The lowest price paid was SEK 77.75 on 4 October. At the end of 2011, XANO's market value amounted to SEK 566 million, based on the most recent price paid and the total number of shares.

Shareholders

The number of shareholders decreased somewhat during the year. At the end of 2011, XANO had 1,299 shareholders, compared with 1,322 shareholders at the same time the previous year.

The ten largest shareholders accounted for 95.1 per cent of the votes and 82.6 per cent of the share capital. Institutional holdings constituted 2.7 per cent of the votes and 9.4 per cent of the share capital.

Key figures		2011	2010	2009	2008	2007
Net profit for the year	SEK m	83	72	-9	45	73
Equity	SEK m	499	446	390	414	386
Balance sheet total	SEK m	1,036	976	1,158	1,258	1,191
Return on equity	%	17.6	17.4	-2.2	11.2	20.1
Equity/assets ratio	%	48	46	34	33	32
Proportion of risk-bearing capital	%	52	49	38	36	35
Cash flow from operating activities	SEK m	165	126	124	77	69
Average number of outstanding shares	thousands	6,789	6,789	6,789	6,755	6,734
Average number of outstanding shares after dilution	thousands	7,009	7,009	7,009	6,950	6,924
Average number of shares in own custody	thousands	140	140	140	166	179
Basic earnings per share	SEK	12.15	10.60	-1.30	6.70	10.80
Diluted earnings per share ¹⁾	SEK	11.95	10.40	-1.30	6.70	10.60
Cash flow from operating activities per share	SEK	24.30	18.50	18.35	11.45	10.30
Total number of shares on balance sheet date	thousands	6,929	6,929	6,929	6,929	6,913
Number of shares in own custody on balance sheet date	thousands	140	140	140	140	170
Equity per share on balance sheet date	SEK	73.50	65.70	57.50	61.05	57.20
Share price on balance sheet date	SEK	81.75	83.00	56.00	30.50	117.75
Share price in relation to equity	%	111	126	97	50	206
Proposed dividend per share	SEK	3.50	3.50	1.50	1.50	3.50
Direct yield	%	4.3	4.2	2.7	4.9	3.0

¹⁾ No dilution effect is taken into account when diluted earnings per share are higher than basic earnings per share.

Refers to the Group as a whole including discontinued operations.

Basic earnings per share

Net profit in relation to the average number of outstanding shares.

Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of outstanding shares.

Diluted earnings per share

Net profit in relation to the average number of outstanding shares plus the average number of shares added at conversion of outstanding convertibles.

Direct yield

Proposed dividend in relation to the share price on the balance sheet date.

Equity per share

Equity in relation to the number of outstanding shares on the balance sheet date.

Equity/assets ratio

Equity in relation to total capital.

Proportion of risk-bearing capital

Equity plus provisions for taxes in relation to total capital.

Return on equity

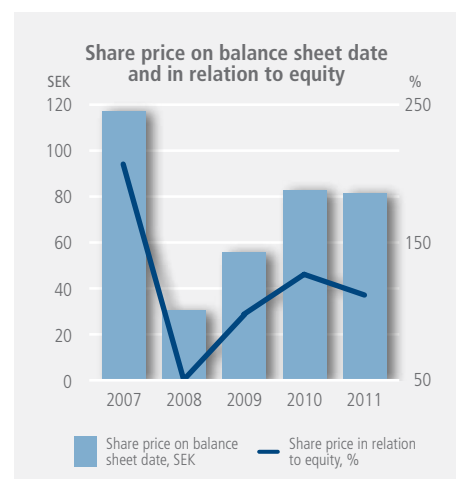
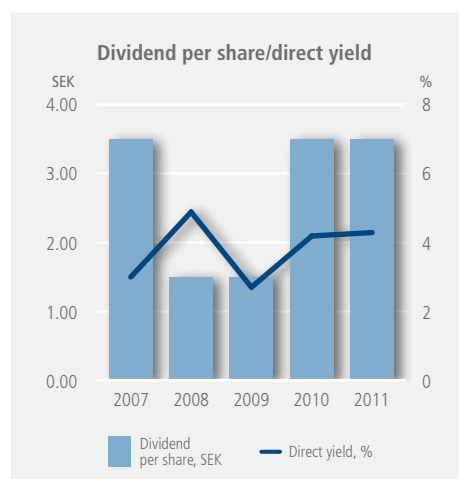
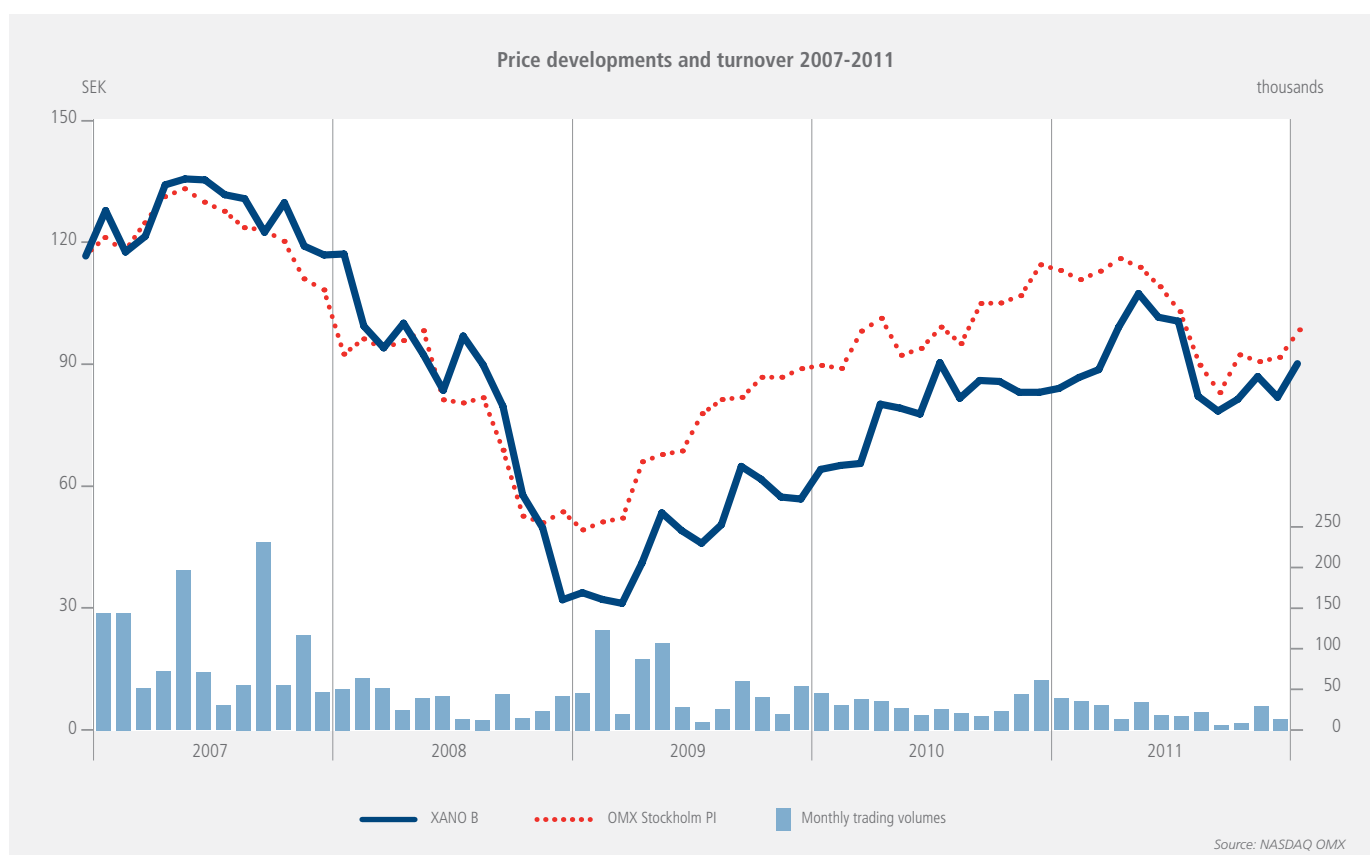
Net profit in relation to average equity.

Additional definitions are found on page 88.

Dividend policy

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 2.50 (2.00) per share for the 2011 financial year. In addition to this, the Board of Directors proposes an additional dividend of SEK 1.00 (1.50) per share. The proposed dividend represents a direct yield of 4.3% per share, based on the share price at the end of the year.

It is the aim of the Board of Directors that over an extended period of time, the dividend will follow developments in the result and correspond to 20 to 30 per cent of net profit. The annual dividend share should, however, be viewed in relation to any share repurchases.



Shares in own custody

A total of 415,000 Class B shares were acquired during 2003. In 2006, a reduction in the share capital was carried out through the withdrawal without repayment of 198,000 of the shares which were repurchased. A total of 47,000 and 30,000 own shares were transferred during 2007 and 2008 respectively in connection with company acquisitions. The number of shares in own custody thereafter amounts to 140,000, corresponding to 2.0 per cent of the share capital. After deduction of the company's own holding, the number of outstanding shares amounts to 6,788,974 as of the balance sheet date.

Convertible bond programme

The 2008 Annual General Meeting decided to approve the Board of Directors' proposal to issue convertibles to employees. Convertibles were issued for a total of SEK 27,500,000, equivalent to 220,000 convertibles at the conversion price of SEK 125. During the period 1 May to 15 June 2012, each convertible may be converted to one Class B share in XANO. If all convertibles are converted to shares, the dilution will be 3.2 per cent of the share capital and 0.9 per cent of the number of votes.

XANO's ten largest shareholders as of 31 December 2011

	Class A shares	Class B shares	Total number of shares	Percentage of voting rights	Percentage of share capital
Tord Johansson and related parties	1,282,200	585,100	1,867,300	55.1	27.5
Johan Rapp and related parties	540,000	1,563,545	2,103,545	28.6	31.0
Kennert Persson	103,100	303,700	406,800	5.5	6.0
Svolder AB	–	463,872	463,872	1.9	6.8
Christer Persson and related parties	20,700	159,200	179,900	1.5	2.6
Stig-Olof Simonsson and related parties	–	181,245	181,245	0.7	2.7
Anna Benjamin	–	150,000	150,000	0.6	2.2
Petter Fägersten	–	150,000	150,000	0.6	2.2
Sune Lantz and related parties	–	97,400	97,400	0.4	1.4
Christoffer Persson	4,000	12,700	16,700	0.2	0.2
Total ten largest shareholders	1,950,000	3,666,762	5,616,762	95.1	82.6
Others	–	1,172,212	1,172,212	4.9	17.4
Total number of outstanding shares	1,950,000	4,838,974	6,788,974	100.0	100.0
Shares in own custody	–	140,000	140,000		
Total number of shares	1,950,000	4,978,974	6,928,974		

Each class A share entitles ten votes and each class B share one vote.

Source: Euroclear



Share capital trend

Year	Transaction	Change in share capital, SEK 000	Total share capital, SEK 000	Total number of shares	Quotient value, SEK
	Opening value	50	50	500	100
1985	Bonus issue	1,150	1,200	12,000	100
1986	Bonus issue	6,800	8,000	800,000	10
1987	New share issue	500	8,500	850,000	10
1988	New share issue	2,000	10,500	1,050,000	10
1992	New share issue through conversion	91	10,591	1,059,100	10
1993	New share issue through conversion	536	11,127	1,112,700	10
1995	New subscription through options	725	11,852	1,185,200	10
1997	2:1 split	0	11,852	2,370,400	5
1998	Bonus issue 2:1	23,704	35,556	7,111,200	5
2006	Reduction in share capital	-990	34,566	6,913,200	5
2008	New share issue through conversion	79	34,645	6,928,974	5

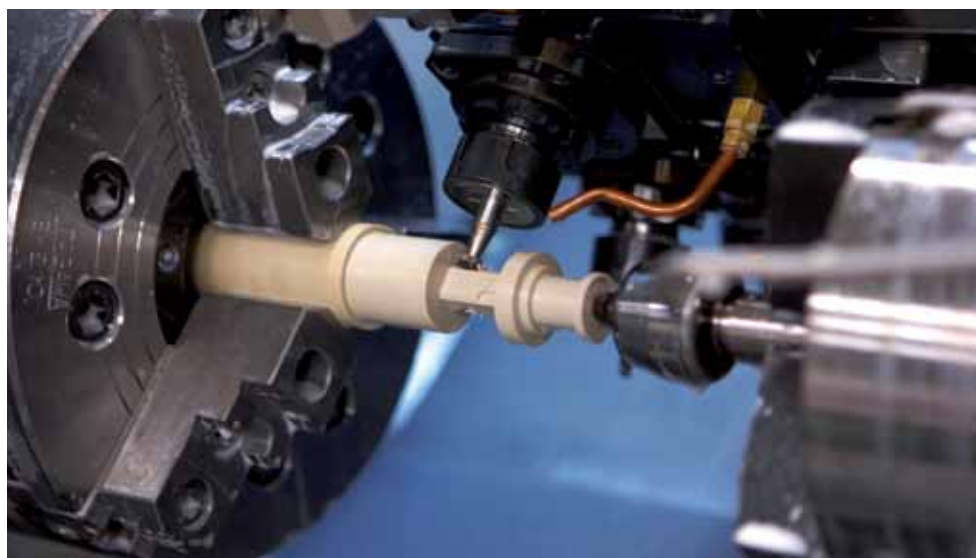
Share distribution and shareholder structure as of 31 December 2011

Share class	Number of shares	%	Number of votes	%
A	1,950,000	28	19,500,000	80
B	4,978,974	72	4,978,974	20
Total	6,928,974	100	24,478,974	100
Of which in own custody	-140,000		-140,000	
Total outstanding	6,788,974		24,338,974	

Holding	Number of shareholders	Percentage of shares
1 – 500	854	2.0
501 – 1,000	229	2.7
1,001 – 5,000	156	5.0
5,001 – 10,000	26	2.8
10,001 – 50,000	15	5.2
50,001 – 100,000	1	1.4
100,001 –	8	80.9
Total	1,289	100.0

In owner groups and excluding shares in own custody.

Source: Euroclear





Active ownership in companies with entrepreneurial drive

BUSINESS CONCEPT

XANO will develop, acquire and operate manufacturing businesses with unique or market-leading products and systems with related services.

XANO will own niche engineering companies that have industries in northern Europe as their principal markets. XANO will generate value for shareholders by exercising both active ownership and management by objectives.

Entrepreneurial drive

The most important common denominator of XANO companies is a profound entrepreneurial drive. The units have flat organisations, swift decision-making procedures and short solution lead times. Management is down-to-earth and accessible, and makes clear that all employees are expected to make an active contribution. XANO's role is to support the companies so that their innate driving forces produce the best possible results.

Long-term thinking

XANO believes in strong relationships. Consequently, the Group invests long-term in its companies. This gives each unit opportunities to develop and maximise their resources. This approach is reflected in customer and supplier contacts, in which long assignments and close collaboration result in successful projects.

Technical know-how

Each company in the XANO Group is unique and the products cover a broad spectrum, ranging from components for analysis instruments to end-to-end packaging equipment. The companies are market leaders and at the forefront of their niche. Several have in-house-developed products that no other company delivers. All XANO companies are distinguished by their advanced technical content, dedication to service and expert engineering advice.

Advanced technical expertise within niche areas

FINANCIAL TARGETS

Stable profitability and high growth

XANO's organic growth will surpass general market growth. In addition, businesses and companies will be acquired. The profit margin will amount to 8 per cent during an economic cycle. The equity/assets ratio will exceed 35 per cent.

VISION

Market leader within selected segments

XANO will be a leading player within selected market segments. XANO will create strong units of companies with optimal synergy utilisation.

STRATEGY

Develop, acquire and operate niche companies

XANO will develop, acquire and operate niche companies and through active ownership create added value for shareholders. The XANO companies will have a high technical content in order to satisfy customers' demands. This requires XANO to operate within well-defined niches. XANO companies will be locally based; being close to customers ensures the company is familiar with the customers' processes and needs, and also eliminates language barriers. The level of service and delivery readiness will be high. XANO companies will strive to develop long-lasting relationships with both customers and suppliers. XANO will have a sufficiently large market share within each niche to be an interesting partner for both customers and suppliers.

MARKET OFFERING AND OPERATIONS

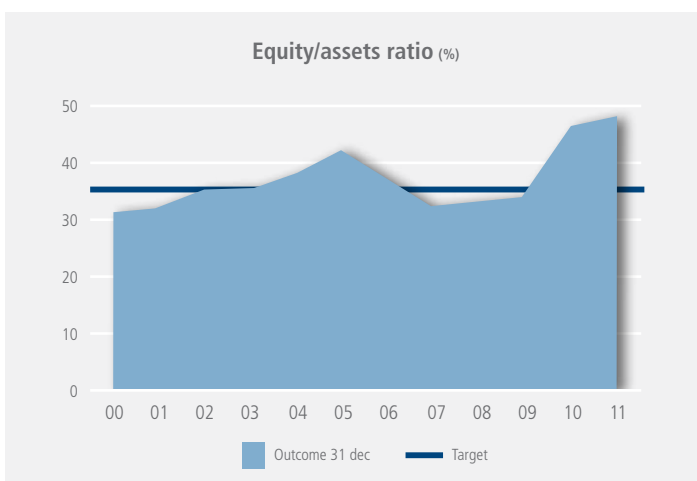
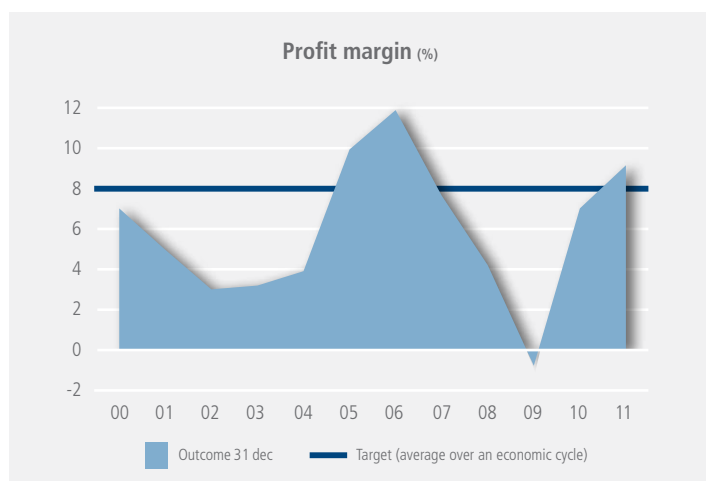
Advanced technology for selected target groups

XANO's market offering consists of the production and assembly of components and systems with related services, as well as the development, manufacture and marketing of in-house products. The Group currently operates in Sweden, Estonia, Finland, Norway, China and Poland. The units all work within well-defined niches and have a high level of expertise within their respective technical areas. This advanced technical expertise enables the companies to create added value for customers.

CORE VALUES

Emotional and functional added values

XANO's core values are entrepreneurial drive, long-term thinking and technical know-how. They form the basis for all decisions that could impact on the Group.





Development and manufacturing services

Major undertakings demand broad knowledge and specialist expertise in everything from product development to logistics solutions. Contract manufacturing, system supply or partner production – the form of cooperation varies according to the scope and size of the project. We strive for long and lasting relationships with both customers and suppliers.

Services

PROJECT MANAGEMENT aimed at satisfying the unique needs of each individual customer in the best possible way.

DESIGN comprises designing products and determining structural strength criteria as well as selecting material and production methods on the basis of these conditions. The objective is to achieve the best economy and functionality in the manufacturing of each individual product.

INDUSTRIALISATION means that capable and responsible personnel assures the entire production process through verification of production equipment, materials and purchased components.

LOGISTICS services include storage, packaging and distribution – using the customer's own packaging or delivered directly into the customer's manufacturing process.

Production resources

CUTTING MACHINING – the material, plastic or metal in the shape of bars or blocks, is loaded in the machine and processed through turning, milling and grinding. Drilling, thread-cutting and burring is performed in the same sequence in order to meet quality requirements. Examples of applications which use machined components include medical device systems, hydraulic systems, heat exchangers, telecoms equipment and safety devices in cars.

SHEET METAL PROCESSING is performed through laser cutting, edge pressing, pressure turning and welding. Sheet metal components are used in X-ray equipment and food handling equipment, for example.

ROTATIONAL MOULDING enables complex plastic parts to be manufactured in one piece, resulting in products with high abrasion resistance, such as boats, industrial tanks and buoyancy devices. The plastic material is placed in the tool. During heating, the tool rotates around two axes to distribute the material that melts and sticks to the inner walls of the tool. The tool is cooled and the plastic stiffens in the required shape.

INJECTION MOULDING is used for manufacturing parts for furniture etc. The injection unit is fed with granulated plastic that is melted and infused in the mould. The plastic is then cooled and hardened.

SYSTEM ASSEMBLY creates complete products, sub-systems and systems from in-house-developed components and purchased components. Examples of system assembly are conveyor systems for the food industry and automation equipment for the packaging industry.



Examples of components and products within each sector

SECTOR	CUSTOMER-SPECIFIC MANUFACTURING	IN-HOUSE-DEVELOPED PRODUCTS
Packaging industry	Components for conveyor belts. Plastic packaging, casings, boxes.	Automation equipment, conveyor belts, packaging machines, containers.
Medical technology	Components and systems for cardiac pumps, respirators, dialysis apparatus, lifting aids, stereotactic equipment, speech aids, water treatment. Complete X-ray machines.	Tanks, containers.
Automotive	Components for control valves, chassis, transmission mechanisms. Fuel tanks, pipes, casings, toolboxes, special packaging, fastenings.	
Industry	Components for optical equipment, radar interference, pump shafts, elec- tric plugs, transmission mechanisms, furniture, rehabilitation products, shop fittings. Fastenings, shafts, casings, pipes, pumps.	Book sorting machines. Vessels, containers, tanks. Hand wheels, handles, adjustable feet.
Infrastructure & engineering	Components for heat exchangers, trains, stone crushers, fuel pumps, pumping stations, cesspools, sludge separators. Fastenings, shafts, transmis- sion mechanisms.	Catchment and septic tanks.
Marine	Components for service equipment, drive lines, transmission products, trans- mission solutions, instrument panels.	Boats, buoys, floats, seating, water tanks, septic tanks.



Responsibility for environment and quality

ENVIRONMENTAL OBJECTIVES

Group companies will continuously strive to reduce environmental impact through conscious selection of raw materials, processes and transport methods. The companies must also be sensitive to the wishes of customers and conform to the market's environmental requirements.

Environmental factors

Factors affecting the environment resulting from the Group's operations include, for example, emissions into the air and water, waste, wastewater, noise, packaging and transport. The Group's business, manufacturing processes and products are of such a nature that the environmental risks are considered to be limited.

Operations with a reporting obligation

As of 31 December 2011, the Group was engaged in activities with a reporting obligation in accordance with the Swedish Environmental Code at ten Swedish subsidiaries. The reporting obligation relates to the manufacture of plastic products (three companies) and engineering industry with metal finishing (seven companies). Activities affect the external environment mainly through waste.

Environmental certification

The efforts to develop environmental management systems in accordance with ISO 14001 continue.

The Group had 14 operational companies as at 31 December 2011. Ten of these are environmentally certified and one has been awarded an environmental diploma.

Environmental measures

Each company within the XANO Group is responsible for and actively strives to reduce its environmental impact. The companies are continually implementing improvements through quality and environmental goals for scrapping and increased sorting of waste according to source. At a general level, investments in machinery have improved the efficiency and reduced the electricity consumption of many of the Group's companies. Improved processes within many production units have also reduced the impact on the environment.

Amongst other action taken in 2011, the following specific measures have been implemented:

- Resinit has cut down on the chemicals used in its operations by almost ten per cent.
- Metall Göte has installed energy-saving lighting in materials warehouses and switched to more environmentally friendly air conditioning.
- Fredriksons in Vadstena has further improved its waste sorting. Existing ventilation equipment has been made more efficient.
- Fredriksons in China has installed collection vessels for chemical waste and engaged a certified recycling company to manage its waste.



Ongoing quality improvements

In order to achieve quality targets, ongoing investments are being made in the form of human resources development and the upgrading of production equipment and processes. Suppliers and other joint venture partners are selected on the basis of quality and activities within marketing and sales are carried out in such a way that the expectations created amongst customers can be met. Most of the Group's companies are quality-certified in accordance with ISO 9001 with internal and external controls and auditing. Fredriksons in Vadstena has been certified for welding standards in accordance with ISO 3834 during the year.

QUALITY OBJECTIVES

The work relating to quality within the Group is decentralised and each company has its own quality organisation. The quality and delivery reliability of the products and services of the Group's companies is a vital competitive factor. The Group has therefore established an overall goal of consistently offering products and services of a high quality and on time.



Rigging for new item in multi-operation lathe at LK Precision (picture, left).

Verification of tooth data for toothed gears at Mikroverktyg, where every thousandth of a millimetre makes a difference (picture, right).



Tasks at Fredriksons in Vadstena include everything from idea, design and prototype manufacture to the finished product, including final testing and technical documentation. The next generation of conveyor systems is being developed here.

Swedish newcomer takes market share

The USA has been a high-priority market for NPB for some years now. In April 2010, its active market canvassing resulted in a major order from one of the world's leading manufacturers of metal packaging for food products. Following the completion of delivery and installation, the customer has now expressed renewed confidence in NPB. The successes of this relatively small Swedish player have not gone unnoticed on the market.

Review of the market

To set the ball rolling for a period of intensive market work within the USA, NPB conducted a survey among potential customers. The aim was to get to know both the players and their different needs and processes. The level of interest that was generated through this initiative was higher than expected.

"What we learned through the market survey gave us strong credibility during the sales process,"



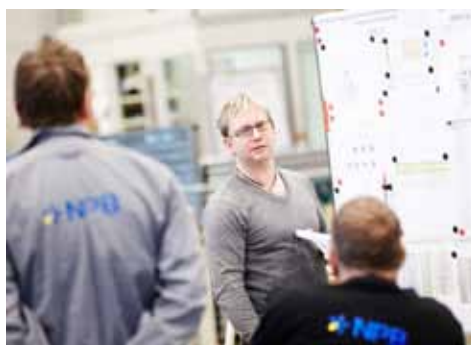
Johan Hagstedt, CEO at NPB.

says Johan Hagstedt, who is CEO at NPB. It enabled the company to enter into dialogues with a number of potential customers.

"We have been very active on the North American market in recent years. With hindsight, it is clear that these initiatives have been very successful."

First major order

At the beginning of 2006, NPB achieved its first breakthrough in the USA. This order was followed by a number of smaller orders over the following years. In 2009, a strategic agreement was signed concerning the delivery of two packaging centres, the first of their kind in the USA. During the following year, NPB received the largest single order in the



NPB in Jönköping develops, designs and manufactures automation equipment that handles the tops and bottoms of food and beverage packaging and aerosol cans.

Fredriksons in China trebles its produ

In 2007, production commenced at Fredriksons' subsidiary in Suzhou, near Shanghai. The principal aim of the new development was to serve the company's existing customers who are active in Asia. Right from the start, the idea was to create a modern plant with an organisational structure, mechanical equipment and business system which corresponded to those of the Swedish unit. The same high levels of quality and precision were to be provided and the similarities also provided a solid foundation for the exchange of knowledge between the plants.

Positive development

After a couple of years of strong growth, the company relocated to new premises in 2010. These new premises cover almost 8,000m², which represents a trebling of the production area compared with before, and 30 new employees have been taken on since the move.

Kristian Rustan, CEO at Fredriksons, says: "The establishment in China is a long-term initiative on our part and through the move we have ensured that we will be in a position to expand further here. Investments in new production equipment mean that the

es in the USA

company's history and one of the most important for the Group as a whole. The order was worth SEK 75 million and concerned the delivery of 13 packaging centres to one of the world's leading manufacturers of metal packaging for food products.

"This was the largest order to be placed within our sector during the year. We know that we were competing for the order against other major manufacturers, both American and European," says Johan Hagstedt. The contract was also strategically important, as there was considerable potential for further projects with the customer.

Another vote of confidence

The major order was successfully delivered and installed, and before the end of the year the customer expressed further confidence in NPB through another order worth almost SEK 100 million.

"It was very positive to have had such confi-



The healthy order book provides a high and consistent level of work in terms of NPB's production.

dence shown in us. The customer undoubtedly feels that we have handled ourselves well and that our equipment works as it should," says Johan Hagstedt. The order concerns the delivery and installation of 13 complete plants with production start-up during the current year. Once installed, the equipment will automate the customer's entire packaging process by monitoring and balancing the flows at all the relevant production stages.

ction area

unit in Suzhou is able to offer the same advanced services with regard to measurement, assembly, cutting and machining and automation projects as we offer in Sweden. Shortly after the relocation, an assignment agreement was signed with a major customer within medical technology, which represents a new niche for the unit in Suzhou. We believe 2012 will see further positive developments for Fredriksons in China."

The Fredriksons plant in China largely mirrors the Swedish plant, for example in terms of organisational structure, mechanical equipment and business system.



XANO Production School

Further practical and theoretical study for operators and production engineers

As part of the long-term strategy to develop and strengthen the Group companies, XANO runs customised internal courses. In addition to skills development, the building of networks between employees from different Group companies with similar areas of responsibility represents an important aspect of the initiatives. Previous course programmes have involved employees in managerial positions as well as key people within production.



During the period September 2011 to March 2012, the company will run a course at the XANO Production School (XPS) that is particularly aimed at operators and production engineers. The eleven participants represent five companies within the Precision Technology business unit, as well as Fredriksons from the Industrial Solutions business unit.

"The aim of the initiative is to give participants a more detailed knowledge of the practical processes, such as turning and milling. However, the course also covers theoretical aspects and provides opportunities for personal development. Team-building exercises give a greater understanding of the internal processes which the participants will undoubtedly benefit from in their daily work," says Robert Andersson, business developer at XANO.

Valued skills development

XPS is organised in collaboration with Skärteknikcentrum, which coordinates the courses and identifies suitable lecturers.

"We have found an appropriate form for our courses to take. The meetings take place at the participants' respective companies, which is a good way of getting to know the various operations. Participants from last year's XPS are involved in parts of the programme, thus maintaining continuity in the training concept," says Robert Andersson.

The training provided for operators and production engineers is greatly valued by both the participants and their respective employers. A further round of XPS is already being planned this year, as is a training initiative for employees within sales and marketing.

XANO's training for operators and production engineers is partly aimed at giving the participants a deeper knowledge of the technical aspects of cutting work and creating tools to develop the production processes. Eleven employees from six different Group companies are participating in XANO's Production School and are building networks.



Our personnel

Personnel structure

As of 31 December 2011, the Group had 731 full-time employees, 101 (14 per cent) of whom were women. The average number of employees during the year was 732, of whom 98 (13 per cent) were women.

The average age of employees in the Group was 44 for women and 42 for men at the end of the year. The average period of employment was about seven years for both women and men.

Absence due to illness

Absence due to illness during the year amounted to an average of 3.7 per cent at the Group's Swedish companies, a fall of 0.3 per cent compared with the previous year. The proportion of long-term absence due to illness was 10 per cent of all illness absences at these units, which is 4 percentage points below the previous year's level.

Continuous skills development

Skills development initiatives are continuously in progress within the areas in which the various companies operate. The emphasis is on software training for handling the advanced equipment that is required for the increasingly automated manufacturing processes.

During the year the focus remained on broadening the general skill sets of the companies and as a result achieving a greater level of production flexibility.

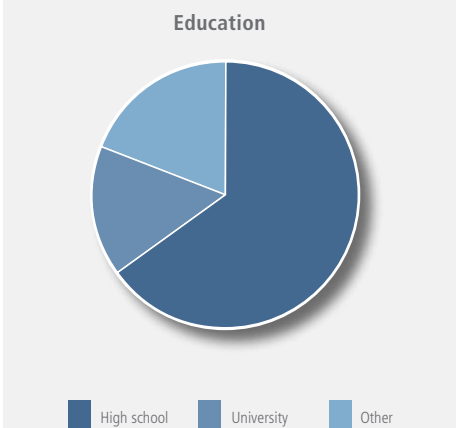
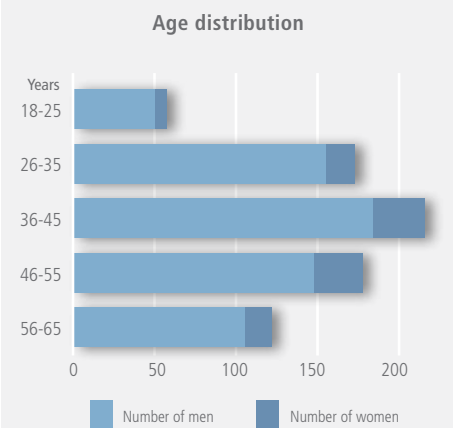
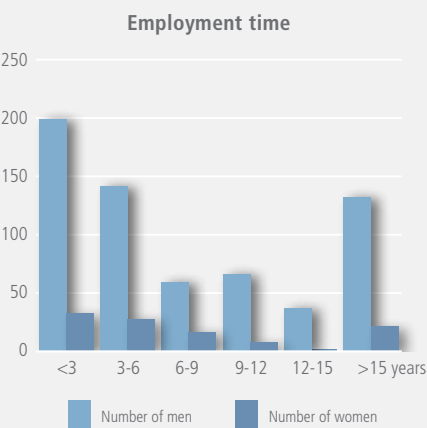


Preventive efforts

Most Group companies are affiliated with occupational healthcare services where employees are offered regular health check-ups and, if necessary, a review of workplace ergonomics, rehabilitation studies, etc. In addition, Group companies provide fitness benefits adapted to each company's specific personnel composition and workplace conditions.

Key figures personnel		2011	2010
Average number of employees		732	677
– in Sweden		548	522
– in other countries		184	155
– women		98	78
– men		634	599
Average age, women ¹⁾	years	44	40
Average age, men ¹⁾	years	42	45
Average employment time, women ¹⁾	years	7	7
Average employment time, men ¹⁾	years	7	7
Absence due to illness ²⁾	%	3.7	4.0
– of which long-term ²⁾	%	10	14

¹⁾ Refers to employees at year-end. ²⁾ Refers to Swedish companies.



Group overview

This is XANO

XANO consists of engineering companies based in the Nordic and Baltic regions. These companies provide manufacturing and development services for industrial products and automation equipment. They operate within well-defined niches and possess a high level of expertise within their respective technical fields. Each unit is anchored locally and developed according to its own potential. At the same time, the Group affinity creates economies of scale for the companies and their customers. The Group is divided into three business units: Industrial Solutions, Precision Technology and Rotational Moulding.

Customer-specific manufacturing

The majority of the Group's companies have service functions at their disposal, which enables them to carry out complete customer assignments. The aim is to achieve the best production economics and functionality for each individual product.

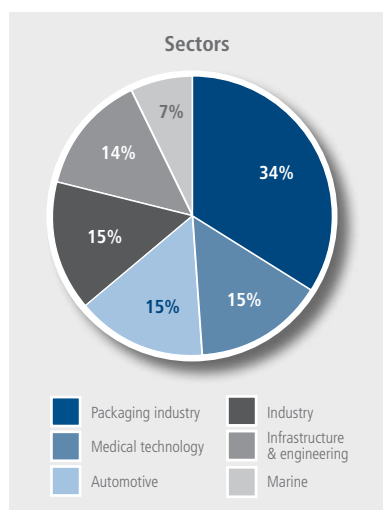
The Group includes companies which process plastic through rotational moulding, machining and injection-moulding. A number of the companies in the Group machine various metallic materials. Sheet metal is processed through laser cutting, edge

pressing, pressure turning and welding. Products with special purity requirements are manufactured and assembled in clean environments. The Group also possesses extensive experience of the system assembly of complex products.

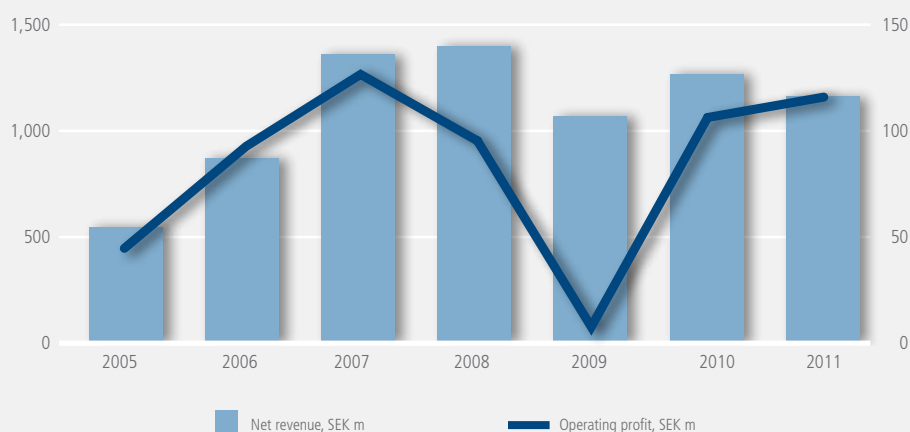
Logistics services include storage, packaging and distribution, either using the customer's own packaging or directly into the customer's manufacturing process.

In-house-developed products

Many of the Group's companies have developed their own product ranges within their respective fields of expertise. Rotational Moulding offers a broad range of proprietary products covering boats, marine parts, containers and materials handling solutions for industrial use. Industrial Solutions manufactures systems which are designed to rationalise customers' production processes. Design, development of control systems and electronics, and fine mechanical assembly are carried out in-house. The business unit also develops components that bring additional functionality and creates possibilities in terms of the designing of, for example, shop fittings, furniture and rehabilitation aids.



Financial development and acquisition history (Group total)



- 2004** Acquisitions: LK Precision.
- 2005** Acquisitions: NPB, Segerströms, Baltic Components (merged with Bladhs).
- 2006** Acquisitions: Fredriksons, Cipax Björkelangen.
- 2007** Acquisitions: Värnamo Industri, Cipax Saue (merged with Cipax Eesti), Eslöv Mekaniska Verkstad.
- 2008** Acquisitions: Mikroverktyg.
- 2010** Disposals: Inmedic, Bladhs, Profilspecialisten.
- 2011** Acquisitions: Metall Göte.

GROUP – CONTINUING OPERATIONS

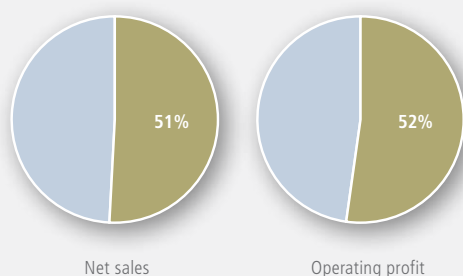
Net revenue	Operating profit	Employees	Operating margin	Growth
1,162 SEK m	115 SEK m	732	9.9%	+10.8%

SHARE OF GROUP

KEY INFORMATION

COMPANIES

INDUSTRIAL SOLUTIONS



Industrial Solutions comprises companies that supply automation solutions for the food and medical technology industries, in addition to packaging machines for beverage and other food packaging. The unit also provides hand wheels, handles and adjustable feet to furniture and shop fitting manufacturers, among others.

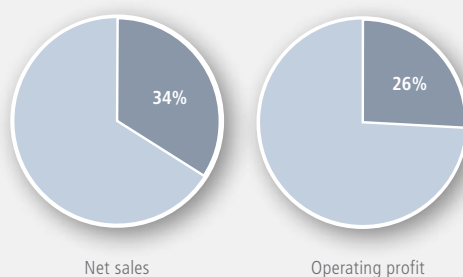
Akurat
Sweden
Finland
Poland

Fredriksons
Sweden
China

NPB

		2011	2010
Net sales	SEK m	595.0	545.5
Growth	%	+9.1	+28.6
Operating profit	SEK m	67.5	45.6
Operating margin	%	11.3	8.4
Employees		371	340

PRECISION TECHNOLOGY



Precision Technology includes companies that handle component and system manufacture through advanced cutting machining of metal and plastic for the production of components which are subject to demanding requirements for quality and precision. Customers are mainly Swedish companies within the medical technology, infrastructure & engineering and automotive sectors.

EMEK

LK Precision

Metall Göte

Mikroverktyg

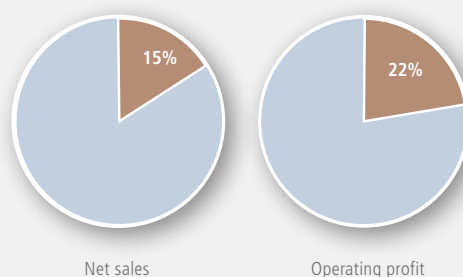
Resinit

Segerströms

VIAB
Sweden
China

		2011	2010
Net sales	SEK m	396.1	339.5
Growth	%	+16.7	+35.2
Operating profit	SEK m	33.7	18.8
Operating margin	%	8.5	5.5
Employees		235	214

ROTATIONAL MOULDING



Rotational Moulding consists of companies that manufacture plastic products in the form of components and systems through rotational moulding. The enterprises supply both customer-specific and in-house-developed products. The primary product segments include boats and products for the automotive industry, as well as industrial tanks and buoyancy devices.

Cipax
Sweden
Estonia
Norway
Finland

		2011	2010
Net sales	SEK m	173.9	165.5
Growth	%	+5.1	+10.0
Operating profit	SEK m	27.7	29.7
Operating margin	%	15.9	18.0
Employees		116	113

The operating profit includes non-recurring items totalling SEK m

		–	3.9
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Industrial Solutions

The Industrial Solutions business unit comprises Fredriksons, NPB and Ackurat. Fredriksons and NPB supply customer-specific automation solutions for the food and medical technology industries, in addition to packaging machines for beverage and other food packaging. These enterprises also develop their own products in the form of conveyor systems for food products and handling equipment for a variety of applications. Ackurat supplies customers that include furniture and shop fittings manufacturers with parts such as hand wheels, handles and adjustable feet.

Industrial Solutions

Activities and markets

Fredriksons and NPB manufacture automated systems for food product handling and medical technical equipment, in-house-developed packaging machines for beverage and other food product packaging, as well as book handling systems for libraries. The products are sold on the global market. Ackurat has its own standard range of components for industrial use and also offers the development of customised products. Its customers are mainly based in northern Europe.

2011 in brief

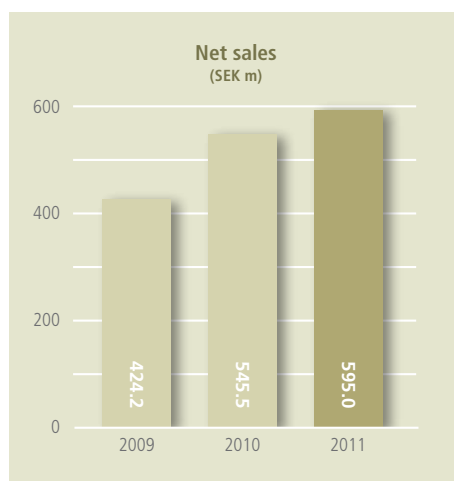
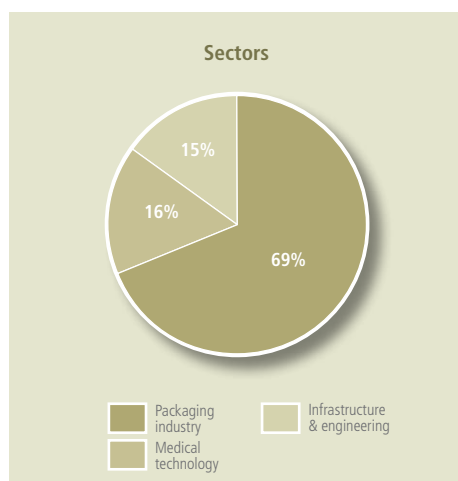
The Industrial Solutions business unit reported an increase in revenue of almost ten per cent and a considerably higher profit level than during the previous year. This improvement in results is largely explained by the fact that, following the weak results of 2010, NPB once again reported good profitability.

Fredriksons' Swedish unit reported sales on a par with the previous year but somewhat lower margins as a result of a different product mix and costs incurred in implementing improvements in

the factory layout. Assignments relating to medical technical equipment and infrastructure increased during the year, while incoming orders from the packaging industry reduced somewhat compared with the previous year. During the first quarter, a comprehensive flow reorganisation was carried out within production with an emphasis on the assembly and welding stages. The substantial investments which were made include a five-shaft multi-operation machine with robot handling and a pressure lathe for handling large products. An automated warehouse system was also installed. Through these investments, the proportion of unmanned production was increased further. Collectively, the initiatives within efficiency improvements, automation and new technology have given rise to a marked improvement in productivity. The company has implemented training initiatives within the areas of leadership and production, and been certified for welding standards in accordance with ISO 3834. Work has continued in relation to Lean Production, which is aimed at increasing flexibility and reducing lead times.

Growth remained strong at Fredriksons' Chinese unit. By relocating to new premises, the company has trebled its production area, thereby securing its opportunities for future growth. The new premises also provide scope for better flow orientation within production, and the capacity within cutting machining has also been increased through further investments. Aspects of the Lean Production philosophy and sequential assembly were implemented in order to further improve the efficiency of production. The unit was also environmentally certi-

In 2011, NPB in Jönköping manufactured and delivered the largest single order in the company's history.





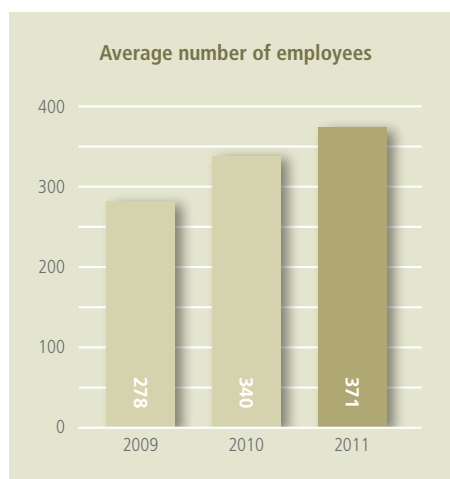
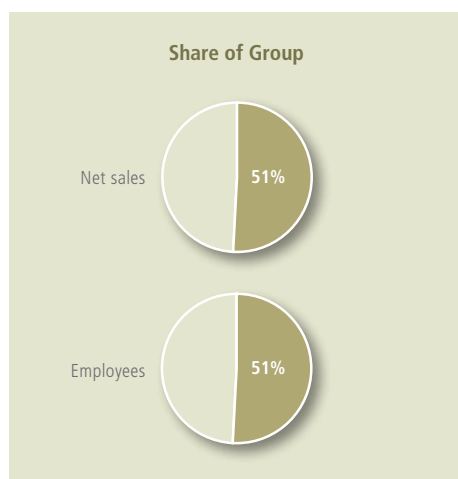
Production in a fully-automated six-shaft machining cell at Fredriksons.

fied during the year in accordance with ISO 14001. Delivery reliability was maintained at a high level during the relocation and the operation is functioning well at its new premises. Ahead of 2012, the company began a collaboration with a major client within medical technology. The unit has also taken new market shares within the food product industry, thus further broadening its customer base. The expansion has resulted in the recruitment of 30 new employees.

NPB increased both its sales and its profit, largely due to an order from one of the world's leading manufacturers of metal packaging for food products. The customer is based in the USA and the agreement was signed during the spring of 2010. The order covered packaging plants worth the equivalent of SEK 75 million and resulted in a consistently high level of capacity utilisation throughout the year. Deliveries and installation were successfully

implemented, thereby generating a good outcome. Towards the end of the year, the same customer expressed renewed confidence in NPB through a further major order. The European market also saw signs of improvement after a couple of years of reluctance to invest. In November, an agreement was signed for the delivery of three complete plants in France with a value corresponding to SEK 17 million. A unique function within product tracing was launched during the year, further enhancing NPB's competitiveness. Sales of book sorting machines, where NPB is represented on the Nordic market, have been stable and on a par with recent years.

Ackurat reported further growth and good profitability. The market situation was favourable throughout most of the year and sales of components for furniture, shop fittings and rehabilitation equipment increased relatively evenly. The company was still very active in its sales work, partly by par-





Ackurat in Lammhult has over 9,000 standard products in its range. The company also provides customised products and fully tailored solutions.

ticipating in a number of trade fairs and launching a new e-commerce solution. Further market shares were won on the primary market of Sweden, as well as in Finland and Poland via Ackurat's own sales companies. Sales also increased in Denmark, where the company supplies the furniture industry in particular. A number of activities relating to Lean Production were carried out during the year, along with the development and launch of new company products.

Outlook for 2012

Fredriksons' Swedish unit is forecasting a certain level of growth this year. The initiatives that have been implemented with the aim of achieving efficiency gains are also expected to generate benefits in the future and contribute to increased profitability. New investments in machinery for automated sheet metal working are planned during the year. The product development of a new conveyor system for the packaging industry has begun. Anticipated expansion within new customer segments means

that the company expects further strong growth at the Chinese unit.

Thanks to the major order that was placed at the end of 2011, NPB's development will remain strong. The company has begun work to develop new types of machinery for markets on which demand for packaging automation has previously been limited. Resources are also being allocated to investigating a possible establishment in Asia. There are also high hopes of further incoming orders from the European market during the year. The company is seeking a partner for the sale of book sorting machines outside the Nordic region with the aim of expanding this segment.

Ackurat anticipates positive developments during 2012, even though incoming orders from the furniture industry have weakened to some extent. The company's active sales work is continuing, particularly on export markets, where it is considered there are good opportunities for taking further market shares. Further development of the company's own products will also be a high priority during the year.



COMPANIES WITHIN THE INDUSTRIAL SOLUTIONS BUSINESS UNIT



Adjustable feet for shop shelves.

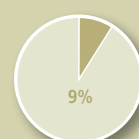
ACKURAT

Ackurat manufactures and sells standard injection-moulded plastic components and stocks more than 9,000 items, including hand wheels, adjustable feet, levers, handles and pipe stoppers. In addition to purely plastic components, the company supplies products with metal screws and bushings. Ackurat also offers the option of manufacturing fully-customised products or customised standard products.

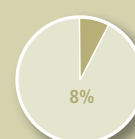
Ackurat sells mainly to the Nordic and Baltic countries. The company has sales organisations in Finland and Poland, as well as retailers in Norway and Latvia. The company's customers are primarily manufacturers of furniture, shop fittings and machinery, in addition to companies that supply equipment within the fields of health and leisure.

Ackurat 2011

Net sales	SEK m	52.7
Growth	%	+3.3
Employees		30

Share of business unit

Net sales



Employees



Conveyor system for dairies.

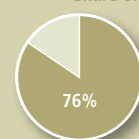
FREDRIKSSONS

Fredriksons offers contract assignments from ideas to finished products in small and medium series production. Such assignments can include design, manufacturing prototypes, series production and documentation. The company works with customers within food processing, medical technology, environment and energy. Fredriksons also develops, manufactures and markets conveyor solutions. The products are sold under their own brand name or as OEM products to customers operating within food products and medical technology. These products take care of customers' logistics, from packaged product to pallet handling.

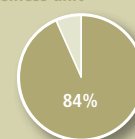
Fredriksons' customers are primarily based in Sweden. The company is able to serve customers with operations in Asia through its own manufacturing unit in China.

Fredriksons 2011

Net sales	SEK m	451.2
Growth	%	+0.1
Employees		310

Share of business unit

Net sales



Employees



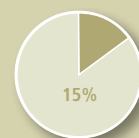
Detail from lid-handling equipment.

NPB

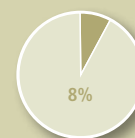
NPB develops, designs and manufactures automation equipment for lid handling in can-related products on the global market. The company also develops, designs and manufactures book-sorting solutions for libraries, with Europe as the primary market. NPB's services include project management, design, manufacture, assembly, testing, installation and training. The organisation is flexible and customer-oriented. NPB's equipment aim to improve the efficiency of the customer's manufacturing processes and also minimise installation and maintenance costs.

NPB 2011

Net sales	SEK m	91.1
Growth	%	+108.2
Employees		31

Share of business unit

Net sales



Employees



Precision Technology

The Precision Technology business unit consists of six companies with manufacturing units in Sweden. LK Precision and Resinit manufacture parts primarily for medical technical equipment in small to medium production runs. EMEK supplies both single components and longer production runs, mainly within infrastructure & engineering.

Mikroverktug manufactures fine-mechanical parts in small to medium production runs, primarily for customers within the automotive sector.

Metall Göte, Segerströms and Värnamo Industri specialise in larger runs, with a high proportion of sales being made to the automotive industry.

Precision Technology

Activities and markets

The companies within Precision Technology specialise in component and system manufacture through the advanced cutting machining of metal and plastic with exacting requirements for quality and precision. Customers primarily come from the medical technology, infrastructure & engineering, automotive and other industrial sectors, with a focus on the Swedish market.

2011 in brief

The companies within the business unit have experienced a stable market with a good level of incoming orders during the year. A combination of increased sales, more rational and efficient production, and the adaptation of the cost base in recent years has resulted in the unit as a whole reporting a sharp improvement in results.

After a couple of weak years, LK Precision reported a gradual improvement in profitability, which led to a positive result at the end of year. More efficient processes and optimised production flow are the main reasons behind the ability of the company to manufacture more cost-effectively. Investment in a new business system has simplified follow-up and facilitated better routines. Intensified and focussed sales work, as well as general organisational development, also contributed to the positive development. Incoming orders were at a good level for much of the year, with some weakening during the fourth quarter.

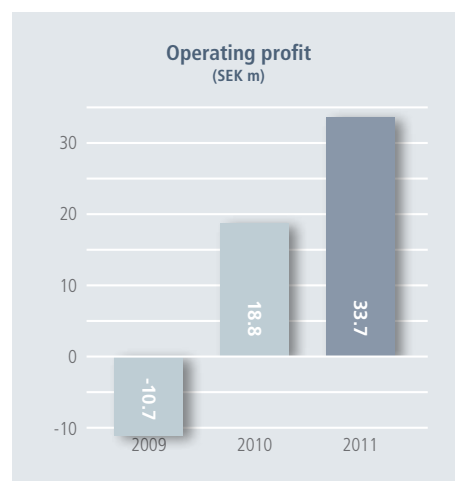
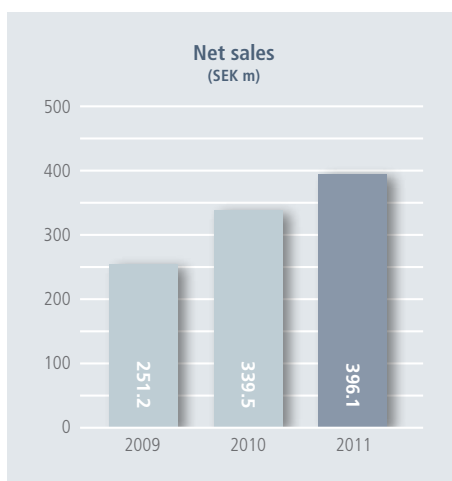
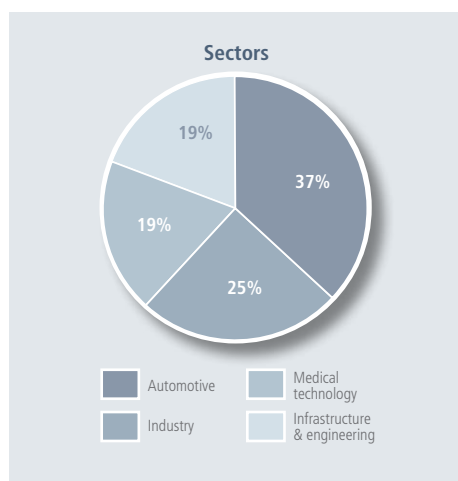
As a result of successful market activities, Mikroverktyg exceeded expectations for 2011. During the first few months of the year especially, the

company recorded a sharp increase in volumes, particularly within the automotive industry. Substantial investments have been made in machinery and administrative systems with the aim of streamlining production, reducing lead times and improving delivery reliability. Mikroverktyg has carried out internal training programmes within prioritised areas, e.g. in connection with generational changes in key positions within the organisation. Following signs of increasing interest in the development of hybrid technology for various vehicles, which drives demand for transmission components, the company has become involved in this area. The company is also involved in the field of energy with regard to the long-term development of new solutions.

For Resinit, the level of incoming orders rose during the first three quarters of the year, particularly within medical technology, and then flattened out



Automated machining cell with robot at Resinit.





Multi-operation lathe adapted for advanced components.

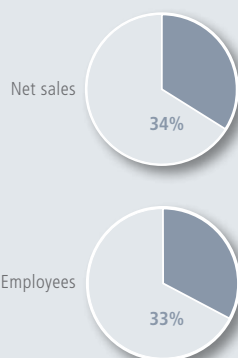
towards the end of the year. The proportion of export sales increased, including export sales to the US market, where the company won the trust of new customers within medical technology. Via customers in Sweden, sales to other geographic markets were also higher than before. During the latter part of the summer, a flow reorganisation was carried out within Resinit's production facilities, which covered much of the milling department and involved the installation of a further five-shaft machine with robot handling. The investment provides increased capacity and further benefits as regard to quality. The company anticipates an increase in demand for more complicated products with several functions in each piece, thus reducing the total number of components. Resinit's technical support and additional services are therefore set to become increasingly

important as a competitive factor. The company remains very active in work relating to environmental measures and during the year has, for example, reduced the number of chemicals used within the operation and achieved further energy savings.

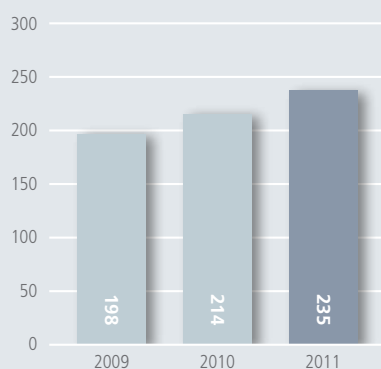
EMEK's turnover fell somewhat relative to the previous year after a couple of major customers relocated production abroad. However, profitability remained good, partly due to the implementation of measures aimed at improving production efficiency. A high degree of automation, technical expertise and the company's ability to meet customers' requests for very short lead times have remained the company's key competitive advantages.

Compared with the previous year, VIAB experienced a higher level of incoming orders from all customer segments and, in particular, increased vol-

Share of Group



Average number of employees



umes to the heavy vehicle industry, where the majority of the company's production is allocated. Combined with a positive outcome from completed efficiency initiatives, the growth in turnover led to a considerable improvement in profitability during the year. Internal work has involved both general organisational development and specific measures to improve efficiency, e.g. through ensuring good delivery precision. The production plant was expanded through the addition of a new line and floor space was also freed up for future investments in machinery through flow changes in the factory layout. During the final quarter, the company experienced a decline in incoming orders from the automotive industry, while the market situation otherwise remained stable.

Through efficient and rational production, combined with a good level of incoming orders from both existing and new customers, Segerströms was able to report both increased revenue and an improved result compared with 2010. Following a period of relatively stable demand, the company experienced some weakening during the autumn, as many customers reviewed their stocks and prepared themselves for a possible downturn in the econom-



ic situation. Volumes then recovered and the company coped well with the change as a result of previously implemented efficiency initiatives. During the year, Segerströms has increased the number of projects within the electronics sector, a development which represents an interesting complement to the assignments from the automotive industry. During the first six months of the year, another six-spindle lathe was installed in order to meet the need for additional machine capacity resulting from the increase in new sales.

Metall Göte has been part of the XANO Group since 1 October. The principal reason for the acquisition was the economies of scale that are expected between Metall Göte, Segerströms and VIAB. The materials, techniques, component complexity and volumes of the three companies are very similar. Together, the companies can strengthen the services and products offered to customers. Like other companies within the unit, Metall Göte experienced a good level of incoming orders during the year, with some weakening during the final quarter. The Group affiliation provides economies of scale and margin-reinforcing effects in relation to procurement for example, which is expected to have a positive impact on the company's future development.

CNC-controlled lathe adapted for machining long components.



Outlook for 2012

LK Precision has begun the year with a good level of incoming orders and many enquiries. With intensified market canvassing, the company anticipates strong growth and improved profitability. Further measures to improve production flows are planned.

Mikroverktyg foresees opportunities to further increase sales, and the initiatives that have been implemented in order to improve efficiency are expected to provide higher margins than before. The generational change is continuing, as is the resultant important work to transfer knowledge to new employees. The company has received an initial order from the defence industry, which will be fulfilled during the year.

Resinit anticipates further growth through both new sales and an increased number of projects from

existing customers. In order to meet an anticipated upturn in demand, an eight-spindle lathe was ordered during the autumn with installation planned for the first quarter of 2012.

Through intensified sales work, EMEK anticipates good opportunities to compensate for previous volume losses through new business and an increased number of projects from existing customers. Growth in revenue, combined with a high level of production efficiency, is expected to result in continued good profitability for the company.

VIAB expects positive development during the year. Signals from customers within the automotive industry indicate that the level of incoming orders will be somewhat lower during the first quarter and will then pick up again later in the spring. At the end of the first half of 2011, work began to establish a procurement and sales office in China. This process is ongoing and is expected to generate income during the current year.

Segerströms also anticipates good opportunities to win new business and achieve further growth. One objective is to increase the proportion of sales within electronics. After a number of customers reduced their stocks during the autumn, requests for rapid deliveries may lead to uneven capacity utilisation within production at the start of the year.

The coordination of Metall Göte, VIAB and Segerströms is expected to take shape and create economies of scale during the year. Although forecasts from customers within the heavy vehicle industry are the subject of some uncertainty, Metall



The precision of a worm gear is examined before production starts at Mikroverktug.

Göte foresees opportunities for growth as a result of increased market canvassing work. Combined with further improvements in efficiency within production, this is expected to lead to long-term stable profitability.



COMPANIES WITHIN THE PRECISION TECHNOLOGY BUSINESS UNIT



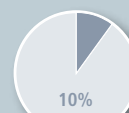
Component for pump houses
made in stainless steel.

ESLÖV MEKANISKA VERKSTAD (EMEK)

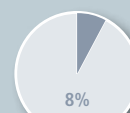
EMEK operates as a subcontractor to the mechanical engineering industry with advanced cutting processes, specialising primarily in stainless steel. The company manufactures milled and turned components with special requirements in terms of quality, precision and delivery reliability. These products are used as components in heat exchangers, electric fork-lift trucks, petrol pumps, stone crushers and equipment for the digital TV network. EMEK's customers are largely based in Sweden within the infrastructure & engineering, automotive and other industry sectors.

EMEK 2011

Net sales	SEK m	42.0
Growth	%	-10.6
Employees		20

Share of business unit

Net sales



Employees



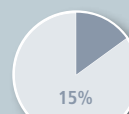
Aluminium component for optical equipment,
manufactured using five-spindle machining.

LK PRECISION

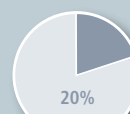
LK is a precision-mechanical engineering company with a focus on the manufacture of complex components made from metals such as aluminium, brass, steel and titanium, in addition to certain plastics. Manufacturing is concentrated on small and medium production runs of products characterised by great complexity and demanding tolerance requirements. The company's customers are primarily within the medical technology and other industry sectors on the Swedish market. Examples of products include components for the mining and defence industries.

LK Precision 2011

Net sales	SEK m	62.7
Growth	%	-2.3
Employees		51

Share of business unit

Net sales



Employees



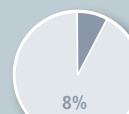
Plug for security-classed oil filter housing.

METALL GÖTE

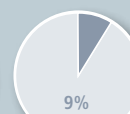
Metall Göte carries out contract manufacturing of turned components which require a high level of precision. The company uses materials such as brass, free-cutting steels, stainless steel and aluminium for the manufacture of both short and long production runs. Through networks, component production is supplemented by turnkey solutions encompassing hardening, surface treatment, finishing and assembly. The largest customer segments are heavy vehicles and hydraulics/pneumatics. The bulk of the company's sales are made to the Swedish market.

Metall Göte 2011

Net sales	SEK m	33.8
Growth	%	+6.1
Employees		21

Share of business unit

Net sales



Employees



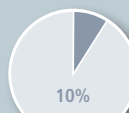
Transmission component in hardened
and ground steel.

MIKROVERKTYG

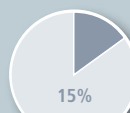
Mikroverktig is active in cutting machining and specialises in small to medium-sized fine mechanical components and transmission components such as toothed gears, splines and racks with demanding requirements for quality and precision. The company also manufactures fixtures, prototypes, special tools, measuring devices, components for the aviation and defence industries, hydraulic components, spare parts and other components with demanding requirements. Mikroverktig's customers primarily come from Nordic manufacturing industry.

Mikroverktig 2011

Net sales	SEK m	43.1
Growth	%	+38.4
Employees		38

Share of business unit

Net sales



Employees

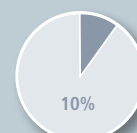
COMPANIES WITHIN THE PRECISION TECHNOLOGY BUSINESS UNIT

**RESINIT**

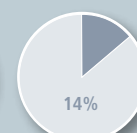
Resinit offers complete solutions where the mechanical processing of thermo and hardened plastic materials is supplemented with associated services. The company specialises in difficult plastic materials with demanding requirements for dimensional accuracy and surface finish. As a supplier of components for medical equipment and analysis, amongst other things, total precision and extensive material knowledge are required to ensure that the end customer's requirements for reliability in production, delivery and operation are met. Close to 60 per cent of the company's products are sold within the medical technology sector, primarily to Swedish customers.

Resinit 2011

Net sales	SEK m	44.7
Growth	%	+8.3
Employees		36

Share of business unit

Net sales



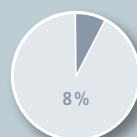
Employees

**SEGERSTRÖMS**

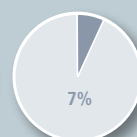
Segerströms uses cutting processes and supplies small metal components in large production runs. Examples of the company's products include casings, pins and specialised items for the automotive and engineering industries. A well-equipped tools division guarantees excellent service and facilitates the design of customised specialist equipment for manufacturing purposes. Most of the company's customers are located in the Nordic countries. The dominant sectors are the automotive industry, manufacturers within the electrical and electronics industries and other engineering industry.

Segerströms 2011

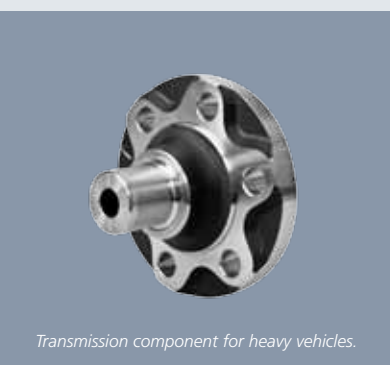
Net sales	SEK m	34.5
Growth	%	+18.4
Employees		18

Share of business unit

Net sales



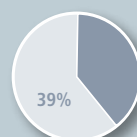
Employees

**VÄRNAMO INDUSTRI (VIAB)**

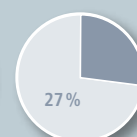
VIAB supplies components manufactured using advanced cutting processes. The company machines most materials and also provides in-house grinding and external services such as hardening and surface treatment. In addition, VIAB assembles sub-systems and complete units. The production processes are extremely flexible, with resources to maximise the advantages of the advanced mechanical equipment. The company's highly trained personnel have access to advanced control systems that guarantee the right quality. The company's sales are made mainly to the Swedish market. The company's customers primarily consist of manufacturers of heavy vehicles and machine builders.

VIAB 2011

Net sales	SEK m	164.3
Growth	%	+26.0
Employees		67

Share of business unit

Net sales



Employees



Rotational Moulding

The Rotational Moulding business unit is made up of Cipax, which consists of three manufacturing units that have their own development and sales organisations, as well as a separate sales company. Cipax has a leading position within rotational moulding in the Nordic and Baltic regions. Long-standing experience of the industry and close cooperation with leading industrial companies have created a good level of confidence in the company as a supplier. Cipax also has a major competitive advantage due to its high level of technical expertise and access to several production sites with different specialisations.

Rotational Moulding

Activities and market

Cipax works on both customer-specific production and proprietary products within plastic rotational moulding. The company's own products are divided into the following segments: boats, marine products and industrial products. Customer-specific manufacturing takes place for the following sectors: marine, infrastructure & engineering, automotive and other industry. Cipax is primarily active on the markets in the Nordic and Baltic regions.

2011 in brief

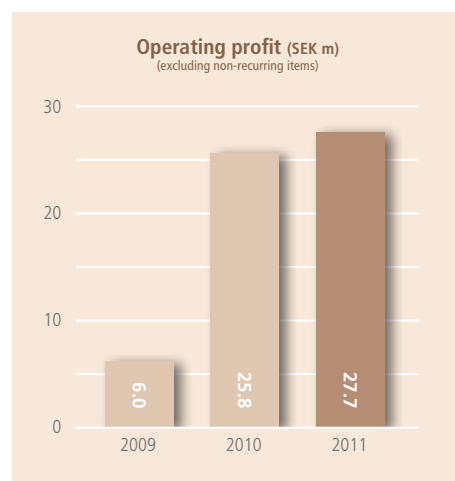
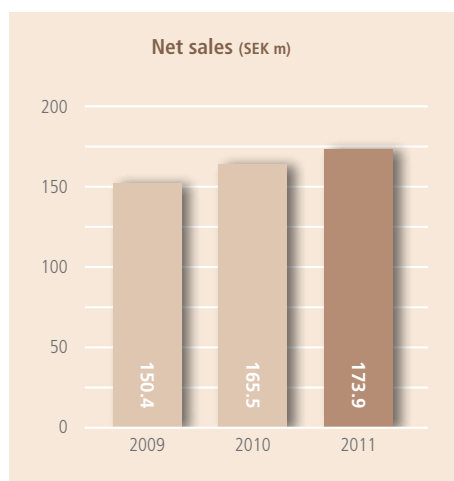
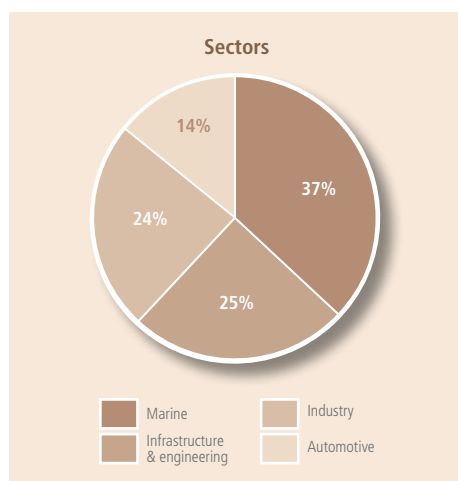
The business unit reported both growth in revenue and an improved result compared with the previous year. Further active sales work combined with productivity improvements as a result of ongoing efficiency measures are the principal reasons for the positive trend. During the first nine months of the

year, the development within Cipax's geographic areas was good, with a steadily increasing order stock within virtually all product segments. The general slowdown resulted in demand levelling off during the final quarter.

There has been some realignment between the product segments during the year; however, this has had no significant effect on margins. Sales within the infrastructure sector increased to both existing and new customers on the domestic markets of Sweden, Norway and Finland. Revenue was also higher within the automotive segment than during the previous year, thanks partly to new customers in France and the Netherlands, for example. During the previous year, a more extensive collaboration was begun with companies in the furniture industry. The level of incoming orders within this segment has increased and Cipax sees potential for further expansion in the future. Sales of proprietary products declined slightly within the boat segment, although the decline in this segment was less marked than in the sector as a whole. Cipax actively worked to upgrade and develop proprietary products within industry, marine and boat.

The collaboration with Scandinavia's leading brands within boat engines, Yamaha, which began during the previous year, has helped to boost sales. This market collaboration encompasses Sweden, Norway, Denmark, Iceland, the Baltic region and the Faeroe Islands. Cipax boats are sold via the boat engine manufacturer's distribution network within the above mentioned markets. In Norway, the products already held a market-leading position. During the year, the company began a marketing initiative tar-

Continuous investments have shaped a flexible production with different types of machines to meet the various customer requirements.





Container for sand and salt which can withstand harsh temperature conditions.

geted at both retailers and end customers with the aim of also reinforcing the market position in other countries.

The work relating to efficiency measures has had markedly positive results. Production at both the Swedish and Estonian units is working very well. Within the Norwegian unit, there is potential for improvements within various areas. Activities relating to Lean Production have been carried out and are continuing. The production staff at all units have been trained in how to carry out more processes. This broadened expertise has resulted in both greater flexibility in the production process and more varied tasks for the employees.

Outlook for 2012

The current year has begun positively, with a good level of incoming orders and many inquiries. Cipax therefore anticipates further growth for the Group over the year as a whole. The collaboration with the boat engine manufacturer means significantly improved market conditions ahead of the coming boating season. A couple of new boat models will be launched during the year and product development is also under way within other segments, including the development of new tanks for industrial use. Market canvassing work will be intensified, particularly on the Danish and Polish markets, where the company has high expectations of expansion within a number of segments. Finland remains a priority development market. There is scope on this market to take further market shares within contract manufacturing in particular.

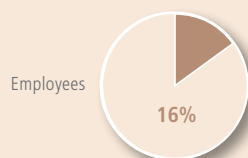
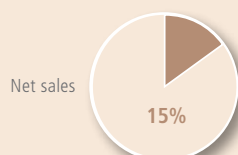


Urea tank used to reduce nitric oxide emissions from diesel engines in heavy vehicles.

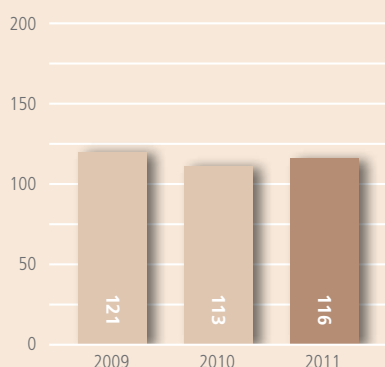


Cipax has launched sales initiatives on a number of markets concerning package solutions consisting of Pioneer boats and Yamaha engines.

Share of Group



Average number of employees



COMPANIES WITHIN THE ROTATIONAL MOULDING BUSINESS UNIT



Pumping station used at the expansion of drainage systems.

CIPAX

Cipax designs, develops and manufactures plastic products through rotational moulding using environmentally friendly, recyclable materials. The primary product segments include boats, products for the automotive and infrastructure industries, industrial containers and buoyancy devices.

The manufacturing process is characteristically cost-efficient for small-scale production runs due to low tool costs and flexible production. The flexibility of the product design process enables complex items to be created. Examples of customer-specific products include tanks, pipes and casings with specific requirements such as heat- or cold-resistance and chemical resistance. In addition to customer-specific manufacturing, which accounts for half of the company's revenue, the company works on in-house-developed products within the boat, marine and industry segments.

Deliveries mainly take place to leading companies in the Nordic and Baltic countries within the marine, automotive and other industry sectors.

Cipax 2011

Net sales	SEK m	173.9
Growth	%	+5.1
Employees	st	116



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Directors' report

The Board of Directors and the CEO of XANO Industri AB (publ), with corporate identity no. 556076-2055 and registered office in Jönköping, Sweden, hereby submit the Annual Report and consolidated financial statements for the 2011 financial year.

Operations

XANO develops, acquires and manages manufacturing businesses with unique or market-leading products and systems with related services.

Sales and profit

Net revenue was SEK 1,162 million (1,268) for the Group as a whole and SEK 1,162 million (1,049) for continuing operations. Profit after tax amounted to SEK 83 million (72) for the Group as a whole and SEK 81 million (53) for continuing operations.

Share data and key ratios

Earnings per share amounted to SEK 12.15 (10.60) for the Group as a whole and SEK 11.80 (7.80) for continuing operations. At year-end, equity per share was SEK 73.50 (65.70) and the equity/assets ratio 48 per cent (46).

Important events during the year

In September, the Group acquired all the shares of Metall Göte AB in Värnamo. Metall Göte manufactures industrial components made from materials such as brass, free-cutting steels, stainless steel and aluminium. The largest customer segments are heavy vehicles and hydraulics/pneumatics. The company operates from its own site in Värnamo. The company has 21 employees and annual revenue of approx. SEK 35 million. Metall Göte has been incorporated into XANO's Precision Technology business unit and is included in the consolidated income statement as of 1 October 2011. The acquisition of Metall Göte is not initially expected to have any significant effect on the XANO Group's results and financial position. The primary reason for the acquisition is the synergy effects which can be achieved between Metall Göte and the companies within XANO's Precision Technology business unit, Segerströms and Värnamo Industri.

In December, the subsidiary NPB signed a supply agreement worth somewhere in the region of SEK 97 million with a world-leading company in the USA. The order covers 13 complete plants for full automation of the packing

process for a factory's total production as well as the continued automation of another unit. Delivery and installation will take place in 2012 and 2013. As a result of active, long-term marketing activities by NPB, a major order was won in April 2010. Delivery and installation took place during 2011 with very good results and the customer has now expressed renewed confidence in NPB. In addition to the order from the USA, NPB has also signed an agreement for the delivery of three complete plants to France worth around SEK 17 million.

Events after the balance sheet date

Since the balance sheet date, XANO has acquired – via a subsidiary – all the shares in Kungsörs Mekaniska Verkstad AB and Albins Mekaniska Verkstad AB.

Kungsörs Mekaniska specialises in internal processing, primarily precision drilling, and is a unique company within its niche in the Nordic countries. Albins Mekaniska works with contract manufacturing within cutting machining of primarily large products in short production runs. Together the companies employ about 40 people and have an annual turnover of approx. SEK 60 million with an operating margin at approx. 20 per cent.

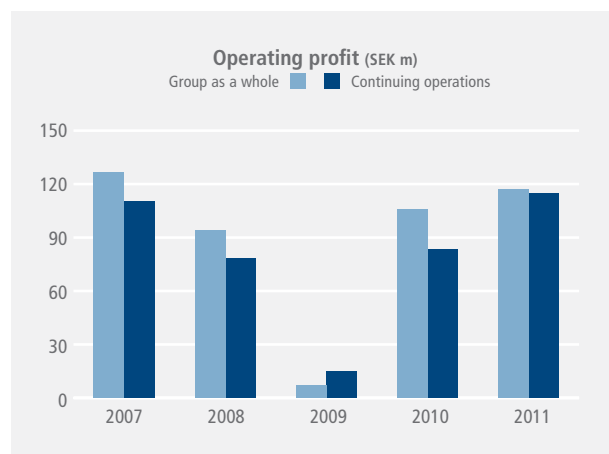
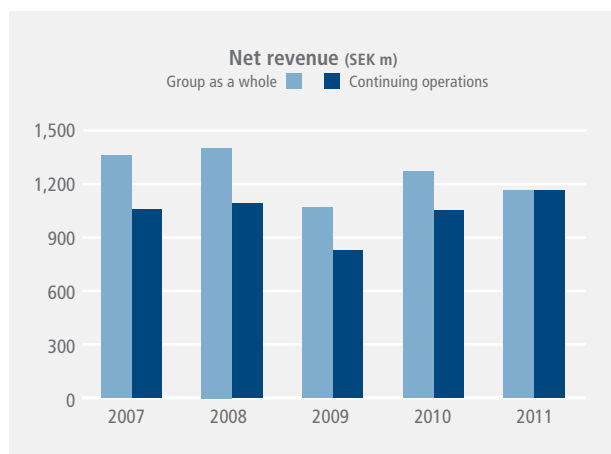
The company will form part of XANO's Precision Technology business unit and be consolidated in the Group from 1 January 2012. The purchase price, which was paid in cash, was SEK 115 million. After deducting the liquid assets acquired, the net impact on the Group's cash flow was SEK 93 million. The acquired company's balance sheet total amounts to around SEK 70 million, SEK 54 million of which is equity.

The acquisition will provide the XANO Group's existing operations in cutting machining with additional expertise and access to new market segments.

XANO in brief

XANO comprises industrial companies with operations in Sweden, Estonia, Finland, Norway, China and Poland. The units all operate within well-defined niches and possess a high level of expertise within their respective technical areas. During the year, the Group's operations were divided into three business units: Industrial Solutions, Precision Technology and Rotational Moulding.

Industrial Solutions supplies automation solutions to the food and medical technical industries, in addition to packaging machines for beverage and other food packaging. The unit also provides manufacturers of furniture and shop fittings with parts such as hand wheels, handles and adjustable feet. The business unit comprises Ackurat, Fredriksons and NPB.



Precision Technology includes EMEK, LK Precision, Metall Göte, Mikroverktyg, Resinit, Segerströms and Värnamo Industri. These companies cover component and system manufacture through advanced cutting machining of plastic and metal for the production of components which are subject to demanding requirements for quality and precision.

Rotational Moulding consists of the Cipax Group, which manufactures plastic products in the form of components and systems through rotational moulding. These companies supply both customer-specific and proprietary products. The primary product segments include boats and products for the automotive industry, as well as industrial tanks and buoyancy devices.

The Group's development during the year (continuing operations)

The first quarter of 2011 was one of the best the Group has ever experienced. Sales rose by 33 per cent overall compared with the same period last year and profit before tax was SEK 27 million. Incoming orders were relatively consistent, remaining at a high level throughout the period. Development remained good during the second quarter. However, as expected, the rate of growth weakened somewhat compared with the first quarter and the order stock was on a par with the previous year for the Group as a whole. The Group's companies also generated excellent results during the third quarter. The previous quarter's trend of a reduced rate of growth continued, but order stock levels remained at a satisfactory level. The general market situation for the Group's companies also remained stable at the start of the fourth quarter, before subsequently weakening slightly during December. Annual turnover increased by 11 per cent compared to 2010, while the operating margin improved from 8.0 to 9.9 per cent. Profit after tax exceeded last year's result by over 50 per cent. The positive trend in earnings is primarily due to a significant improvement in the profitability of the companies that reported weak figures for the previous year, in addition to the ability of others to maintain good margins. The cash flow for the year as a whole was strong.

Industrial Solutions

The two Fredriksons units both reported total sales on a par with the previous year, with a certain shift from the Swedish to the Chinese unit. However, the margins were somewhat lower as a result of structural measures concerning production, combined with product mix changes. For NPB, the year saw a strong recovery from the negative result of the previous year. A large order placed by a US company during 2010 was delivered with excellent

results. The company has also experienced more stable market conditions. Ackurat's development remained positive, with growth in turnover and an improvement in margins compared with the previous year. The company has increased its market share through active marketing work. Sales increased by 9 per cent and operating profit increased by 48 per cent for the business unit as a whole compared with the previous year.

Precision Technology

The market situation for the year as a whole was stable. More active sales work has led to an increase in the number of quotes and a good order situation for all companies within the unit. The effects of structural measures implemented previously and further investments in new technology have led to improved production efficiency. In combination with the higher turnover, this means that the operating margin for the business unit as a whole has improved significantly. The business unit's invoicing was 17 per cent higher than in 2010. At the same time, the operating profit rose by no less than 80 per cent. The acquisition of Metall Göte in September had only a marginal effect on the profit of the business unit during the year.

Rotational Moulding

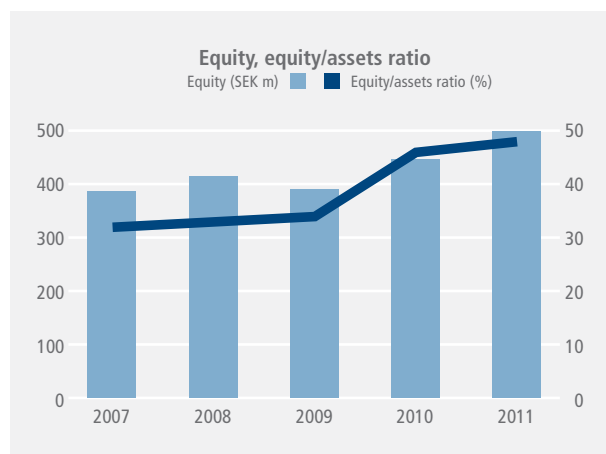
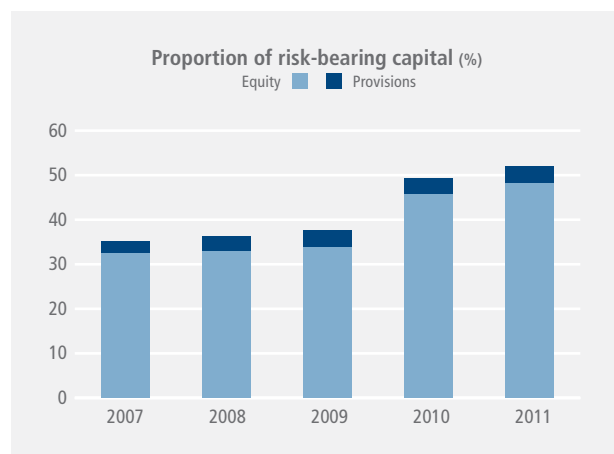
Development remained at a good level within Cipax's geographic area of activity and in all virtually all product segments. Marketing initiatives in Finland and Poland have had a positive effect on sales, as has the collaborative project with Scandinavia's leading boat engine manufacturer. There has been some realignment between the product segments during the year; however, this has had no significant effect on margins. Work concerning product development continued intensively. The business unit's turnover increased by 5 per cent, while the operating profit excluding non-recurring items improved by 7 per cent compared to 2010.

Investments

The Group's net investments in non-current assets amounted to SEK 55 million (-80), of which SEK 13 million is attributable to corporate transactions SEK 1 million to real estate and SEK 41 million to machinery and equipment.

Cash flow and liquidity

Cash flow after investments amounted to SEK 123 million (156) during the year. Profit arising from volume increases has been the primary contributor to the year's cash flow, while the cash flow for the previous year was generated through the disposal of companies and a strong result.



The Group's liquid assets, including lines of credit granted but not utilised, totalled SEK 375 million (484) on the balance sheet date.

The positive cash flow of recent years has resulted in the Group's total debt burden being reduced and there consequently being a large increase in available capital. The credit agreement with the Group's main bank was therefore renegotiated during the year, with the credit facility being reduced by around SEK185 million.

Risks and uncertainty factors

The Group's major risk and uncertainty factors include operational risks associated with customers and suppliers and other external factors such as price risks for input goods. In addition, there are financial risks as a result of changes in exchange rates and interest rate levels. A statement on the Group's main financial and operational risks can be found in Note 32 on pages 68 and 69.

Convertible bond programme

In 2008, the Annual General Meeting (AGM) of XANO decided to approve the Board of Directors' proposal concerning the issue of a maximum of 250,000 convertibles with a total nominal value of a maximum of SEK 35,000,000, with a maturity period from 1 July 2008 to 30 June 2012. In a deviation from the shareholders' right of first refusal, entitlement to subscribe to the convertibles fell to individuals who at the time of expiry of the subscription period were permanent employees of the Group. Employees within the XANO Group have subscribed to convertibles totalling SEK 27,500,000, corresponding to 220,000 convertibles at a conversion price of SEK 125. If all convertibles are converted to shares, the dilution will be 3.2 per cent of the share capital and 0.9 per cent of the votes. The convertible interest rate is determined separately for each interest period of 12 months and corresponds to STIBOR 12M plus 1.5 per cent. During the period 1 May to 15 June 2012, each convertible may be converted to a Class B share in XANO.

Currency and interest rates

As a result of its international activities, XANO is particularly exposed to currency fluctuations in both EUR and USD relative to SEK. Financing primarily takes place through borrowings in the local currency of each subsidiary. The Group's interest-bearing liabilities amounted to SEK 242 million (282) on the balance sheet date. A detailed description of the Group's financial risks can be found in Note 32 on page 68.

Environmental impact

The Group conducts operations that require a permit under the Swedish Environmental Code in ten Swedish subsidiaries. The Parent Company does not conduct any activities that require a permit. A report on the Group's environmental activities can be found on page 18.

Research and development

The Group does not conduct in-house research. Within the framework of each subsidiary, products and processes are continuously developed. The development costs, which are not significant, are normally written off as they arise. Under certain circumstances, expenses can be capitalised, provided that future economic benefits can be demonstrated and the expense is of considerable value.

The share and shareholders

As of the balance sheet date, the company holds 140,000 of its own shares with a quotient value of SEK 5, which were acquired in 2003 for SEK 66 per share. The total number of shares as of the balance sheet date was 6,928,974, distributed between 1,950,000 Class A shares and 4,978,974 Class B shares. A Class A share gives entitlement to ten votes and a Class B share to one vote.

There are currently two shareholders who each own and control more than 10 per cent of the votes for all shares in the company. Tord Johansson controls 27.5 per cent of the capital and 55.1 per cent of the votes through his own holdings and through holdings via related parties. Johan Rapp controls 31.0 per cent of the capital and 28.6 per cent of the votes through holdings via related parties. Information concerning holdings relates to share after deduction of the company's own holdings.

Work of the Board of Directors

XANO's board of directors consists of six ordinary board members and one deputy member. The members elected at the AGM include both representatives of XANO's largest shareholders and independent representatives. The CEO and other salaried employees in the Group participate in Board meetings to present reports or in an administrative capacity.

During the 2011 financial year, the Board of Directors held seven meetings. Each regular meeting deals with the reports and items for decision that are defined in the Board's rule of procedure, in addition to business information. The Board makes decisions on issues of a general nature, such as the Group's strategy and structural and organisational issues, as well as major investments.

The Board's control function is dealt with by the audit committee. One of the company's auditors attends at least one Board meeting each year to report the auditors' observations following their examination of the company's accounts, procedures and internal controls.

Nomination committee

A nomination committee was appointed at the 2011 AGM consisting of Ulf Hedlundh (chairman), Johan Rapp and Anders Rudgård. The task of the committee prior to the 2012 AGM is to nominate a Chairman of the Board and other Board members, auditors, a chairman for the AGM and fees for the Board, committees and auditors. Prior to the 2012 AGM, the nomination committee has so far had two meetings, during which minutes were taken, in addition to a number of contacts.

Corporate governance

XANO's corporate governance is based on Swedish legislation and the listing agreement with NASDAQ OMX Stockholm. Directives issued by authorities and stakeholders within Swedish industry and on the financial market are also applied for various issues.

Governance, management and control are divided between shareholders at the AGM, the Board and the CEO in accordance with the Swedish Companies Act and the company's articles of association and rules of procedure.

From 1 July 2008, all companies listed on NASDAQ OMX Stockholm must follow the "Swedish Code for Corporate Governance", the so-called "Code". XANO's corporate governance report has been prepared separately from the management report and can be found on pages 82-85.

Five-year overview

Income statement, SEK m	2011	2010	2009	2008	2007
Net sales	1,162	1,049	828	1,093	1,056
Cost of goods sold	-923	-857	-701	-894	-839
Gross profit	239	192	127	199	217
Selling expenses	-86	-78	-73	-75	-62
Administrative expenses	-47	-42	-41	-45	-45
Other operating income/expenses	9	11	2	0	0
Operating profit	115	83	15	79	110
Financial items	-10	-14	-13	-26	-18
Profit before tax	105	69	2	53	92
Tax	-24	-16	-1	-13	-28
Profit from continuing operations	81	53	1	40	64
Profit/loss from discontinued operations	2	19	-10	5	9
Net profit for the year	83	72	-9	45	73

Financial position, SEK m ¹⁾	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Non-current assets	600	594	759	802	724
Current assets	436	382	399	456	467
Equity	499	446	390	414	386
Non-current liabilities	149	216	329	358	366
Current liabilities	388	314	439	486	439
Balance sheet total	1,036	976	1,158	1,258	1,191

Cash flow, SEK m ¹⁾	2011	2010	2009	2008	2007
Cash flow from operating activities	165	126	124	77	69
Cash flow from investing activities	-42	30	-18	-92	-217
Cash flow after investing activities	123	156	106	-15	-148
Cash flow from financing activities	-79	-156	-113	28	151
Cash flow for the year	44	0	-7	13	3

Key ratios	2011	2010	2009	2008	2007
Operating margin (continuing operations), %	9.9	8.0	1.8	7.2	10.5
Profit margin (continuing operations), %	9.0	6.6	0.3	4.8	8.7
Return on equity, % ¹⁾	17.6	17.4	-2.2	11.2	20.1
Return on capital employed, % ¹⁾	16.6	12.4	1.7	9.7	15.3
Return on total capital, % ¹⁾	12.3	9.6	1.4	7.7	11.7
Interest coverage ratio, multiple ¹⁾	7.8	5.8	0.7	2.6	5.1
Equity, SEK m ¹⁾	499	446	390	414	386
Equity/assets ratio, % ¹⁾	48	46	34	33	32
Proportion of risk-bearing capital, % ¹⁾	52	49	38	36	35
Basic earnings per share (continuing operations), SEK ²⁾	11.80	7.80	0.25	5.85	9.50
Basic earnings per share, SEK ^{1, 2)}	12.15	10.60	-1.30	6.70	10.80
Equity per share, SEK ¹⁾	73.50	65.70	57.50	61.05	57.20
Cash flow from operating activities per share, SEK ¹⁾	24.30	18.50	18.35	11.45	10.30
Proposed dividend per share, SEK	3.50	3.50	1.50	1.50	3.50

Miscellaneous	2011	2010	2009	2008	2007
Scheduled depreciation (continuing operations), SEK m	50	52	59	53	48
Scheduled depreciation, SEK m ¹⁾	50	63	71	69	64
Interest-bearing liabilities, SEK m ¹⁾	242	282	540	634	547
Net investments (continuing operations), SEK m	55	25	25	120	205
of which attributable to corporate transactions	13	–	–	44	141
Average number of employees (continuing operations)	732	677	606	710	610

¹⁾ Refers to the entire Group, including discontinued operations.

²⁾ Based on net profit for the year.

³⁾ No dilution effect is taken into account when diluted earnings per share are higher than basic earnings per share.

For definitions, see page 88.

Future development

Both the order stock and incoming orders were at levels comparable with the previous year at the start of February 2012. However, the growth curve has levelled off. External factors mean that development in the immediate future is difficult to assess.

Repurchase of own shares

In April 2003, 415,000 Class B shares with a quotient value of SEK 5 were acquired at the rate of SEK 66. In 2006, share capital was reduced by cancelling 198,000 of the repurchased shares. A total of 47,000 and 30,000 of the company's own shares were transferred during 2007 and 2008 respectively in connection with company acquisitions. The number of shares in own custody after these transactions amounts to 140,000, corresponding to 2.0 per cent of the share capital. After deduction of the company's own holding, the number of outstanding shares amounts to 6,788,974 as of the balance sheet date.

The Board of Directors proposes that the AGM renews the Board's authorisation to approve repurchases of own shares. Such a mandate would empower the Board, during the period up until the next AGM, to make decisions regarding the repurchase of the company's shares. Any such repurchase could be effected both via the stock market and by offers to the shareholders. It is proposed that the mandate of the Board should also include scope for assigning repurchased shares within the constraints of relevant legislation.

Remuneration and employment conditions for senior executives

The Board of Directors proposes that the 2012 AGM reach a decision concerning guidelines for the determination of salaries and other remuneration to the CEO and other senior executives. It is proposed that the guidelines that were approved by the 2011 AGM remain principally unchanged. These guidelines are as follows:

The conditions are to be market-based. In addition to a fixed basic salary, senior executives may receive variable remuneration, which must be limited and based on the trend in results or the return on equity compared with set goals. The variable component may not exceed the equivalent of three months fixed salary. Senior executives shall have market pension conditions which must be premium-based. Any employee in the Group's management may terminate their employment by giving six months' notice. In the event of notice being given to the CEO, severance pay totalling 18 months' salary shall be payable. The Board shall be entitled to deviate from the guidelines if there are exceptional reasons for doing so in an individual case.

According to the current employment contract, the company and the CEO have a mutual six-month period of notice. In the event of notice being given to the CEO, severance pay totalling 18 months' salary shall be payable. Severance pay will be offset against other income. In the event of notice on the part of the CEO, no severance pay is payable. For other senior executives, there is a period of notice of six months by either party. In the event of notice on the part of the company, severance pay totalling six months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the senior executives, no severance pay is payable.

Proposal for the appropriation of profits

Parent Company

The following amounts are at the disposal of the Annual General Meeting:		SEK
Share premium reserve		2,280,700
Retained earnings		196,653,213
Net profit for the year		25,436,453
Total		224,370,366

The Board of Directors and the CEO propose that the surplus be distributed as follows:		SEK
Payment of a dividend of SEK 3.50 per share to shareholders (6,788,974 shares)		23,761,409
To be carried forward		200,608,957
Total		224,370,366

Statement by the Board of Directors regarding the proposed dividend

Based on the proposed dividend, the equity/assets ratio is adequate as company and Group activities are still being operated profitably. It is judged that the liquidity in the company and Group can be maintained at a satisfactory level.

The Board believes that the proposed dividend does not prevent the Parent Company or the other Group companies from fulfilling their obligations in the short- and long-term, or from meeting their required investments. The proposed dividend can thus be justified with reference to the provisions of Section 3(2-3) in Chapter 17 of the Swedish Companies Act (the prudence rule).

Consolidated statement of comprehensive income

GROUP (SEK thousands)	Note	2011	2010
Net sales	2	1,162,086	1,049,234
Cost of goods sold	4, 5, 6	-923,148	-857,019
Gross profit		238,938	192,215
Other operating income	8	16,833	16,285
Selling expenses	4, 5, 6	-86,305	-77,829
Administrative expenses	4, 5, 6, 7	-46,596	-41,915
Other operating expenses	9	-8,216	-5,222
Operating profit	2, 3	114,654	83,534
Financial income and similar profit/loss items	10	5,453	2,109
Financial expenses and similar profit/loss items	11	-15,782	-16,506
Profit before tax		104,325	69,137
Tax	12	-24,058	-16,299
Profit from continuing operations	1	80,267	52,838
Profit from discontinued operations	1	2,291	19,195
NET PROFIT FOR THE YEAR		82,558	72,033
<i>– of which attributable to shareholders of the Parent Company</i>		82,558	72,033
Other comprehensive income			
Change in hedging reserve ¹⁾	20, 24	-11,203	3,087
Tax relating to change in hedging reserve	20, 24	2,946	-758
Translation differences ²⁾	20	2,333	-8,555
COMPREHENSIVE INCOME FOR THE YEAR		76,634	65,807
<i>– of which attributable to shareholders of the Parent Company</i>		76,634	65,807
Share data			
Basic earnings per share for continuing operations ³⁾	SEK 18	11.80	7.80
Diluted earnings per share for continuing operations ^{3, 4)}	SEK 18	11.60	7.70
Basic earnings per share for the Group as a whole ³⁾	SEK 18	12.15	10.60
Diluted earnings per share for the Group as a whole ^{3, 4)}	SEK 18	11.95	10.40
Average number of outstanding shares	19	6,788,974	6,788,974
Average number of outstanding shares after dilution	19	7,008,974	7,008,974
Average number of shares in own custody	19	140,000	140,000

¹⁾ Relates to the effective component of value change in derivative instruments used for the reporting of hedging.

²⁾ Translation differences refer to changes in exchange rates when net investments in non-Swedish subsidiaries are translated to SEK. The amount is reported net of hedging contracts.

³⁾ Based on net profit for the year as above.

⁴⁾ No dilution effect is taken into account when diluted earnings per share are higher than basic earnings per share.

Consolidated statement of financial position

GROUP (SEK thousands)	Note	31.12.2011	31.12.2010
ASSETS			
Non-current assets			
<i>Intangible assets</i>	13		
Goodwill		178,025	178,078
Other intangible assets		5,326	6,393
		183,351	184,471
<i>Property, plant and equipment</i>	14		
Land and buildings		250,446	253,206
Plant and machinery	29	142,191	134,187
Equipment, tools, fixtures and fittings		19,847	19,469
Construction in progress and advance payments for property, plant and equipment		3,671	2,812
		416,155	409,674
<i>Financial assets</i>			
Non-current receivables		94	85
		94	85
Total non-current assets		599,600	594,230
Current assets			
<i>Inventories</i>	15	189,124	186,433
<i>Current receivables</i>			
Accounts receivable – trade	16, 17	176,860	168,927
Deferred tax asset	24	8,947	8,836
Prepaid expenses		6,395	7,031
		192,202	184,794
<i>Investments in securities etc.</i>	17	1,742	1,743
<i>Cash and bank balances</i>	17	52,967	9,160
Total current assets		436,035	382,130
TOTAL ASSETS		1,035,635	976,360

GROUP (SEK thousands)	Note	31.12.2011	31.12.2010
EQUITY AND LIABILITIES			
Equity			
Share capital	19	34,645	34,645
Other contributed capital		18,245	18,245
Other reserves	20	-5,688	236
Retained earnings		451,709	392,912
Total equity		498,911	446,038
Liabilities			
<i>Non-current liabilities</i>			
Liabilities to credit institutions	21, 26, 29	106,955	149,553
Other liabilities	21, 22, 26	–	26,942
Other provisions	23	3,411	3,539
Deferred tax liability	24	38,673	36,007
		149,039	216,041
<i>Current liability</i>			
Accounts payable – trade	25, 26	243,918	202,054
Borrowings	21, 22, 26	80,354	76,441
Current portion of non-current liabilities	21, 26, 29	54,822	29,015
Deferred income		523	74
Current tax liability		8,068	6,697
		387,685	314,281
Total liabilities		536,724	530,322
TOTAL EQUITY AND LIABILITIES		1,035,635	976,360
Pledged assets	27	430,086	384,158
Contingent liabilities	28	1,843	1,805

Statement of changes in equity

GROUP (SEK thousands)	Note	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Equity, 1 January 2010		34,645	18,245	6,462	331,062	390,414
Net profit for the year		–	–	–	72,033	72,033
Other comprehensive income		–	–	-6,226	–	-6,226
Comprehensive income for the year		–	–	-6,226	72,033	65,807
Dividend paid		–	–	–	-10,183	-10,183
Total transactions with shareholders		–	–	–	-10,183	-10,183
Equity, 31 December 2010		34,645	18,245	236	392,912	446,038
Net profit for the year		–	–	–	82,558	82,558
Other comprehensive income		–	–	-5,924	–	-5,924
Comprehensive income for the year		–	–	-5,924	82,558	76,634
Dividend paid		–	–	–	-23,761	-23,761
Total transactions with shareholders		–	–	–	-23,761	-23,761
Equity, 31 December 2011	19, 20	34,645	18,245	-5,688	451,709	498,911

Cash flow statement

GROUP (SEK thousands)	Note	2011	2010
Operating activities			
Operating profit		116,945	105,856
<i>Adjustments for non-cash items etc.</i>			
Depreciation		50,224	63,164
Capital gain from sale of non-current assets		-1,412	-12,099
Write-down of inventories		3,259	3,480
Change in pension provision		–	-1,443
Interest paid/received, net value	30	-10,851	-15,853
Income tax paid (-) / repaid (+)		-18,698	-9,668
Cash flow from operating activities before changes in working capital		139,467	133,437
Changes in working capital			
Increase (-) / decrease (+) in inventories		-2,022	-34,424
Increase (-) / decrease (+) in current receivables		-2,081	-44,192
Increase (+) / decrease (-) in current liabilities		29,505	70,730
Cash flow from operating activities		164,869	125,551
Investing activities			
Purchase of intangible assets		-1,139	–
Purchase of property, plant and equipment ¹⁾		-26,012	-26,711
Sale of property, plant and equipment		2,046	736
Indirect investments through acquisition of subsidiaries/assets and liabilities	30	-14,952	-3,217
Indirect investments through sale of subsidiaries/assets and liabilities	30	-1,527	59,544
Cash flow from investing activities		-41,584	30,352
Financing activities			
<i>Increase (+) / decrease (-) in non-current liabilities ¹⁾</i>			
Borrowings		2,135	1,406
Repayment of debt		-38,180	-79,176
Re-classification to current borrowings		-50,054	–
Other		-88	-1,847
Dividend paid		-23,761	-10,183
<i>Increase (+) / decrease (-) in current borrowings and liabilities to credit institutions ¹⁾</i>			
Borrowings		3,401	150
Repayment of debt		-2,042	-4,319
Re-classification from non-current borrowings		50,054	–
Change in bank overdraft facilities		-21,414	-61,808
Cash flow from financing activities		-79,949	-155,777
Cash flow for the year		43,336	126
Cash and cash equivalents at the beginning of the year		10,903	11,007
Exchange rate differences in cash and cash equivalents		470	-230
Cash and cash equivalents at the end of the year	30	54,709	10,903

¹⁾ The reporting of finance leases is reversed so that the cash flow corresponds to incoming and outgoing payments.

Accounting policies

The annual accounts were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendations and statements.

General

The accounting and valuation policies that have been applied are unchanged compared with the previous year with the following exceptions as a result of new or revised standards, interpretations and improvements, which are applied from 1 January 2011 inclusive.

» *IAS 24 Related Party Disclosures – Amendment*

Concerns the definition of related parties and exceptions concerning information for state enterprises.

» *IAS 32 Financial Instruments: Presentation*

Includes changes to clarify the classification of subscription entitlements, options and warrants.

» *IFRIC 14 Prepayments of a Minimum Funding Requirement – Amendment*
Guidelines for the assessment of recoverable amounts.

» *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*

Concerns reporting in cases where liabilities are to be regulated through the issue of equity instruments.

» *Improvement of IFRS standards*

Supplements and amendments to standards currently in force aimed at eliminating inconsistencies between different standards and the clarification of wording, etc.

None of the new or amended standards or statements have had any effect on the position or profit of the Group.

» *RFR 2 Accounting for Legal Entities – Amendment*

Amongst other things, this recommendation means that Group contributions received must be reported as financial income instead of directly against unrestricted equity. The application of this recommendation has affected the Parent Company's profit and position.

A number of new and amended IFRS standards are not effective until the 2012 financial year, and XANO has opted not to apply any of these standards in advance. Similarly, there is no plan to apply new and amended standards effective as of financial years after 2012 in advance. New and amended IFRS standards effective as of 2012 and 2013 are not judged to have any material impact on the position or profit of the Group, but will mean increased disclosure requirements.

Consolidated financial statements

General

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). As the Parent Company is a company within the EU, only IFRS standards approved by the EU are applied. The consolidated financial statements have also been prepared in accordance with Swedish law through the application of the Swedish Financial Reporting Board's recommendation RFR 1.

The consolidated financial statements cover the Parent Company and the companies in which the Parent Company possesses more than 50 per cent

of the votes or has a controlling interest in some other way. The consolidated financial statements have been prepared in accordance with the acquisition method. This means that the Parent Company indirectly acquires the subsidiary's assets and assumes its liabilities, valued at the fair value. The difference between acquisition costs for shares and the fair value of acquired identifiable net assets constitutes goodwill. All intra-Group balances, income, costs, profits or losses, that arise in transactions between companies covered by the consolidated financial statements, are eliminated in their entirety. Only the profit or loss that has come about after acquisition is included in the consolidated income statement. The financial performance of divested companies is reported up to the date of sale.

Business combinations

IFRS 3R is applied to business combinations. This means, amongst other things, that transaction fees on business combinations must be reported as a cost and also that conditional purchase sums must be set at the fair value at the time of acquisition and that the effects of revaluations of these purchase sums must be reported in the profit for the year.

Translation of non-Swedish subsidiaries

Non-Swedish subsidiaries are translated to SEK as per the 'current rate' method, which means that the balance sheets are recalculated at the balance sheet date rate, while the income statement is recalculated at the average rate for the financial year. The resulting translation difference is reported as other comprehensive income.

In the case of the disposal of foreign subsidiaries, the total translation differences attributable to the foreign company are reported as part of the capital result in the consolidated statement of comprehensive income.

Discontinued operations

In 2010, a decision was made to sell Inmedic AB and Bladhs Industri AB and both were sold the same year. In accordance with IFRS 5, profit from operating activities in these units as well as capital gain from the sale are reported as 'Profit/loss from discontinued operations' in the consolidated statement of comprehensive income. Earnings per share are reported for profit from continuing operations as well as for the Group as a whole.

Income

The Group offers products and systems with related services. Sales of goods are reported on delivery of the products to the customer in accordance with the sales terms. The risks and benefits associated with the sale of goods normally transfer to the customer upon delivery. Income from services is reported during the period in which the service was performed. Any discounts have been deducted from the net revenue. Intra-Group sales take place at market prices.

Pensions

Pensions and other benefits after the termination of employment are classified as either defined contribution or benefit plans. With a defined contribution plan, the company's obligation is limited to paying fixed fees to a separate legal entity (insurance company) and the company has no other obligations. A defined benefit plan is a pension plan that stipulates an amount for the pension benefit that an employee will receive after retirement. This is normally based on factors such as age, length of employment and salary. An independent actuary calculates the size of the obligations linked to each respective defined benefit plan. The actuary revalues the pension plan's obligation every year and distributes the costs over the employee's working life. The obligation is reported as a liability in the balance sheets. The Group

primarily has defined contribution pension plans.

The majority of the Group's Swedish salaried employees are covered by the ITP plan, which is financed through pension insurance with Alecia or SPP. According to a statement from the Swedish Financial Reporting Board, this is a defined benefit plan. The Group has not had access to information that makes it possible to report this plan as a defined benefit plan. The pension plan as per ITP is therefore reported as a defined contribution plan in accordance with IAS 19. In addition, there are pension obligations which are subject to fixed contributions and which are hedged through payment of premiums to insurance companies.

The Group's Norwegian company has pension obligations regarding an early retirement pension (AFP), which is classified as a defined benefit plan. During 2010, a new pension scheme was adopted, which means that future pension obligations will be hedged through the payment of fees to an external party rather than being recognised as a liability in the company. Residual debt covers only pension obligations for individuals who have retired early and started to draw their pension as well as a reserve designed to cover the transition to the new system. This liability is not a significant item, and no actuarial calculation has therefore been carried out for 2011. The liability calculation has instead been based on a statement issued by the Norwegian Institute of Public Accountants.

One of the Group's Swedish companies has a pension obligation classified as a defined benefit plan. This commitment is hedged through being recognised as a liability in the company. This obligation does not represent a significant item and has been calculated using the standard method.

Taxes

Reported income taxes include tax that will be paid for the current year and any changes to deferred tax. Tax claims and liabilities are valued at nominal amounts and according to the applied tax rules and tax rates. Deferred tax is calculated on temporary differences that arise between reported values and the tax base for assets and liabilities. The temporary differences refer mainly to untaxed reserves in Swedish companies.

Deferred tax liabilities are normally reported for all taxable temporary differences, while deferred tax claims are reported to the extent it is likely that the sums may be utilised.

Non-current assets

Non-current assets are valued at the acquisition value with deductions for accumulated depreciation and impairment costs. If there is an indication of impairment then the asset's recoverable amount is estimated. If the reported value exceeds the recoverable amount, an impairment loss is recognised. If an asset cannot be tested for impairment separately, the asset must be allocated to a cash-generating unit for impairment testing. Future expenses are only recognised at their acquisition value if it is probable that the financial benefits that are associated with the asset will fall to the company and that the acquisition value can be calculated reliably. All other future expenses are reported as a cost during the period in which they arise.

A non-current asset that will primarily be recovered through disposal and not through continual use in the business, is segregated and reported separately in the balance sheet. Non-current assets for sale are valued at the lower of the reported value and the fair value following deductions for sales costs.

Intangible assets

Costs for product and process development are normally charged to the income statement continuously. Expenses for major projects, which are directly linked to identifiable products controlled by the Group and which will prob-

ably give financial benefits in future years, are recognised in the balance sheet as intangible assets. Other intangible assets include both acquired assets and internally developed assets. The latter consist mainly of direct costs for own work as well as attributable shares of indirect costs.

Impairment tests for goodwill are performed every year. The Group's goodwill is divided between the Group's cash-generating units. Recoverable amounts for a cash-generating unit are determined based on calculations of utilisation values. These calculations are based on the Group's annual forecasting process, where future cash flows for the existing business are forecasted for the current year and the coming four-year period. The cash flow beyond the five-year period is extrapolated. XANO uses a current weighted capital cost for discounting estimated future cash flows. Discounted flows are compared with the carrying amount.

Depreciation is included in the costs for each function. Depreciation is calculated systematically over the expected utilisation period as per the list below.

Other intangible assets	3 – 10 years
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Property, plant and equipment

Properties are classified as investment properties when the component that is used for production purposes, for the supply of goods and services or for administrative purposes is less than 10 per cent.

Depreciation is included in the costs for each function. Depreciation is calculated systematically over the expected utilisation period as per the list below.

Buildings	33 years
Land improvements	20 years
Machinery and equipment	3 – 10 years

Inventories

Inventories are valued as per the principle of lowest value and the first in - first out (FIFO) method. This means that inventories are recorded at the lower of the acquisition value as per the FIFO method and the fair value. The acquisition value of own-labelled finished and semi-finished goods consists of direct manufacturing costs and a reasonable markup for indirect manufacturing costs.

Liquid assets

Liquid assets constitute cash and bank balances and investments with a term of no more than three months.

Financial assets and liabilities

Financial assets and liabilities cover cash and bank deposits, short-term investments, trade receivables, loan receivables, loan liabilities, trade payables and any derivatives. Their reporting depends on how the instrument is classified. Financial assets and liabilities valued at fair value via the profit for the year cover assets which are held for trading and assets and liabilities which are classified for reporting at fair value via the income statement. Hedge accounting takes place in accordance with IAS 39. Any instruments classified as assets for sale and liabilities with a direct link to assets for sale are reported at their fair value.

Loan receivables and trade receivables are valued at their accrued acquisition value. Write-down is assessed on an ongoing basis based on objective criteria for these assets.

Receivables and liabilities in foreign currency have been translated at the balance sheet date rate in accordance with IAS 21. Translation differences for receivables and liabilities are reported under operating profit, while transla-

tion differences attributable to financial receivables and liabilities are included in the net financial income. XANO uses currency futures and currency options to hedge sales in foreign currency. These contracts are valued at their fair value (listed market price) in the balance sheet. The change in value is recognised in other comprehensive income until the hedged flow is entered in the income statement and for as long as the criteria for hedge accounting and efficiency are satisfied. The inefficient part is recognised at the fair value in the profit for the year.

Other financial liabilities, such as borrowings and trade payables, are valued at their accrued acquisition value. XANO uses interest swaps to control the uncertainty in the future interest-rate fluctuations in regard to borrowings with variable interest rates. These derivatives are valued at their fair value (listed market price) in the balance sheet. The interest coupon share is regularly reported as either interest income or interest expense in the income statement. Value changes are reported in other comprehensive income as long as the criteria for hedge accounting and efficiency are fulfilled. The inefficient part is reported at the fair value as a financial item in the profit for the year.

XANO uses borrowings in foreign currency to hedge net investments in foreign enterprises. The component of profit or loss which is deemed to constitute an effective hedge is reported as other comprehensive income. The profit or loss that is attributable to the ineffective component is recognised immediately in the profit for the year.

Convertible bonds consist of a composite financial instrument with the character of both a liability and of equity. In accordance with IAS 32, these are reported partly as a financial liability and partly as an equity instrument.

When settlement or disposal is expected to take place more than 12 months after the balance sheet date, a financial asset is reported as a non-current asset. Financial liabilities which fall due more than 12 months after the balance sheet date are reported as non-current liabilities.

Provisions

Provisions are recognised in the balance sheet when the company has a legal or informal commitment as a result of an event that has occurred and it is probable that an outflow of resources is required in order to regulate the commitment and a reliable assessment of the amount can be made.

Lease contracts

The Group applies IAS 17 when reporting important contracts. According to this standard, lease contracts are classified as either financial or operational in the consolidated financial statements. A finance lease takes place when the financial risks and benefits associated with ownership are, in essence, transferred to the lessee. If this is not the case, the contract is considered operational in nature. A finance lease involves the relevant object being reported as property, plant and equipment, while corresponding borrowings are entered as liabilities. Assets and liabilities are valued at the start of the lease period at the present value of the contractual leasing charges. In the income statement, lease costs are divided between a depreciation element and an element amongst interest costs.

Cash flow

Cash flow is reported by applying the indirect method. This means that the net profit/loss is adjusted for transactions that have not resulted in deposits or withdrawals during the period and for any income and costs related to the cash flow of investing or financing activities.

In the cash flow statement, purchase prices for companies that are either acquired or disposed of are presented on a separate line. The assets and liabilities that the acquired or sold company had at the time of the acquisition/disposal are therefore not included in the cash flow.

Segments

The standard applied, IFRS 8 Operating Segments, requires that information be provided from the management's perspective, which means that the reporting must correspond to the way in which the information is presented internally. The Group reports on the following segments: Industrial Solutions, Precision Technology and Rotational Moulding. The segments are defined on the basis of the Group's business units, which are organised according to production method and type of products and services.

Important assessments and estimates

Preparation of the financial statements and application of the accounting policies are based on assessments and estimates about the future. Below is a description of the assumptions that entail a risk of significant adjustments during the coming period.

Impairment tests for goodwill

Every year, or when there is an indication that an asset has fallen in value, the Group performs impairment tests for goodwill. The recoverable amount is determined by calculating the value in use. Certain estimates must be made for these calculations.

Provisions

Provisions are defined as liabilities that are uncertain in terms of the date of settlement or the amount. This means that estimates are always made when provisions are reported. Estimates are assessed on an ongoing basis based on both historical experience and reasonable future expectations. The Group's provisions refer to pensions and guarantee commitments.

Deferred tax assets and liabilities

Assessments are made to determine current and deferred tax items, particularly with regard to deferred tax claims. In this manner, it is assessed how probable it is that the deferred tax claims will be used for settlement against future profits. The fair value of these future taxable profits may deviate due to the future business climate and earnings potential or changes to tax regulations.

Exposure with respect to foreign currencies

Changes in currency exchange rates can have a relatively major impact on the profit and position of XANO. Note 32 describes the Group's exposure with respect to foreign currencies, in addition to the risks associated with exchange rate fluctuations.

Notes

(All amounts in SEK thousands unless otherwise indicated.)

Note 1

Discontinued operations

	Continuing operations		Discontinued operations ¹⁾		Profit from disposals ²⁾		Internal sales		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net sales	1,162,086	1,049,234	–	224,497	–	–	–	-5,299	1,162,086	1,268,432
Cost of goods sold	-923,148	-857,019	–	-189,972	–	–	–	3,314	-923,148	-1,043,677
Gross profit	238,938	192,215	–	34,525	–	–	–	-1,985	238,938	224,755
Other operating income	16,833	16,285	–	2,489	2,291	12,726	–	–	19,124	31,500
Selling expenses	-86,305	-77,829	–	-16,162	–	–	–	–	-86,305	-93,991
Administrative expenses	-46,596	-41,915	–	-7,015	–	–	–	–	-46,596	-48,930
Other operating expenses	-8,216	-5,222	–	-2,256	–	–	–	–	-8,216	-7,478
Operating profit/loss	114,654	83,534	–	11,581	2,291	12,726	–	-1,985	116,945	105,856
Financial items	-10,329	-14,397	–	-1,975	–	–	–	–	-10,329	-16,372
Profit/loss after financial items	104,325	69,137	–	9,606	2,291	12,726	–	-1,985	106,616	89,484
Group-wide costs	–	–	–	-1,985	–	–	–	1,985	–	–
Profit before tax	104,325	69,137	–	7,621	2,291	12,726	–	0	106,616	89,484
Tax	-24,058	-16,299	–	-1,152	–	–	–	–	-24,058	-17,451
Net profit for the year	80,267	52,838	–	6,469	2,291	12,726	–	0	82,558	72,033
Earnings per share, SEK ³⁾	11.80	7.80	–	0.95	0.35	1.85	–	–	12.15	10.60
Diluted earnings per share, SEK ^{3, 4)}	11.60	7.70	–	0.90	0.35	1.80	–	–	11.95	10.40

¹⁾ Discontinued operations refer to Inmedic AB and Bladhs Industri AB. The businesses were sold in August and November 2010 respectively.

²⁾ Profit from disposals refers to the capital gains made on selling the shares in Inmedic AB and Bladhs Industri AB. The profit from disposals was adjusted in 2011 mainly as a result of a settlement with the purchaser of Bladhs Industri AB with regard to guarantees provided.

³⁾ Based on net profit for the year.

⁴⁾ No dilution effect is taken into account if diluted earnings per share are higher than basic earnings per share.

Note 2

Segment reporting

The information on segments is provided from the management's perspective, which corresponds to the way in which the information is presented internally. The Group reports on the following segments: Industrial Solutions, Precision Technology and Rotational Moulding. The operations within each segment are described on page 46. The segments are reported in accordance with the same accounting policies as the Group. Undistributed items mainly refer to the Parent Company. During 2010, Inmedic and Bladhs Industri and their subsidiaries were sold. The discontinued operations had made up the majority of the business unit Plastic Components, which is why its activities were discontinued at the end of 2010. Akkurat, which was the only remaining company in the unit, has since then been a part of the business unit Industrial Solutions and has been reported within this segment as from 1 January 2011. The comparison year has been recalculated.

Net sales by segment

	2011				2010		
	Net sales			of which customer-specific products and systems ¹⁾	Net sales		
	External	Internal	Total		External	Internal	Total
Industrial Solutions	594,699	255	594,954	74%	545,451	96	545,547
Precision Technology	393,540	2,583	396,123	100%	336,329	3,153	339,482
Rotational Moulding	173,847	15	173,862	44%	165,469	–	165,469
Eliminations	–	-2,853	-2,853	–	–	-3,249	-3,249
Undistributed items	–	–	–	–	1,985	–	1,985
Continuing operations	1,162,086	0	1,162,086	78%	1,049,234	0	1,049,234
Discontinued operations							224,497
Eliminations							-5,299
Group total							1,268,432

¹⁾ Products and systems with associated services are sold both as customer specific and proprietary products.

Market conditions are applied to transactions between the segments. XANO has one customer from whom the income accounts for more than 10 per cent of the Group's total income. Income from this customer amounts to SEK 235 million, the main part of which is reported through the Industrial Solutions segment.

Profit/loss items by segment

	2011			2010		
	Intra-Group reported result before tax	Distribution of Group-wide costs	Result before tax	Intra-Group reported result before tax	Distribution of Group-wide costs	Result before tax
Industrial Solutions	63 245	-8 964	54 281	41 180	-2 352	38 828
Precision Technology	25 511	-3 708	21 803	13 443	-3 468	9 975
Rotational Moulding	24 423	-1 884	22 539	24 616	-2 031	22 585
Undistributed items	-8 854	14 556	5 702	-10 102	7 851	-2 251
Continuing operations	104 325	0	104 325	69 137	0	69 137
Discontinued operations	2 291	–	2 291	22 332	-1 985	20 347
Eliminations	–	–	–	-1 985	1 985	0
Group total	106 616	0	106 616	89 484	0	89 484

	2011				2010			
	Interest income	Interest expenses	Tax	Depreciation	Interest income	Interest expenses	Tax	Depreciation
Industrial Solutions	1,616	-7,417	-13,736	-16,435	2,151	-6,141	-9,314	-15,972
Precision Technology	760	-8,991	-5,748	-22,248	569	-6,050	-3,289	-23,116
Rotational Moulding	409	-3,390	-3,262	-8,628	254	-3,196	-4,247	-9,625
Undistributed items	199	4,573	-1,312	-2,913	-865	-738	551	-2,952
Continuing operations	2,984	-15,225	-24,058	-50,224	2,109	-16,125	-16,299	-51,665
Discontinued operations	–	–	–	–	1,428	-3,723	-1,152	-11,499
Eliminations	–	–	–	–	-1,260	1,260	–	–
Group total	2,984	-15,225	-24,058	-50,224	2,277	-18,588	-17,451	-63,164

Assets and liabilities by segment

	2011				2010			
	Assets	Liabilities	Investments	Deferred tax liabilities	Assets	Liabilities	Investments	Deferred tax liabilities
Industrial Solutions	401,037	157,979	17,146	10,823	399,321	126,051	11,376	10,352
Precision Technology	391,113	82,375	30,597	19,430	370,832	75,482	9,946	18,858
Rotational Moulding	140,560 ¹⁾	24,260	4,247	1,574	149,249 ¹⁾	27,924	3,514	1,255
Undistributed items	102,925	29,979	2,830	6,846	56,958	18,914	121	5,542
Continuing operations	1,035,635	294,593	54,820	38,673	976,360	248,371	24,957	36,007
Discontinued operations	–	–	–	–	–	–	-104,829	–
Group total	1,035,635	294,593	54,820	38,673	976,360	248,371	-79,872	36,007

¹⁾ Deferred tax assets constitute SEK 8,947 thousand (8,836).

Assets by segment refer to all assets. Liabilities by segment consist of operating liabilities excluding interest-bearing liabilities. Investments consist of purchases and sales of property, plant and equipment as well as intangible assets, including increases and reductions resulting from the acquisition and disposal of subsidiaries.

Sales by geographic market

	2011		2010	
Sweden	832,727	72%	895,408	71%
North America	81,286	7%	4,008	0%
Norway	71,681	6%	73,369	6%
Germany	59,189	5%	67,618	5%
China	15,693	1%	57,660	4%
Rest of Europe	93,850	8%	164,005	13%
Other	7,660	1%	6,364	1%
Group total	1,162,086	100%	1,268,432	100%

Sales by geographic market refer to total income from external customers according to where the customers are located.

Assets by geographic market

	2011		2010	
	Non-current assets	Investments	Non-current assets	Investments
Sweden	450,201	43,654	444,310	-65,810
Estonia	84,894	1,779	88,760	-19,154
Norway	44,728	2,135	47,309	762
China	19,723	7,225	13,815	4,330
Finland	54	27	36	0
Group total	599,600	54,820	594,230	-79,872

Reported value of assets and investments by geographic market according to where the assets are located.

Note 3

Employees and personnel costs

Average no. of employees	2011	of which men	2010	of which men
Sweden	548	87%	623	85%
China	79	93%	52	85%
Estonia	59	92%	151	50%
Norway	41	82%	43	93%
Finland	3	67%	3	67%
Poland	2	0%	1	0%
Group total	732	87%	873	79%

Proportion of men amongst senior executives	2011	2010
Group		
Board members	83%	83%
Other senior executives	100%	100%
Operating subsidiaries		
Board members	97%	99%
Other senior executives	84%	86%

Salaries, other remuneration and social security costs	2011	2010
Salaries and remuneration	228,616	255,084
Social security costs	84,539	94,662
(of which pension costs) ^{1, 2, 3, 4, 5)}	(17,477)	(19,804)
	313,155	349,746

¹⁾ Of the Group's pension costs, SEK 4,295 thousand (4,806) relates to the Group's Board and CEO. The Group's outstanding pension obligations for these amount to SEK 0 thousand (0).

²⁾ The year's cost for pension obligations taken out with Alecta (reported as a defined contribution plan) amounts to SEK 4,895 thousand (4,902). Alecta's surplus can be distributed to the insurance policyholders and/or the insured parties. At the end of 2011, Alecta's surplus in the form of the collective insurance level amounted to 113 per cent (146).

³⁾ Pension costs do not cover special employer's contributions.

⁴⁾ The Group's Norwegian company has a pension obligation concerning early retirement from the age of 62, which is classified as a defined benefit pension plan. Costs concerning the pension plan are reported as labour costs and amount to SEK 0 thousand (317).

⁵⁾ One of the Group's Swedish subsidiary companies has a pension obligation classified as a defined-benefit pension plan. No information concerning this has been submitted, as the liability which amounts to a total of SEK 80 thousand is not considered to be significant.

Applied assumptions	2011	2010
Discount rate ¹⁾	3.80 %	3.80 %
Anticipated salary increase	3.80 %	3.80 %
Withdrawal share	100%	100%

Change in pension obligation	2011	2010
Opening balance	2,684	5,139
Pension cost for the year, including interest	0	317
Remuneration paid	-749	-1,023
Reduction due to new pension scheme	-	-1,443
Translation differences	1	-306
Closing balance	1,936	2,684

¹⁾ Based on interest according to statement from Den norske Revisorforening.

Breakdown of salaries and other remuneration	2011		2010	
	Board and MD	Other employees	Board and MD	Other employees
Sweden	16,360	177,383	18,402	195,871
(of which bonuses)	(941)		(769)	
Estonia	307	5,736	645	14,031
(of which bonuses)	(0)		(71)	
Norway	914	18,661	835	18,814
(of which bonuses)	(103)		(160)	
China	692	6,997	598	4,520
(of which bonuses)	(0)		(109)	
Finland	-	1,201	-	1,269
(of which bonuses)	(-)		(-)	
Poland	-	365	-	99
(of which bonuses)	(-)		(-)	
Group total	18,273	210,343	20,480	234,604
(of which bonuses)	(1,044)		(1,109)	

Remuneration for Board members and other senior executives

The Annual General Meeting decided to approve the Board's proposal for guidelines for remuneration and other employment conditions for senior executives. The conditions must be market-based. In addition to a fixed basic salary, senior executives may receive variable remuneration, which must be limited and based on the trend in results or the return on equity compared with set goals. The variable component may not exceed 50 per cent of the fixed salary. Senior executives shall have market pension conditions which must be premium-based. Any employee in the Group's management may terminate their employment by giving six months' notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary shall be payable to the CEO. The Board shall be entitled to deviate from the guidelines if there are exceptional reasons for doing so in an individual case. The Board has appointed a remuneration committee, which during the year consisted of Chairman Tord Johansson and Directors Eva Nilsson and Fredrik Rapp.

Remuneration for the CEO and other senior executives consists of basic salary, variable remuneration, other benefits and pension premiums. 'Other senior executives' refers to the deputy CEO who, together with the CEO, makes up the Group management. The division between basic salary and variable remuneration is determined in proportion to the responsibilities and authority of the executive in question. The variable remuneration is based on results in relation to individually set targets.

The Annual General Meeting decided that the Board's fee of SEK 1,100 thousand should be distributed with SEK 700 thousand payable to the Chairman and SEK 80 thousand payable to each of the other Board members for the period up to and including the next annual general meeting. The Annual General Meeting further decided that remuneration for tasks undertaken in the remuneration committee, audit committee and nomination committee should amount to SEK 5 thousand per person and per task. During 2011, SEK 45 thousand was paid for these commissions regarding 2011/2012, of which SEK 35 thousand was paid to Board members and the remaining SEK 10 thousand to the external members of the nomination committee.

In 2011, the Group management consisted of the CEO Sune Lantz and deputy CEO Lennart Persson. The CEO received a salary and car benefit worth SEK 2,383 thousand (2,115). The deputy CEO received a salary and car benefit worth SEK 1,861 thousand (1,863).

The CEO and the deputy CEO have a defined contribution pension plan with a retirement age of 65. According to the contract, the pension premium for the CEO is 35 per cent of the pensionable salary. There is a pension agreement for the Vice CEO corresponding to the collectively agreed ITP plan. In addition to this, there is an option to reallocate salary withdrawals to additional pension contributions. The pension premium for the deputy CEO amounted to 24 per cent (22) of the pensionable salary. 'Pensionable salary' refers to the basic salary plus an average of the last three years' variable remuneration. Pension costs for the CEO amounted to SEK 790 thousand (752). Pension costs for the deputy CEO amounted to SEK 463 thousand (405).

The company and CEO have a mutual six-month period of notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the CEO, no severance pay is payable. For other senior executives, there is a period of notice of six months by either party. In the event of notice on the part of the company, severance pay totalling six months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the senior executive, no severance pay is payable.

Note 4

Labour costs

Labour costs by function	2011	2010
Cost of goods sold	-245,742	-233,171
Selling expenses	-46,289	-40,889
Administrative expenses	-31,689	-28,950
Discontinued operations	–	-60,724
	-323,720	-363,734

Note 5

Depreciation

Depreciation by function	2011	2010
Cost of goods sold	-44,345	-45,604
Selling expenses	-4,674	-5,007
Administrative expenses	-1,205	-1,054
Discontinued operations	–	-11,499
	-50,224	-63,164

Depreciation by type of asset	2011	2010
Other intangible assets	-2,206	-2,302
Land and buildings	-9,758	-11,188
Plant and machinery	-30,701	-39,739
Equipment, tools, fixtures and fittings	-7,559	-9,935
	-50,224	-63,164

Note 6

Other external costs

Other external costs by function	2011	2010
Cost of goods sold	-88,749	-81,902
Selling expenses	-35,342	-31,933
Administrative expenses	-13,702	-11,911
Discontinued operations	–	-29,168
	-137,793	-154,914

Note 7

Auditors' remuneration

	2011	2010
<i>Ernst & Young</i>		
Audit assignment	-1,078	-1,283
Audit activities other than audit assignment	-36	-154
Tax consultancy services	-42	-10
Other services	-26	-45
	-1,182	-1,492
<i>Other auditors</i>		
Audit assignment	-120	-68
	-120	-68
Total	-1,302	-1,560

'Audit assignments' refers to the review of the annual report, interim reports, the management by the board and CEO and the corporate governance report.

Note 8

Other operating income

	2011	2010
Rental income	8,929	3,604
Exchange gains on operating receivables/liabilities	5,309	2,160
Profit from disposal of product range	–	3,916
Other	2,595	6,605
	16,833	16,285

Note 9

Other operating expenses

	2011	2010
Cost of leased premises	-5,000	-2,402
Exchange losses on operating receivables/liabilities	-2,272	-946
Other	-944	-1,874
	-8,216	-5,222

Note 10

Financial income

	2011	2010
Profit from other securities	21	–
Interest income	2,984	2,109
Exchange rate differences	2,448	–
	5,453	2,109
Financial income for the Group as a whole	5,453	2,277

Note 11

Financial costs

	2011	2010
Interest expenses	-15,225	-16,125
Exchange rate differences	-557	-381
	-15,782	-16,506
Financial costs for the Group as a whole	-15,782	-18,649

Note 12

Tax on profit for the year

Continuing operations	2011	2010
Current tax	-20,698	-17,615
Deferred tax	-3,360	1,316
	-24,058	-16,299
Group total	2011	2010
Current tax	-20,698	-18,696
Deferred tax	-3,360	1,245
	-24,058	-17,451

The difference between the Swedish income tax rate (26.3%) and the effective tax rate arises as follows:

	2011		2010	
Profit before tax	106,616		89,484	
Tax according to Swedish income tax rate	-28,040	26%	-23,534	26%
<i>Tax effect of</i>				
– consolidated amortisation of surplus values	-7	0%	-125	0%
– deviation in tax rate in non-Swedish companies	3,902	-3%	4,019	-4%
Capital gain from sale of shares	602	0%	3,347	-3%
Adjustment of current tax for previous periods	58	0%	-130	0%
Other fiscal adjustments	-573	0%	-1,028	1%
Reported tax	-24,058	23%	-17,451	20%

Note 13

Intangible assets

Goodwill

Accumulated acquisition values	2011	2010
Opening balance	179,804	234,651
Acquisition of subsidiaries ¹⁾	–	-83
Sale of subsidiaries	–	-50,023
Adjustments	–	-117
Translation differences for the year	-53	-4,624
Closing balance	179,751	179,804

Accumulated amortisation	2011	2010
Opening balance	-1,624	-24 723
Acquisition of subsidiaries	–	23 099
Closing balance	-1,624	-1 624

Accumulated impairment costs	2011	2010
Opening balance	-102	-125
Acquisition of subsidiaries	–	23
Closing balance	-102	-102

Closing residual value	178,025	178,078
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¹⁾ Refers to settlement of additional purchase price.

Goodwill is distributed between the Group's cash-generating units, which consist of segments. Estimates of the recovery value include assumptions regarding growth, income trends and investments, including investments in working capital. Assumed growth, depending on the segment, amounts to 3-5 per cent (4-8) for the forecast period and thereafter staying at 3 per cent (3). Assumed operating margins amount to 9-12 per cent (9-12) in the long term. The assumptions concerning growth and margins are based on the results of previous years and the management's expectations concerning market developments.

Every year, the Group performs impairment tests for goodwill. A discount rate (WACC) of 10 per cent (10) before tax was used for this year's test.¹⁾ This year's test showed no impairment indication. A number of sensitivity analyses were performed in which the growth rate was set at 0 per cent, the operating margin was reduced by 25 per cent relative to the forecast level or the discount rate was increased by 2 per cent. None of the analyses show any impairment indication.

¹⁾ The discount rate consists of a risk-adjusted return requirement, which in addition to risk-free interest, includes a risk premium based on the average market risk premium on the Swedish equity market with a premium supplement based on the size of the company and the company's costs for borrowed capital, adjusted for the gearing ratio derived from market data.

Goodwill by segment	2011	2010
Industrial Solutions	69,065	69,065
Precision Technology	81,990	81,990
Rotational Moulding	26,970	27,023
	178,025	178,078

Other intangible assets

Accumulated acquisition values	2011	2010
Opening balance	13,481	14,308
Sale of subsidiaries	–	-550
Reclassifications ¹⁾	1,139	–
Translation differences for the year	-5	-277
Closing balance	14,615	13,481

¹⁾ Acquired and reclassified from ongoing new constructions during 2011.

Accumulated scheduled amortisation	2011	2010
Opening balance	-7,088	-5,435
Sale of subsidiaries	–	550
Depreciation according to plan for the year	-2,206	-2,302
Translation differences for the year	5	99
Closing balance	-9,289	-7,088

Closing residual value ¹⁾	5,326	6,393
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	Remaining amortisation period, years		
^{1) of which}			
Trademarks	5	1,698	2,049
Patents	5	600	728
Capitalised expenditure for research and development	2	3,028	3,616

Note 14

Property, plant and equipment

Land and buildings

Accumulated acquisition values	2011	2010
Opening balance	326,048	396,099
New acquisitions	1,125	3,956
Acquisition of subsidiaries	9,089	–
Sale of subsidiaries	–	-69,568
Divestments and disposals	-44	-1,322
Reclassifications	150	9,789
Translation differences for the year	-177	-12,906
Closing balance	336,191	326,048

Accumulated scheduled depreciation	2011	2010
Opening balance	-72,842	-95,300
Acquisition of subsidiaries	-3,169	–
Sale of subsidiaries	–	31,566
Divestments and disposals	19	782
Depreciation according to plan for the year	-9,758	-11,188
Translation differences for the year	5	1,298
Closing balance	-85,745	-72,842

Closing residual value ¹⁾	250,446	253,206
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¹⁾ of which land	35,470	35,287
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As of the balance sheet date, the Group owns a property which is classified as an investment property. The carrying amount for this property is SEK 48 million. According to independent estate agents, the market value is at least SEK 60 million.

Plant and machinery

Accumulated acquisition values	2011	2010
Opening balance	471,328	616,712
New acquisitions	28,228	17,498
Acquisition of subsidiaries	46,207	–
Sale of subsidiaries	–	-142,228
Divestments and disposals	-11,054	-11,795
Reclassifications	6,932	1,818
Translation differences for the year	986	-10,677
Closing balance	542,627	471,328

Accumulated scheduled depreciation	2011	2010
Opening balance	-337,141	-420,938
Acquisition of subsidiaries	-39,721	–
Sale of subsidiaries	–	107,760
Divestments and disposals	6,409	8,883
Reclassifications	884	–
Depreciation according to plan for the year	-30,701	-39,739
Translation differences for the year	-166	6,893
Closing balance	-400,436	-337,141

Closing residual value	142,191	134,187
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Equipment, tools, fixtures and fittings

Accumulated acquisition values	2011	2010
Opening balance	85,670	116,510
New acquisitions	6,945	6,877
Acquisition of subsidiaries	5,861	–
Sale of subsidiaries	–	-33,235
Divestments and disposals	-2,187	-2,290
Reclassifications	1,487	627
Translation differences for the year	293	-2,819
Closing balance	98,069	85,670

Accumulated scheduled depreciation	2011	2010
Opening balance	-66,201	-84,383
Acquisition of subsidiaries	-5,395	–
Sale of subsidiaries	–	24,111
Divestments and disposals	1,920	1,878
Reclassifications	-884	–
Depreciation according to plan for the year	-7,559	-9,935
Translation differences for the year	-103	2,128
Closing balance	-78,222	-66,201

Closing residual value	19,847	19,469
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Construction in progress

Accumulated acquisition values	2011	2010
Opening balance	2,812	10,883
New acquisitions/advance payments	11,583	4,800
Sale of subsidiary	–	-229
Divestments and disposals	-996	-332
Reclassifications	-9,708	-12,234
Translation differences for the year	-20	-76
Closing balance ¹⁾	3,671	2,812

Note 15

Inventories

	2011	2010
Raw material and consumables	60,262	58,660
Work in process	53,882	61,260
Finished products and goods for resale	73,832	66,087
Advance payments to suppliers	1,148	426
	189,124	186,433

Inventories are recognised at the lower of the purchase price and the fair value. The fair value of the inventories is therefore considered to match the carrying amount. Write-downs totalling SEK 3,259 thousand (3,480) have been made.

Note 16

Current operating receivables

	2011	2010
Accounts receivable	166,134	158,928
Other current receivables	8,979	5,742
Derivative instruments	–	2,532
Accrued income	1,747	1,725
	176,860	168,927

Derivatives related to currency futures and currency options contract, which expired during 2011. The change in value was hedged effectively and has been reported as "Change in contingency reserve" under other comprehensive income. As of 31 December 2011, there are no outstanding currency derivatives.

Note 17

Financial receivables

Cash equivalents include the balance in the current account (Group currency account).

Age distribution as of 31.12.2011 Maturity term	Total
	- 30 days 31 - 90 days 91 - 360 days	
Accounts receivable	142,438 18,709 4,987	166,134
Percentage distribution	86 11 3	100
Cash equivalents	54,709 0 0	54,709
Percentage distribution	100 0 0	100

The reported value represents a reasonable assessment of the fair value.

Distribution by currency as of 31.12.2011	Accounts receivable	Cash equivalents
SEK	129,297	3,976
USD	14,403	60,336
EUR	17,251	-1,204
NOK	3,301	-11,759
Other currencies	1,882	3,360
	166,134	54,709

Age distribution as of 31.12.2011	Time since maturity			Totalt
	6 - 30 days	31 - 90 days	> 90 days	
Accounts receivable overdue	9,056	2,268	942	12,266
Percentage distribution	74	18	8	100

Losses reported on trade receivables for the year amount to SEK 903 thousand (854), of which SEK 433 thousand constitutes actual losses. Required write-down of outstanding receivables has been carried out at SEK 677 thousand (1,081).

Note 18

Earnings per share

Continuing operations

Basic earnings per share	2011	2010
Net profit for the year	80,267	52,838
Average number of outstanding shares, thousands	6,789	6,789
Basic earnings per share, SEK	11.80	7.80

Diluted earnings per share	2011	2010
Net profit for the year	80,267	52,838
Interest expense on convertible bonds ¹⁾	1,129	980
Issue expenses for convertible bonds	46	45
Adjusted income	81,442	53,863
Average number of outstanding shares, thousands	6,789	6,789
Adjustment for presumed conversion of convertible bonds, thousands	220	220
Average number of shares at the calculation of earnings per share, thousands	7,009	7,009
Diluted earnings per share, SEK	11.60	7.70

Group total

Basic earnings per share	2011	2010
Net profit for the year	82,558	72,033
Average number of outstanding shares, thousands	6,789	6,789
Basic earnings per share, SEK	12.15	10.60

Diluted earnings per share	2011	2010
Net profit for the year	82,558	72,033
Interest expense on convertible bonds ¹⁾	1,129	980
Issue expenses for convertible bonds	46	45
Adjusted income	83,733	73,058
Average number of outstanding shares, thousands	6,789	6,789
Adjustment for presumed conversion of convertible bonds, thousands	220	220
Average number of shares at the calculation of earnings per share, thousands	7,009	7,009
Diluted earnings per share, SEK	11.95	10.40

¹⁾ Constitutes current interest for convertible loans adjusted to market interest rate.

No dilution effect is taken into account when diluted earnings per share are higher than basic earnings per share. With regard to the number of shares and convertible bonds, see Note 19.

Note 19

Share capital

Distribution of share capital	2011-12-31	2011-01-01
Class A shares	1,950,000	1,950,000
Class B shares	4,978,974	4,978,974
Total number of shares	6,928,974	6,928,974

Quotient value, SEK	5	5
Share capital, SEK	34,644,870	34,644,870

The total number of shares is 6,928,974, of which 140,000 are held by the company. The average number of outstanding shares amounts to 6,788,974.

On 1 July 2008, convertible bonds with a nominal value of SEK 27,500 thousand, corresponding to 220,000 Class B shares at full conversion, were issued.

Class A shares give entitlement to ten votes and Class B shares to one vote. The number of votes, following deductions for the company's own holding, amounts to 24,338,974. The proposed dividend amounts to SEK 3.50 per share.

Note 20

Other reserves

Cumulative translation difference	2011	2010
Opening balance	-1,889	6,666
Translation differences for the year	2,318	-9,527
Hedging of currency risk in non-Swedish activities	15	920
Cancellation relating to sold subsidiaries	-	52
Closing balance	444	-1,889

Investment in shares in the subsidiary in Norway has partly been hedged by taking out a loan in NOK.

Hedging reserve	2011	2010
Opening balance	2,125	-204
Changes for the year	-8,257	2,329
Closing balance	-6,132	2,125

The amounts concern the effective component of value change in derivative instruments used for hedge accounting.

Total other reserves	-5,688	236
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Note 21

Borrowings etc.

Utilised overdraft facilities are reported as current liabilities.

Non-current liabilities	2011	2010
Maturity date between one and five years after balance sheet date	97,542	168,682
Maturity date more than five years after balance sheet date	9,413	7,813
	106,955	176,495

Bank overdraft facilities	2011	2010
Bank overdraft facilities granted	340,200	329,233
Unutilised amount	-287,162	-252,792
Utilised amount	53,038	76,441
Current convertible loans	27,316	–
Current portion of long-term liabilities	54,822	29,015
Total interest-bearing liabilities	242,131	281,951

With regard to interest rate risks, see Note 32.

Maturity analysis of undiscounted cash flow

Non-current liabilities	2011
<i>Calculated outflow</i>	
Between one and five years after balance sheet date	102,944
More than five years after balance sheet date	12,051
	114,995

Note 22

Other liabilities

XANO Industri has an outstanding convertible loan reported at SEK 27,316 thousand. The nominal value is SEK 27,500 thousand. The convertible loan runs until 30 June 2012 with an annual interest rate corresponding to STIBOR 12M plus 1.5 per cent (4.58 per cent for the current period). During the period 1 May to 15 June 2012, convertible bonds can be redeemed against shares at the conversion rate of SEK 125 per share. The nominal value of the loan is SEK 125 per convertible bond. Given that the loan is subordinate to other liabilities and the Group's financial position in general, the interest rate cannot be regarded as corresponding to a market interest rate. The market interest rate for this loan was assessed at 9.19 per cent (government bonds interest rate at the time of issue, 4.69 per cent, with a 4.5 per cent supplement for risk premium). Borrowings that accrue interest at a rate that differs from the market interest rate are taken up at the market value and the difference is added to other contributed capital. Interest is charged to the income statement at the market interest rate over the term of the loan. At the same time, the reported liability will increase in the balance sheet so that it corresponds to the nominal sum at the end of the loan term. The market value for the convertible debenture loan has been calculated by a present value computation of future interest payments and the loan's nominal value. Recorded interest for the year is SEK 1,400 thousand and constitutes 5.1 per cent of the actual liability. Over the term of the loan, the income statement is also charged with issue costs which arose in connection with taking out the convertible loan.

Note 23

Other provisions

Non-current	2011	2010
Guarantee commitments	1,395	855
Pension commitments	2,016	2,684
	3,411	3,539
<i>Estimated maturity time</i>		
Between one and five years after the balance sheet date	3,411	3,539
More than five years after the balance sheet date	–	–

Note 24

Deferred tax liability

Temporary differences

Temporary differences arise if the reported and taxable values of assets or liabilities are different. Temporary differences for the following items have resulted in deferred tax liabilities and deferred tax assets.

	2011	2010
Property, plant and equipment	86,354	80,762
Tax allocation reserves	74,090	54,247
Derivative instruments	-8,320	2,883
Items entered as liabilities	-5,069	-965
Total	147,055	136,927
Tax 26.3%	38,675	36,011
Rounding	-2	-4
Deferred tax liability	38,673	36,007
Non-Swedish items with diverging tax rate ¹⁾	-8,947	-8,836
Net deferred tax liability	29,726	27,171
Deferred tax liability brought forward	-27,171	-34,567
Acquisition of subsidiary	-2,127	–
Sale of subsidiary	–	7,687
Translation differences	-12	-780
Rounding	-2	2
Deferred tax expense relating to temporary differences	414	-487
<i>– of which reported in</i>		
Net profit for the year	3,360	-1,245
Other comprehensive income	-2,946	758

¹⁾ Relates to the business in Norway. In view of actions taken and expected future development, the businesses are expected to generate positive results in coming years; hence the loss carry forward is fully utilised. As there is no legal right of offset, the asset is reported as a deferred tax claim in the balance sheet.

XANO's judgement is that deferred tax not is covered by the disclosure requirement regarding maturity date according to IAS 1.61, since there is often uncertainty as regards when a deferred tax triggers a payment. The effective tax rate amounts to 26 per cent (26).

Note 25

Trade and other payables

	2011	2010
Advance payments from customers	71,422	35,100
Trade payables	86,221	93,051
Salary and holiday pay liabilities	32,010	27,304
Accrued social security contributions	18,603	16,792
Other accrued liabilities	9,309	15,358
Derivatives instruments	9,129	680
Other non-interest-bearing liabilities	17,224	13,769
	243,918	202,054

The derivatives relate to interest-rate swaps valued at the market value. The year's change in value, SEK -8,671 thousand (555) excluding tax, is effectively hedged and has been reported as 'Change in hedging reserve' in the consolidated statement of comprehensive income.

Note 26

Financial liabilities

Age analysis of current liabilities

As of 31.12.2011	Maturity term			Total
	- 30 days	31 - 90 days	91 - 360 days	
Trade payables	72,517	13,658	46	86,221
Percentage distribution	84	16	0	100
Derivative instruments	-109	–	9,238	9,129
Percentage distribution	-1	–	101	100
Borrowings ¹⁾	–	–	80,354	80,354
Percentage distribution	–	–	100	100
Current portion of non-current liabilities ²⁾	1,366	18,617	34,839	54,822
Percentage distribution	2	34	64	100
				230,526

¹⁾ Refer to bank overdraft facilities and convertible loan.

²⁾ The total value of the undiscounted cash flow is SEK 55,400 thousand.

Distribution by currency

As of 31.12.2011	Current	Non-current
SEK	123,919	91,444
EUR	58,421	3,972
NOK	33,475	9,204
USD	5,432	2,335
Other currencies	9,279	–
	230,526	106,955

The amounts reported for financial liabilities, with the exception of the convertible loan and leasing liabilities, represent a reasonable assessment of the fair value. Derivatives which are valued at fair value belong to value level one under IFRS 7, as they refer to interest-rate swaps with a listed price on an active market. The reported value for the convertible loan is SEK 27.316 million. The fair value of this loan is SEK 27.5 million. The reported value for leasing liabilities is SEK 62.236 million.

Note 27

Pledged assets

Pledges for own liabilities	2011	2010
Property mortgages	80,346	77,187
Floating charges	71,125	68,480
Assets with ownership reservation	5,131	8,617
Shares in subsidiaries	273,484	229,874
	430,086	384,158

Note 28

Contingent liabilities

	2011	2010
Guarantees	303	392
Pension obligations	1,540	1,413
	1,843	1,805

Note 29

Leases

Finance leases

Items covered by finance lease contracts are reported in the consolidated financial statements as below. Finance lease refers to the lease of machinery.

The standard terms for the Group's finance lease contracts are adjustable rate of interest and a lease term of seven years, with a residual value of 25 per cent of the acquisition value.

During the year, lease payments in respect of finance leases amounted to SEK 10,605 thousand (10,918).

Plant and machinery

Accumulated acquisition values	2011	2010
Opening balance	96,732	115,250
New acquisitions	21,501	6,420
Sale of subsidiaries	–	-15,556
Divestments and disposals	-6,029	-9,382
Closing balance	112,204	96,732

Accumulated scheduled depreciation	2011	2010
Opening balance	-44,443	-48,109
Sale of subsidiaries	–	7,604
Divestments and disposals	2,229	6,601
Depreciation according to plan for the year	-9,768	-10,539
Closing balance	-51,982	-44,443

Closing residual value	60,222	52,289
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Borrowings, finance leases	2011	2010
Current component, maturity date within one year	12,979	9,467
Non-current component, maturity date between one and five years	35,085	32,835
Non-current component, maturity date in excess of five years	9,413	5,509
	57,477	47,811

Borrowings are estimated at the current value of future lease fees.

Operating leases

Lease payments in respect of operating lease contracts amounted to SEK 4,705 thousand (3,127) during the year.

Contracted future fees for operating leases	2011	2010
Maturity date within one year	4,697	3,788
Maturity date between one and five years	9,644	11,435
Maturity date in excess of five years	–	–
	14,341	15,223

Operating leases refer mainly to rent for premises and car leases.

Note 30

Cash flow

The income statement and balance sheet items for transactions which were not carried out as deposits or withdrawals were adjusted in the cash flow. In addition to the adjustment for actual interest and taxes paid, consideration is given to exchange rate effects, profit on sales of non-current assets, write-downs, effects of finance leases, reclassification between short and long-term items, etc.

Acquisitions of subsidiaries and their assets and liabilities

In 2011, all the shares of Metall Göte AB were acquired. In 2010 the additional purchase price for Eslöv Mekaniska Verkstad AB, which was acquired in 2007, was finally settled.

The total value of acquired assets and liabilities for Metall Göte AB according to a preliminary acquisition calculation is as follows:

Acquisitions	Reported values in subsidiary	Fair value adjustment	Consolidated fair value
Property, plant and equipment	8,372	4,500	12,872
Financial assets	9	–	9
Current assets ¹⁾	19,038	-3,528	15,510
Non-current liabilities	-2,087	-123	-2,210
Current liabilities	-4,675	-506	-5,181
Net assets/purchase price	20,657	343	21,000

¹⁾ Trade receivables are recognised in the amount of SEK 5.6 million and are expected to be received in full.

The total value of divested assets and liabilities, purchase prices and the effect on the Group's liquid assets was as follows:

Acquisitions	2011	2010
Intangible assets	–	83
Property, plant and equipment	12,872	–
Financial assets	9	–
Current assets	15,510	–
Non-current liabilities	-2,210	–
Current liabilities	-5,181	-3,300
Total purchase price	21,000	-3,217
Liquid assets in acquired businesses	-6,048	–
Total cash flow attributable to acquired businesses	14,952	-3,217

Divestments of subsidiaries and their assets and liabilities

Inmedic AB and Bladhs Industri AB including their respective subsidiaries were sold in 2010. The profit from disposals was adjusted in 2011 mainly as a result of a settlement with the purchaser of Bladhs Industri AB with regard to guarantees provided.

The total value of divested assets and liabilities, purchase prices and the effect on the Group's liquid assets was as follows:

Divestments	2011	2010
Intangible assets	–	26,901
Property, plant and equipment	–	81,823
Financial assets	–	270
Current assets	–	90,807
Non-current liabilities	–	-29,071
Current liabilities	-3,818	-121,441
	-3,818	49,289
Cancellation of cumulative translation differences	–	52
Capital gain	2,291	12,726
Total divestment	-1,527	62,067
Liquid assets in divested businesses	–	-2,523
Total cash flow attributable to divested businesses	-1,527	59,544

Interest

During the financial year, interest paid amounted to SEK 12,980 thousand (18,496) and interest received to SEK 2,129 thousand (2,643).

Liquid assets	2011	2010
Cash and bank balances	52,967	9,160
Investments	1,742	1,743
Amount at year-end	54,709	10,903

Of the total cash flow, discontinued operations' cash flow from operating activities totalled SEK 0 million (19), cash flow from investing activities SEK -1 million (53) and cash flow from financing activities SEK 1 million (-72).

Note 31

Business combinations/divestments

All the shares in Metall Göte AB were acquired in September 2011. The purchase price was SEK 21 million and was paid in cash. The assets of the acquired company amounted to SEK 28 million, while the liabilities amounted to SEK 7 million. The acquired assets and liabilities are specified in Note 30 Cash flow. The acquisition has not resulted in any transaction costs. Metall Göte is included in the consolidated financial statements as of 1 October 2011 and contributed SEK 8 million in net revenue and SEK 0 million in net profit after the deduction of write-offs from the surplus value and financial costs attributable to the acquisition. If the acquired entity had been included in the Group during the whole year, revenue would have been SEK 1,188 million and the net profit for the year SEK 83 million.

Inmedic AB and Bladhs Industri AB including their respective subsidiaries were sold in 2010.

Note 32

Risks

Financial risks

XANO is exposed to financial risks through its international activities. Financial risks refer to changes in the Group's cash flow resulting from changes in exchange rates and interest levels as well as liquidity, financing and credit risks.

The Group's policy for managing financial risks is determined by the Board and creates a framework for risk management. The aim is to reduce the cost of capital procurement as well as the financial risk in a cost-efficient manner. The Parent Company has a central role in managing financial activities, which means that the Group can make use of economies of scale and better examine financial risks.

Currency risks

The Group's activities are exposed to currency risks mainly within the following three areas:

- » Transaction risks
- » Risks from translation of subsidiaries' income statements
- » Risks from translation of subsidiaries' balance sheets

Transaction risks

The transaction risk arises due to the commercial payment flows that take place in a currency other than the local currency of each subsidiary. The Group's policy is not to hedge commercial flows. Because of the changes made to the Group's structure and their impact on currency flows, this policy may be amended. The flows are monitored continuously in order to minimise transaction risks. During 2011, the policy was departed from in places in order to partially hedge sales in USD.

The proportion of invoicing in foreign currency in 2011 was 24 per cent. 80 per cent of the Group's manufacturing took place in Sweden. The majority of the Group's products are sold in their country of manufacture. The major exceptions are deliveries from Swedish manufacturing units to foreign end customers and deliveries from manufacturing units in Estonia to the Swedish and Norwegian market. The transaction risks occur in the latter cases as well as during the purchase of material.

A simplified breakdown by currency of the Group's income and cost structure for 2011 is shown in the table below.

Share (%) of	SEK	USD	EUR	Other
Invoicing	76	12	4	8
Cost of goods sold	74	2	13	11

The Group is mainly exposed to changes in EUR, where the net flow in 2011 has been negative, and in USD, where the net flow in 2011 has been positive. In addition to this, Swedish subsidiaries hold loan receivables in NOK and borrowings in EUR. An average change of 5 per cent in all currencies with respect to the Swedish krona would therefore give an impact on profit of approx. SEK 1 million for the corresponding flow. In the event of a change of 5 per cent in either EUR or USD against the Swedish krona, the impact on profit over a period of one year would be approx. SEK 4 million and SEK 6 million respectively. As of the balance sheet date, there were no outstanding currency derivatives.

Risk from translation of subsidiaries' income statements

Translation of non-Swedish subsidiaries' income statements into Swedish kronor takes place at an average rate. If invoicing and net income in the remaining Group companies are the same as in 2011, a 5 per cent change to the Swedish krona against all other currencies would affect sales by around SEK 8 million and net profit by around SEK 1 million.

Risk from translation of subsidiaries' balance sheets

Translation risks are attributable to changes caused by currency fluctuations for net assets in foreign currencies, which are translated into Swedish kronor. Foreign subsidiaries' net assets were valued at SEK 91 million at the year-end. On translation of the subsidiaries' balance sheets, exchange rate fluctuations have affected other comprehensive income positively by SEK 2 million. The currency exposure that arises through investments in foreign net assets is partially hedged by taking out loans in the corresponding currency.

Interest rate risks

Interest rate risks refer to the risk that changes in the interest rate level will affect XANO's financial results negatively through increased borrowing costs. Financing mainly takes place through borrowing from banks. The average interest rate (interest expenses in relation to the average interest-bearing liabilities) was 4.6 per cent (4.0). The Group's interest-bearing liabilities amounted on the balance sheet date to SEK 242 million (282), of which SEK 4 million (139) is financed at a variable interest rate. The average fixed rate period for the remaining borrowing is 71 months and the average interest rate at year-end was 3.3 per cent. At the end of 2011, the Group's bank deposits exceed the liabilities with variable interest rates, hence a change in interest rate levels will only have a marginal effect on the net profit.

Interest swap agreements are used to change the fixed-rate interest period in the desired direction as well as to reduce the effect of interest rate fluctuations. As of the balance sheet date, interest swap agreements worth a total nominal sum of SEK 200 million were in place.

Fixed rate period for borrowing from credit institutions

Maturity date	Amount (SEK 000)	Average interest rate (%)	Share (%)
2012	23,915	5.3	16
2013	14,603	5.9	11
2014	50,000	2.7	17
2015	0	–	–
2016 and later	150,000	2.9	56
Total	238,518	3.3	100

Liquidity and financing risks

Liquidity and financing risks refer to not being able to fulfil payment obligations as a result of insufficient liquidity or difficulty in taking out external loans. XANO actively seeks to ensure a high level of financing preparedness and effective capital procurement by always having confirmed lines of credit. The majority of the Group's borrowing comes from banks and with the loans in each company's local currency. Parent companies also lend funds within the Group at market terms, usually at a variable interest rate. The positive cash flow of recent years has resulted in the Group's total debt burden being reduced and there consequently being a large increase in available capital. The credit agreement with the Group's main bank was therefore renegotiated during the year, with the credit facility being reduced. The payment capacity (liquid assets including credit that has been granted but not utilised relative to net turnover) amounted to 32 per cent on the balance sheet day.

Credit risks

'Credit risk' refers to the risk of a contracting party being unable to fulfil its undertakings in a financial transaction. For XANO, credit risks are primarily associated with trade receivables. The risk of customer losses is managed through defined routines for credit controls and claims management. The Group's customers are primarily large, well-established companies with a good ability to pay, spread across a number of industries and geographical markets, which has meant that customer losses have historically been low. The maximum credit risk concerning the Group's trade receivables corresponds to the reported value of SEK 166 million.

Operational risks

Operational risks are associated with both customers and suppliers, as well as other external factors and XANO's own activities.

From a Group perspective, the customer base is broad and varied in terms of both industry and size. The Group has attempted to minimise the risks that exist in connection with customers' requests for production in low-cost countries by offering production at its own foreign units where capacity has been significantly increased.

As regards input goods, metal represents a dominant raw material together with plastic, often produced from oil-based products. Raw material prices are dependent on world market prices and exchange rate fluctuations, as well as production capacity. The number of raw materials is very large, as metals and plastic raw materials occur in many variants. However, price fluctuations for raw materials have a limited effect on the Group's results, as many client agreements contain raw material clauses. The management of price risks forms part of the daily work and imposes demands concerning ongoing cost rationalisation and productivity improvements.

Within the Group's product area there is always a risk that products may need to be recalled due to faults. To avoid these risks, the Group companies use quality control systems.

The Group has satisfactory protection against the traditional insurance risks such as fire, theft, liability, stoppages, etc. through the insurance policies taken out.

Note 33

Capital management

XANO's objective, during a period of strong and stable growth, is to achieve a good return on equity with limited financial risk. In order to achieve this, a stable cash flow and a strong balance sheet are required with an equity/assets ratio greater than 35 per cent. At the end of 2011, the equity/assets ratio was 48 per cent (46), primarily as a result of a good profit level.

The Group's financing is dependent on certain financial key ratios agreed with the Group's main bank being achieved. The relevant key ratios relate to the Group's risk capital participation and net liabilities in relation to profit. The earnings for the year have meant that the key ratios concerned clearly exceed the agreed levels.

It is the Board's intention that the dividend should follow the earnings trend over an extended period and correspond to between 20 and 30 per cent of the profit after tax.

Note 34

Related party transactions

XANO's related parties consist of senior executives, Board members and companies which are subject to the controlling interest of XANO's Board members.

In addition to the payments referred to in Note 3, Board members and senior executives have received normal share dividends. Senior executives have also received the right to acquire employee convertibles in accordance with decisions made at the Annual General Meeting. The share and convertible holdings of Board members and senior executives as of the balance sheet date are presented on pages 86 and 87.

Kieryd Gård AB, controlled by the Chairman of the Board Tord Johansson, and Pomona-gruppen AB, under the controlling interest of Board members Johan Rapp and Fredrik Rapp, are major XANO shareholders. Apart from the share dividend, no transactions have taken place between these holding companies and XANO.

Transactions take place between XANO's subsidiaries and companies which are subject to the controlling interest of XANO's Board members. These transactions constitute part of the companies' normal activity and take place under market conditions. During 2011, sales from XANO's subsidiaries to ITAB Shop Concept AB and its subsidiaries amounted to SEK 2.7 million. ITAB is under the controlling interest of Tord Johansson. As of the balance sheet date, amounts payable to and receivable from related parties do not come to any noteworthy sum.

Income statement

PARENT COMPANY (SEK thousands)		Note	2011	2010
Net sales			14,556	9,836
Cost of goods sold			–	–
Gross profit			14,556	9,836
Selling expenses		1, 2	-2,342	-2,253
Administrative expenses		1, 2, 3	-13,274	-12,768
Other operating income			572	2,132
Other operating expenses			-20	0
Operating profit/loss			-508	-3,053
Result from participations in Group companies		4	57,858	50,692
Interest income and similar profit/loss items		5	17,390	13,775
Interest expense and similar profit/loss items		6	-20,662	-11,193
Profit after financial items			54,078	50,221
Appropriations		7	-16,029	-8,583
Profit before tax			38,049	41,638
Tax		8	-12,613	-11,087
NET PROFIT FOR THE YEAR			25,436	30,551
Share data				
Basic earnings per share	SEK	11	3,75	4,50
Diluted earnings per share ¹⁾	SEK	11	3,75	4,50
Average number of outstanding shares	st	12	6,788,974	6,788,974
Average number of outstanding shares after dilution	st	12	7,008,974	7,008,974
Average number of shares in own custody	st	12	140,000	140,000

¹⁾ No dilution effect is taken into account when diluted earnings per share are higher than basic earnings per share.

Statement of comprehensive income

PARENT COMPANY (SEK thousands)		Note	2011	2010
Net profit for the year			25,436	30,551
Other comprehensive income			–	–
COMPREHENSIVE INCOME FOR THE YEAR			25,436	30,551

Cash flow statement

PARENT COMPANY (SEK thousands)	Note	2011	2010
Operating activities			
Operating profit/loss		-508	-3,053
<i>Adjustments for non-cash items etc.</i>			
Depreciation		163	166
Capital gain from disposal of non-current assets		20	–
Group contribution		57,858	50,770
Interest paid/received, net value	17	5,124	42
Income tax paid (-) / received (+)		-11,036	-3,469
Cash flow from operating activities before changes in working capital		51,621	44,456
Change in working capital			
Increase (-) / decrease (+) of current receivables		38,484	-15,495
Increase (+) / decrease (-) of current liabilities		8,443	48,980
Cash flow from operating activities		98,548	77,941
Investing activities			
Purchase and sale of property, plant and equipment		–	-75
Purchase and sale of financial assets		8,092	–
Cash flow from investing activities		8,092	-75
Financing activities			
Dividend paid		-23,761	-10,183
Increase (+) / decrease (-) of current bank accounts		-39,257	-67,580
Cash flow from financing activities		-63,018	-77,763
Cash flow for the year		43,622	103
Cash and cash equivalents at the beginning of the year		9	8
Exchange-rate differences in cash and cash equivalents		545	-102
Cash and cash equivalents at the end of the year	17	44,176	9

Balance sheet

PARENT COMPANY (SEK thousands)	Note	31.12.2011	31.12.2010
ASSETS			
Non-current assets			
<i>Property, plant and equipment</i>	9		
Equipment, tools, fixtures and fittings		435	618
		435	618
<i>Financial assets</i>			
Participations in Group companies	10	62,593	70,685
		62,593	70,685
Total non-current assets		63,028	71,303
Current assets			
<i>Current receivables</i>			
Accounts receivable – trade		0	10
Receivables from Group companies		484,586	523,099
Other receivables		47	391
Prepaid expenses and accrued income		2,012	1,130
		486,645	524,630
<i>Investment in securities etc.</i>		5	5
<i>Cash and bank balances</i>	14	44,171	4
Total current assets		530,821	524,639
TOTAL ASSETS		593,849	595,942

PARENT COMPANY (SEK thousands)	Note	31.12.2011	31.12.2010
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	12	34,645	34,645
Statutory reserve		8,899	8,899
		43,544	43,544
<i>Non-restricted equity</i>			
Share premium reserve		2,281	2,281
Profit brought forward		196,653	189,863
Net profit for the year		25,436	30,551
		224,370	222,695
Total equity		267,914	266,239
Untaxed reserves	13	34,805	18,776
Liabilities			
<i>Non-current liabilities</i>			
Interest-bearing liabilities	14, 15	14,603	41,639
		14,603	41,639
<i>Current liabilities</i>			
Bank overdraft facilities	14, 15	20,448	59,705
Accounts payable – trade		448	281
Liabilities to Group companies		203,645	197,213
Current tax liability		9,688	8,111
Other liabilities	14	37,900	597
Accrued expenses and deferred income		4,398	3,381
		276,527	269,288
Total liabilities		291,130	310,927
TOTAL EQUITY AND LIABILITIES		593,849	595,942
Pledged assets	15	57,094	65,186
Contingent liabilities	16	239,102	216,982

Statement of changes in equity

PARENT COMPANY (SEK thousands)	Note	Share capital	Statutory reserve	Share premium reserve ¹⁾	Other non-restricted equity	Total equity
Equity, 1 January 2010		34,645	8,899	2,281	200,046	245,871
Net profit for the year		–	–	–	30,551	30,551
Other comprehensive income		–	–	–	–	–
Comprehensive income for the year		–	–	–	30,551	30,551
Dividend paid		–	–	–	-10,183	-10,183
Equity, 31 December 2010		34,645	8,899	2,281	220,414	266,239
Net profit for the year		–	–	–	25,436	25,436
Other comprehensive income		–	–	–	–	–
Comprehensive income for the year		–	–	–	25,436	25,436
Dividend paid		–	–	–	-23,761	-23,761
Equity, 31 December 2011	12	34,645	8,899	2,281	222,089	267,914

¹⁾ Share premium reserve is part of non-restricted equity.

Accounting policies

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and recommendations and statements of the Swedish Financial Reporting Board.

General

The Parent Company applies the same accounting policies as the Group except for the cases described below. The Parent Company's accounts are prepared in accordance with recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The deviations that occur between the Parent Company's and the Group's policies are caused by limitations in the scope to apply IFRS to the Parent Company as a result of the Swedish Annual Accounts Act and, in some cases, for tax reasons. In accordance with recommendation RFR 2, which applies from 2011, Group contributions received are recognised as financial income. The comparison period has been recalculated. The accounting policies are otherwise unchanged compared with the previous year.

Receivables and liabilities

Receivables have been recognised at the amount they are expected to accrue. Receivables and liabilities in foreign currency have been translated at the balance sheet date rate. Translation differences relating to operating receivables and liabilities are reported under operating profit, while translation differences attributable to financial receivables and liabilities are included under net financial income.

Related party transactions

100 per cent (100) of the Parent Company's net sales comes from invoicing to subsidiaries. Of the Parent Company's operating expenses, 5 per cent (5) is invoicing from subsidiaries.

There are significant financial receivables and liabilities between the Parent Company and subsidiaries which accrue interest at the market rate.

In addition to what is referred to in Note 1, Board members and senior executives have received normal share dividends. Senior executives have also received the right to acquire employee convertibles in accordance with decisions made at the Annual General Meeting.

As the owner, the Parent Company has a related party relationship with its subsidiaries, see Note 10.

Kieryd Gård AB, controlled by the Chairman of the Board Tord Johansson, and Pomona-gruppen AB, under the controlling interest of Board members Johan Rapp and Fredrik Rapp, are major XANO shareholders. Apart from the share dividend, no transactions have taken place between these holding companies and XANO.

Participating interests in Group companies

Participating interests are valued according to the cost method. Dividends from subsidiaries are recognised as income. The items are tested for impairment annually and the interests are valued at the highest consolidated value, i.e. the subsidiary's adjusted equity with a supplement for consolidated surplus values.

Non-current assets

Non-current assets are valued at the acquisition value with the deduction of accumulated depreciation and any impairment costs. If there is an indication that an asset has reduced in value, the asset's recoverable amount is calculated. If the reported value exceeds the recoverable amount, the asset is written down to a value corresponding to the recoverable amount.

Depreciation is included in the costs for each function. Depreciation is calculated systematically over the expected utilisation period as follows:

Machinery and equipment	3 – 10 years
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Liquid assets

Liquid assets consist of cash and bank balances and investments with a term of no more than three months.

Cash flow

Cash flow is reported by applying the indirect method. This means that the net profit/loss is adjusted for transactions that have not resulted in deposits or withdrawals during the period and for any income and costs related to the cash flow of investing or financing activities.

Financial assets and liabilities

Financial assets and liabilities are generally reported at the acquisition value. Impairment costs concerning financial assets are recognised if a permanent reduction in value has been confirmed.

XANO uses interest-rate swaps to control the uncertainty in future interest-rate fluctuations in regard to Group borrowings with variable interest rates. Since these derivatives are not hedged effectively in the company, they are valued at their fair value in the balance sheet. The interest coupon share is regularly reported as either interest income or interest expense in the income statement.

Convertible bonds consist of a composite financial instrument with the character of both a liability and of equity. These are reported partly as a financial liability and partly as an equity instrument.

Income

The Parent Company offers its subsidiaries services relating to business development, organisation, finance, etc. Sales of goods are reported on delivery of the product to customers in accordance with the sales terms. Income from services is reported under the period in which the service was performed. Intra-Group sales occur at market prices.

Group contribution

Group contributions received for the purpose of tax equalisation are recognised as financial income.

Taxes

Reported income taxes include tax that will be paid for the current year and any changes to deferred tax. Tax claims and liabilities are valued at nominal sums and in accordance with the current tax rules and tax rates. Deferred tax is calculated on temporary differences that arise between reported values and taxable values of assets and liabilities.

Deferred tax liabilities are normally reported for all taxable temporary differences, while deferred tax claims are reported to the extent it is likely that the sums may be utilised.

In the Parent Company, due to the link between reporting and taxation, deferred tax liabilities associated with untaxed reserves are reported as part of untaxed reserves.

Bank overdraft facilities, Group currency accounts

The subsidiaries' claims on and debts to internal lines of credit are recognised as liabilities to and receivables from Group companies. The Group's total claim on/debt to the bank is recognised as an asset/liability in the Parent Company.

Notes

(All amounts in SEK thousands unless otherwise indicated.)

Note 1

Employees and personnel costs

Average no. of employees	2011	of which men	2010	of which men
Sweden	6	33%	7	43%

Absence due to illness is not reported, as the number of employees is fewer than ten.

Proportion of men amongst senior executives	2011	2010
Board members	83%	83%
Other senior executives	100%	100%

Salaries, other remuneration and social security costs	2011	2010
Salaries and remuneration	6,958	6,964
Social security costs	4,429	3,872
(of which pension costs) ^{1, 2)}	(1,598)	(1,401)
	11,387	10,836

¹⁾ SEK 1,253 thousand (1,157) of the Parent Company's pension costs relates to Board members and senior executives. The company's outstanding pension commitments for these amount to SEK 0 thousand (0).

²⁾ Pension costs do not comprise special employer's contribution.

Break-down of salaries and other remuneration	2011	2010
Board members and other senior executives	5,142	5,011
(of which bonuses)	(-)	(-)
Other employees	1,816	1,953
	6,958	6,964

Remuneration for Board members and other senior executives

The Annual General Meeting decided to approve the Board's proposal for guidelines for remuneration and other employment conditions for senior executives. The conditions must be market-based. In addition to a fixed basic salary, senior executives may receive variable remuneration, which must be limited and based on the trend in results or the return on equity compared with set goals. The variable component may not exceed 50 per cent of the fixed salary. Senior executives shall have market pension conditions which must be premium-based. Any employee in the Group's management may terminate their employment by giving six months' notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary shall be payable to the CEO. The Board shall be entitled to deviate from the guidelines if there are exceptional reasons for doing so in an individual case. The Board has appointed a remuneration committee, which during the year consisted of Chairman Tord Johansson and Directors Eva Nilsson and Fredrik Rapp.

Remuneration for the CEO and other senior executives consists of basic salary, variable remuneration, other benefits and pension premiums. 'Other senior executives' refers to the deputy CEO who, together with the CEO, makes up the Group management. The division between basic salary and variable remuneration is determined in proportion to the responsibilities and authority of the executive in question. The variable remuneration is based on results in relation to individually set targets.

The Annual General Meeting decided that the Board's fee of SEK 1,100 thousand should be distributed with SEK 700 thousand payable to the Chairman and SEK 80 thousand payable to each of the other Board members for the period up to and including the next annual general meeting. The Annual General Meeting further decided that remuneration for tasks undertaken in the remuneration committee, audit committee and nomination committee should amount to SEK 5 thousand per person and per task. During 2011, SEK 45 thousand was paid for these commissions regarding 2011/2012, of which SEK 35 thousand was paid to Board members and the remaining SEK 10 thousand to the external members of the nomination committee.

In 2011, the Group management consisted of the CEO Sune Lantz and deputy CEO Lennart Persson. The CEO received a salary and car benefit worth SEK 2,383 thousand (2,115). The deputy CEO received a salary and car benefit worth SEK 1,861 thousand (1,863).

The CEO and the deputy CEO have a defined contribution pension plan with a retirement age of 65. According to the contract, the pension premium for the CEO is 35 per cent of the pensionable salary. There is a pension agreement for the Vice CEO corresponding to the collectively agreed ITP plan. In addition to this, there is an option to reallocate salary withdrawals to additional pension contributions. The pension premium for the deputy CEO amounted to 24 per cent (22) of the pensionable salary. 'Pensionable salary' refers to the basic salary plus an average of the last three years' variable remuneration. Pension costs for the CEO amounted to SEK 790 thousand (752). Pension costs for the deputy CEO amounted to SEK 463 thousand (405).

The company and CEO have a mutual six-month period of notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the CEO, no severance pay is payable. For other senior executives, there is a period of notice of six months by either party. In the event of notice on the part of the company, severance pay totalling six months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the senior executive, no severance pay is payable.

Note 2

Depreciation

Depreciation by function	2011	2010
Selling expenses	-24	-25
Administrative expenses	-139	-141
	-163	-166

Depreciation by type of asset	2011	2010
Equipment, tools, fixtures and fittings	-163	-166
	-163	-166

Note 3

Auditors' remuneration

	2011	2010
<i>Ernst & Young</i>		
Audit assignment	-273	-279
Audit activities other than audit assignment	-25	-66
Tax consultancy services	-12	-10
	-310	-355

'Audit assignments' refers to the review of the annual report, interim reports, the management by the board and CEO and the corporate governance report.

Note 4

Result from participations in Group companies

	2011	2010
Write-down of shares	-	-78
Group contribution received	57,858	50,770
	57,858	50,692

Note 5

Interest income and similar profit/loss items

	2011	2010
Interest income, Group companies	13,753	10,300
Interest income, other	2,993	1,371
Exchange-rate differences	644	2,104
	17,390	13,775

Note 6

Interest expense and similar profit/loss items

	2011	2010
Interest expense, Group companies	-4,637	-2,834
Interest expense, Other	-16,020	-8,359
Exchange-rate differences	-5	-
	-20,662	-11,193

Other interest costs include a value change of SEK -8,671 thousand (555) referring to interest rate swaps valued at market value.

Note 7

Appropriations

	2011	2010
Change in excess depreciation	-20	37
Tax allocation reserve, change for the year	-16,009	-8,620
	-16,029	-8,583

Note 8

Tax on profit for the year

	2011	2010
Current tax	-12,673	-11,087
Current tax relating to previous periods	60	-
	-12,613	-11,087

Tax totals till 33 per cent (27).

Note 9

Property, plant and equipment

Equipment, tools, fixtures and fittings

Accumulated acquisition values	2011	2010
Opening balance	1,464	1,389
New acquisitions	-	75
Divestments and disposals	-124	-
Closing balance	1,340	1,464

Accumulated scheduled depreciation	2011	2010
Opening balance	-846	-680
Divestments and disposals	104	-
Depreciation for the year	-163	-166
Closing balance	-905	-846

Closing residual value	435	618
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Note 10

Participations in Group companies

Accumulated acquisition values	2011	2010
Opening balance	70,685	70,763
Disposals	-8,092	–
Write-down for the year	–	-78
Closing balance	62,593	70,685

Parent Company holdings

Business name	Corporate identity number	Registered office	Number of shares	Share of equity	Book value
Cipax Industri AB	556261-0096	Jönköping, Sweden	1,000	100%	3,483
XANO Automation AB	556432-6329	Jönköping, Sweden	5,000	100%	17,153
XANO Evolution AB	556412-4070	Jönköping, Sweden	46,200	100%	5,499
XANO Fastigheter AB	556237-3265	Jönköping, Sweden	30,500	100%	4,541
XANO Precision AB	556620-3294	Jönköping, Sweden	1,000	100%	22,085
XANO Teknik AB	556234-6204	Jönköping, Sweden	1,100,000	100%	9,832
					62,593

Subsidiary holdings

Business name	Corporate identity number	Registered office	Number of shares	Share of equity
Ackurat Industriplast AB	556076-4564	Växjö, Sweden	10,000	100%
Ackurat Sp. z o. o	0000357275	Gdansk, Poland	100	100%
Ackurat Suomen Oy	0535817-5	Helsingfors, Finland	630	100%
Antonson & Akribi AB	556310-2424	Jönköping, Sweden	12,470	100%
Cipax AB	556065-7875	Norrköping, Sweden	200	100%
Cipax AS	990 374 031	Bjørkelangen, Norway	10,100	100%
Cipax Eesti AS	10092500	Taebala, Estonia	400	100%
Cipax Oy	2188914-4	Helsingfors, Finland	1,000	100%
Eslöv Mekaniska Verkstad AB	556528-6688	Eslöv, Sweden	4,000	100%
Fredriksons Automation AB	556548-6882	Vadstena, Sweden	1,000	100%
Fredriksons Verkstads AB	556420-7537	Vadstena, Sweden	5,000	100%
Fredriksons Industry (Suzhou) Co Ltd	022735	Suzhou, China	–	100%
AB LK Precision Invest	556258-1644	Stockholm, Sweden	1,000	100%
AB LK Precision Parts	556237-5377	Stockholm, Sweden	2,000	100%
Metall Göte AB	556054-5658	Värnamo, Sweden	8,000	100%
Micro-Tool Sweden AB	556438-3437	Södertälje, Sweden	3,000	100%
Mikroverktyg AB	556020-8828	Södertälje, Sweden	1,000	100%
NPB Automation AB	556266-7948	Jönköping, Sweden	1,000	100%
Resinit AB	556332-1263	Västervik, Sweden	1,000	100%
Segerströms i Falkenberg AB	556125-7147	Falkenberg, Sweden	5,000	100%
VIAB Precision Asia Ltd.	1668446	Hongkong, China	10,000	100%
VIAB Precision (Suzhou) Co Ltd	registration pending	Suzhou, China	–	100%
VIAB Konsult AB	556506-0802	Jönköping, Sweden	1,000	100%
Värnamo Industri AB	556497-2056	Värnamo, Sweden	4,000	100%
XANO Fastigheter Eslöv AB	556605-1529	Eslöv, Sweden	1,000	100%
XANO Fastigheter i Estland AB	556297-2041	Jönköping, Sweden	4,000	100%
XANO Fastigheter Ljungarum AB	556202-5220	Jönköping, Sweden	2,796,000	100%
XANO Fastigheter Länna AB	556176-5271	Stockholm, Sweden	1,000	100%
XANO Industrial Center AS	10994473	Tallinn, Estonia	400	100%

14 of the subsidiaries are industrial companies whilst the rest are companies with limited operations such as sales companies, holding companies, real estate companies and dormant companies.

Note 11

Earnings per share

Basic earnings per share	2011	2010
Net profit for the year	25,436	30,551
Average number of outstanding shares, thousands	6,789	6,789
Basic earnings per share, SEK	3.75	4.50
Diluted earnings per share	2011	2010
Net profit for the year	25,436	30,551
Interest expense on convertible bonds ¹⁾	1,129	980
Adjusted income	26,565	31,531
Average number of outstanding shares, thousands	6,789	6,789
Adjustment for anticipated conversion of convertible bonds, thousands	220	220
Average number of shares at the calculation of earnings per share, thousands	7,009	7,009
Diluted earnings per share, SEK	3.79	4.50

¹⁾ Constitutes current interest for convertible loans adjusted to market interest rate.

No dilution effect is taken into account when diluted earnings per share are higher than basic earnings per share.

With regard to the number of shares and convertible bonds, see Note 12.

Note 12

Share capital

Distribution of share capital	31.12.2011	1.1.2011
Class A shares	1,950,000	1,950,000
Class B shares	4,978,974	4,978,974
Total number of shares	6,928,974	6,928,974
Quotient value, SEK	5	5
Share capital, SEK	34,644,870	34,644,870

The total number of shares is 6,928,974, of which 140,000 are held by the company. During the year, the average number of outstanding shares was 6,788,974.

As of 1 July 2008, convertible bonds with a nominal value of SEK 27,500 thousand, corresponding to 220,000 Class B shares at full conversion, were issued.

Class A shares give entitlement to ten votes and Class B shares to one vote. The total number of votes, following deductions for the company's own holding, amounts to 24,338,974. The proposed dividend amounts to SEK 3.50 per share.

Note 13

Untaxed reserves

	2011	2010
Tax allocation reserve, allocation for 2006 taxation	–	52
Tax allocation reserve, allocation for 2009 taxation	3,278	3,278
Tax allocation reserve, allocation for 2010 taxation	1,076	1,076
Tax allocation reserve, allocation for 2011 taxation	14,050	14,050
Tax allocation reserve, allocation for 2012 taxation	16,061	–
	34,465	18,456
Accumulated excess depreciation	340	320
	34,805	18,776

Deferred tax liabilities represent SEK 9,154 thousand (4,938) of untaxed reserves.

Note 14

Liabilities

Non-current liabilities	2011	2010
Maturity date between one and five years after balance sheet date	14,603	41,639
Maturity date more than five years after balance sheet date	–	–
	14,603	41,639
Current liabilities	2011	2010
Bank overdraft facilities, Group currency accounts	20,448	59,705
Convertible loans	27,316	–
	47,764	59,705
Total interest-bearing liabilities	62,367	101,344
Bank overdraft facilities	2011	2010
Bank overdraft facilities granted, Group currency accounts	290,023	260,000
Unutilised amount	-269,575	-200,295
Utilised amount	20,448	59,705

The Parent Company's liquid assets, including lines of external credit granted but not utilised, totalled SEK 302 million (391).

The company has an outstanding convertible loan reported at SEK 27,316 thousand. The nominal value is SEK 27,500 thousand. The convertible loan runs until 30 June 2012 with an annual interest rate corresponding to STIBOR 12M plus 1.5 per cent (4.58 per cent for the current period). During the period 1 May to 15 June 2012, convertible bonds can be redeemed against shares at the conversion rate of SEK 125 per share. The nominal value of the loan is SEK 125 per convertible bond. Given that the loan is subordinate to other liabilities and the Group's financial position in general, the interest rate cannot be regarded as corresponding to a market interest rate. The market interest rate for this loan was assessed at 9.19 per cent (government bonds interest rate at the time of issue, 4.69 per cent, with a 4.5 per cent supplement for risk premium). Borrowings that accrue interest at a rate that differs from the market interest rate are taken up at the market value and the difference is added to the company's share premium reserve. Interest is charged to the income statement at the market interest rate over the term of the loan. At the same time, the reported liability will increase in the balance sheet so that it corresponds to the nominal sum at the end of the loan term. The market value for the convertible debenture loan has been calculated by a present value computation of future interest payments and the loan's nominal value. Recorded interest for the year is SEK 1,400 thousand and constitutes 5.1 per cent of the actual liability.

Derivatives totalling SEK 9,129 thousand are included in current liabilities. The item relates to interest swaps valued at market value. The year's change in value of SEK -8,671 thousand (555), excluding tax, has been reported as financial costs in the income statement.

Cash and bank deposits include the balance in the current account, Group currency account.

Note 15**Pledged assets**

	2011	2010
Shares in subsidiaries	57,094	65,186
	57,094	65,186

Note 16**Contingent liabilities**

	2011	2010
Guarantees in favour of subsidiaries	237,562	215,569
Pension commitments	1,540	1,413
	239,102	216,982

Note 17**Cash flow****Interest**

Interest paid amounted to SEK 10,772 thousand (11,456) and interest received SEK 15,896 thousand (11,498).

	2011	2010
Liquid assets		
Cash and bank balances	44,171	4
Investments	5	5
Amount at year-end	44,176	9

Note 18**Risks**

The Parent Company is exposed to financial risks through its international activities. Financial risks refer to changes in exchange rates and interest levels. A statement on the Group's main financial and operational risks can be found in Note 32 on pages 68 and 69.

The undersigned certify that the consolidated financial statements and the Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and generally accepted accounting policies respectively, and give a true and fair view of the financial positions and results of the Group and the Company, and that the Directors' Report and Management Report give a fair review of the development of the operations, financial positions and results of the Group and the Company and describe substantial risks and uncertainties that the Group companies face.

The annual report and consolidated financial statements for XANO Industri AB (publ) for 2011 have been approved for publication by the Board of Directors.

The financial statements will be presented to the Annual General Meeting on 10 May 2012 for adoption.

Jönköping, 8 March 2012

Tord Johansson
Chairman

Johan Rapp
Vice chairman

Stig-Olof Simonsson
Board member

Fredrik Rapp
Board member

Christer Dahlström
Board member

Petter Fägersten
Deputy Board member

Sune Lantz
CEO

Our audit report was submitted on 15 March 2012.

Stefan Engdahl
Authorised public accountant

Stefan Landström Andersson
Authorised public accountant

Audit report

To the annual meeting of the shareholders of XANO Industri AB (publ), corporate identity number 556076-2055

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of XANO Industri AB (publ) for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 46-80.

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

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide a true and fair representation, in all material respects, of the financial position of the parent company as at 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Swedish Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide a true and fair representation, in all material respects, of the financial position of the Group as at 31 December 2011 and of its financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act. The Directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriation of the company's profit or loss and the administration of the Board of Directors and the CEO of XANO Industri AB (publ) for the year 2011.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for proposing the appropriation of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Swedish Companies Act.

Auditor's responsibility

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

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

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

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

Opinions

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

Jönköping, 15 March 2012

Stefan Engdahl
Authorised public accountant

Stefan Landström Andersson
Authorised public accountant

Corporate governance report 2011

Swedish Corporate Governance model

Corporate governance in Swedish listed companies is regulated by a combination of written rules and generally accepted practices. The framework includes the Swedish Companies Act ('the Act') and the rules that apply in the regulated market in which the company's shares are quoted. In addition, all listed Swedish companies have been covered by the Swedish Code of Corporate Governance ('the Code') since 1 July 2008.

The Act stipulates that the company must have three decision-making bodies: the shareholders' meeting, the Board of Directors and the CEO. There must also be a controlling body, an auditor, who is appointed by the shareholders' meeting. The Act stipulates which tasks the respective bodies have and which responsibilities fall upon the people making up the bodies. The Code complements the Act by setting higher requirements in certain areas, but also by making it possible for companies to deviate from these in specific circumstances if this will lead to better corporate governance.

Corporate governance at XANO

XANO Industri AB (publ) is a Swedish public limited company whose overall goal is to generate long-term value for its shareholders and other stakeholders. XANO shares are listed on the NASDAQ OMX Stockholm in the Small Cap segment. The information requirements that XANO is subject to as a result of this can be found in the 'Rule Book for Issuers' published by the

stock exchange.

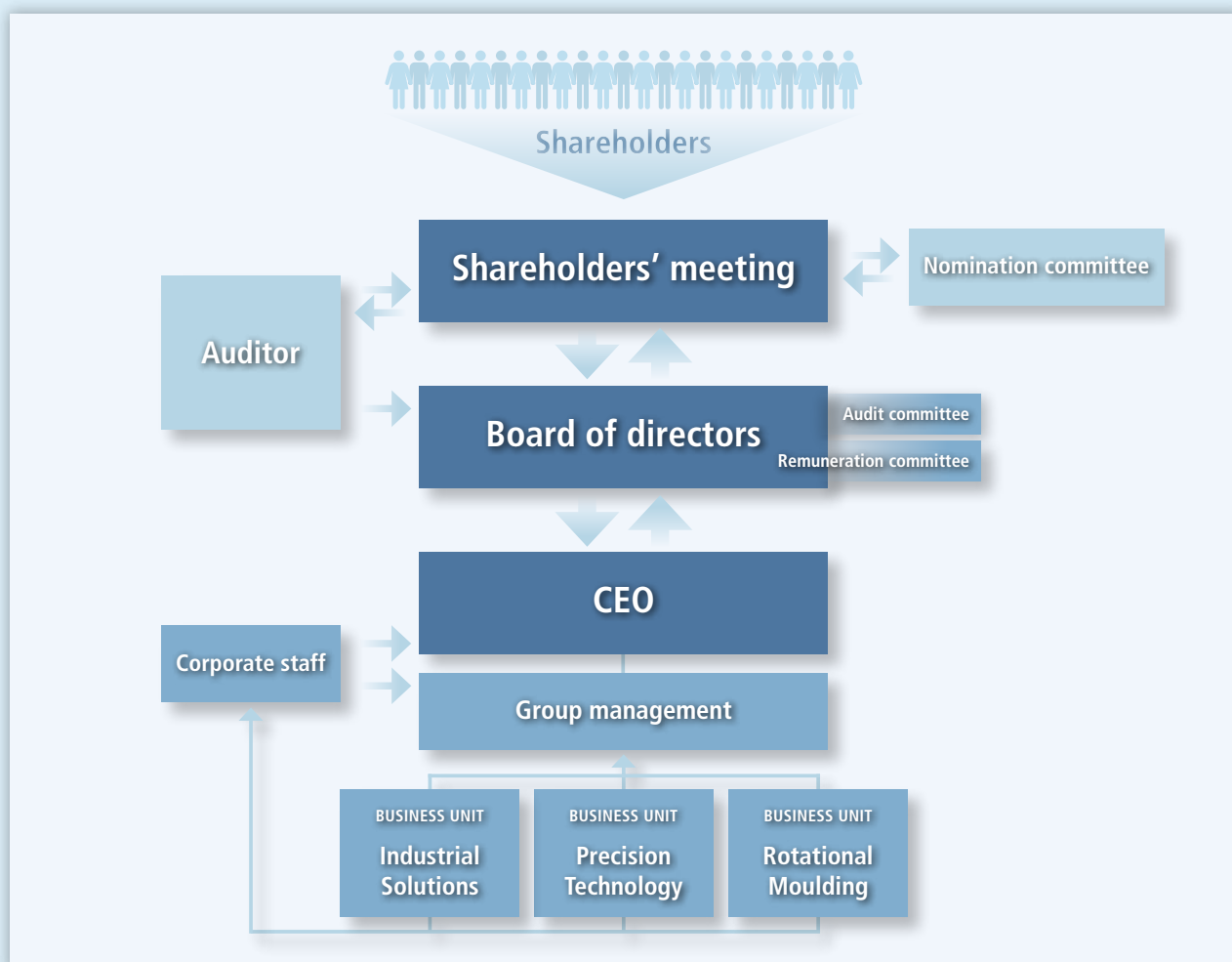
XANO has been covered by the Code since 1 July 2008. This corporate governance report describes XANO's corporate governance, management and administration, in addition to the internal controls that are in place concerning financial reporting.

Shareholders

At the end of 2011, there were 1,299 shareholders in XANO, of which 1,247 were physical persons representing 18.0 per cent of the votes and 38.2 per cent of the capital. The ten largest shareholders accounted for 95.1 per cent of the votes and 82.6 per cent of the capital. There are currently two shareholders who each own and control more than ten per cent of the votes for all shares in the company. Tord Johansson controls 27.5 per cent of the capital and 55.1 per cent of the votes through his own and related parties' holdings. Johan Rapp controls 31.0 per cent of the capital and 28.6 per cent of the votes through related parties' holdings. Information concerning holdings relates to share after deduction of the company's own holdings.

Shareholders' meeting

The shareholders' meeting is the forum in which the shareholders' influence is exercised. It is the company's highest decision-making body and has a superior position in relation to the company's Board and the CEO. Notices



convening a shareholders' meeting must be issued through advertising in the Official Swedish Gazette and on the company website, according to the Articles of Association. Confirmation that notices convening the meeting have been placed will be published in Dagens Industri.

Annual General Meeting

The Annual General Meeting (AGM) assembles once a year in order to decide on matters such as the adoption of the annual accounts and consolidated accounts, the discharge of the Board of Directors and CEO from liability and to decide on the allocation of profits from the previous year. The meeting also elects the Board of Directors and, when necessary, auditors. All shareholders who are directly registered in the share register and who have registered their attendance in time can attend the meeting and vote on behalf of all their shares. Shareholders who are unable to attend themselves may be represented by a proxy.

Annual General Meeting 2011

XANO's 2011 AGM was held on Friday 6 May. 47 shareholders, whose holdings accounted for 95 per cent of the votes and 77 per cent of the total number of outstanding shares, were represented at the meeting. XANO's Board and management, as well as the company's auditor and representatives from the nomination committee, were present at the meeting. The following key decisions were made:

- » Dividends of SEK 3.50 per share were awarded to shareholders, amounting to a total of SEK 23.8 million.
- » Re-election of Board members Johan Rapp, Stig-Olof Simonsson, Fredrik Rapp, Eva Nilsson, Christer Dahlström and Tord Johansson. Election of Petter Fägersten as deputy. Re-election of Tord Johansson as Chairman of the Board.
- » Composition of the nomination committee ahead of the 2012 AGM.
- » Authority for the Board of Directors to take decisions concerning acquisitions and transfer of the company's own shares.

Annual General Meeting 2012

XANO's 2012 AGM will take place on Thursday 10 May at 3 pm at the company's premises at Industrigatan 14 B in Jönköping. Further information can be found on page 89 of the annual report for 2011.

Board of Directors

The task of the Board of Directors is to manage the company's assets on behalf of the shareholders. According to the Articles of Association, the Board must be made up of at least three and no more than eight members, with a maximum of eight deputies. According to the Code, deputies are not to be appointed for members elected by the AGM. XANO's Board currently consists of six ordinary members with one deputy: Tord Johansson (Chairman), Johan Rapp, Fredrik Rapp, Stig-Olof Simonsson, Eva Nilsson, Christer Dahlström and Petter Fägersten (deputy). Simonsson, Nilsson and Dahlström are independent of the company's major shareholders. Tord Johansson and Johan Rapp each control, through their own and related parties' holdings, more than 10 per cent of the shares and votes in XANO. Through their employment in companies controlled by the principal owner families Johansson and Rapp, both Fredrik Rapp and Petter Fägersten are judged to be dependent in relation to the major shareholders. All members are independent of the company and the company management. The Articles of Association do not contain any specific regulations concerning the appointment and dismissal of Board members or changes to the Articles of Association.

The work of XANO's Board of Directors is governed both by laws and recommendations and by the Board's rules of procedure, which are adopted once a year. These rules of procedure contain rules concerning matters such

as the distribution of work between the Board of Directors and the CEO, financial reporting and investments.

The Board of Directors held seven meetings during the 2011 financial year, six in accordance with the Board's rules of procedure and one for acquisition discussions. Each ordinary meeting considers the following fixed items: review of the minutes of the previous meeting, general review of the business units with follow-up on the latest report and comparison with the forecast as well as financing and liquidity. In addition to fixed reporting items, the Board of Directors also decides on issues of a more general nature, such as the Group's strategy, structural and organisational matters, policies, guidelines and major investments.

One of the company's auditors participates in at least one of the Board's meetings each year. The auditors' observations arising from the audit of the company's accounts, routines and internal controls are presented at this meeting.

In addition to the fixed items according to the above, the programme for 2011 included the following main items:

No 1 – 10 February

Year-end report 2010, report from audit committee, the auditors reported their general observations arising from the audit of the 2010 accounts.

No 2 – 6 May

Interim report 3 months, revised forecast for 2011, pre-requisites prior to AGM.

No 3 – 12 July

Interim report 6 months.

No 4 – 31 August

Acquisition discussions.

No 5 – 21 September

Forecast supplementing, Group strategy, annual programme for 2012.

No 6 – 8 November

Interim report 9 months.

No 7 – 16 December

Forecast for 2012, evaluation of the Board's and the CEO's work, visit to Fredriksons in Vadstena.

Audit committee

The task of the audit committee is to prepare the Board's work by quality assuring the company's financial reporting, regularly meeting the company's auditor to inform themselves of the company's direction and scope, as well as discussing the coordination between the external audit and the internal controls and the view of the company's risks, setting guidelines for which services other than auditing must be handled by the company's auditor, evaluating the audit work and informing the company's nomination committee of the outcome of the evaluation as well as assisting the nomination committee in its proposals for auditors and fees for audit work. In 2011, XANO's Audit Committee comprised the Board members Tord Johansson, Stig-Olof Simonsson and Christer Dahlström (Committee Chairman).

Remuneration Committee

The task of the remuneration committee is to prepare issues relating to remuneration and other employment conditions for the company management. The remuneration committee at XANO also has the task of dealing with issues relating to remuneration and other employment conditions for the managing directors of other companies in the Group. In 2011, XANO's Remuneration Committee comprised the Board members Tord Johansson, who is also Committee Chairman, Eva Nilsson and Fredrik Rapp.

CEO

The Board appoints the CEO to take care of the day-to-day administration of the company. The current CEO, Sune Lantz, took up the position in February 2003 after having been acting CEO for just under a year and deputy CEO before that since 1989.

Group Management

The Group Management consists of CEO Sune Lantz and Deputy CEO Lenart Persson.

Corporate staff

There is a staff function which reports directly to the CEO which is responsible for business development, finance, insurance, purchasing, IT, communication, consolidated accounts and group-wide administration. This is where projects involving all or a number of the Group's companies are managed. Manuals and policies regulating work at the subsidiaries are drawn up in the respective areas.

Business units

During 2011, the Group consisted of three reporting units. These were: Industrial Solutions, Precision Technology and Rotational Moulding. The operational management of the business units reports directly to the CEO. Through corporate staff functions, supporting documentation for decisions for the Board and CEO are collated within other areas.

Nomination Committee

The nomination committee is the AGM's body for the preparation of decisions to be made by the meeting concerning appointment matters with the aim of establishing a sound basis for consideration of such matters.

A nomination committee was appointed at the 2011 AGM consisting of Ulf Hedlundh (Chairman), Johan Rapp and Anders Rudgård. The task of the committee prior to the 2012 AGM is to nominate a Chairman of the Board and other Board members, auditors, a chairman for the AGM, and fees for the Board and auditors. The nomination committee has evaluated the work of the Board and held two meetings prior to the AGM, during which minutes were taken, with all members present, in addition to a number of contacts.

Auditors

A registered auditing company, or one or two auditors of whom at least one must be an authorised public accountant, with or without deputy auditors, must be elected by the general meeting to examine the company's annual report, the consolidated report and accounts as well as the administration by the Board and CEO. The auditors' report to the shareholders will be made at the AGM via the audit report.

The ordinary election of an auditor for XANO last took place at the AGM in 2008 for the term of office up until the AGM in 2012. The current auditors are Stefan Engdahl (head auditor) and Stefan Landström Andersson, both authorised public accountants at Ernst & Young Jönköping. Alongside the work for XANO Industri AB, Stefan Engdahl undertakes auditing work for companies including Hexpol AB, ITAB Shop Concept AB, Kabe AB and Liljedahlsbolagen AB. Stefan Landström Andersson undertakes auditing work for companies including Trioplast Industrier AB.

Deviations from the Code

Petter Fägersten was elected Deputy Board member at the 2011 AGM. The Code states that under normal circumstances no deputies should be elected. The nomination committee has explained the deviation through XANO's concentrated ownership structure and character as a family company. The nomination committee considers that the election of a deputy is appropriate for XANO, since it broadens and increases the involvement of the family of the main shareholder.

Principles for the remuneration of senior executives, incentive programmes, etc.

The Board of Directors proposes that the AGM reach a decision concerning guidelines for the determination of salaries and other reimbursements for the CEO and other senior executives.

The guidelines that were adopted by the 2011 AGM require the conditions to be market-based. In addition to a fixed basic salary, senior executives may receive variable remuneration, which must be limited and based on the trend in results or the return on equity compared with set goals. The variable component may not exceed 50 per cent of the fixed salary. Senior executives must have market pension conditions, which must be premium-based. Any member of the Group's management can terminate their employment by giving six months' notice. In the event of notice on the part of the company, severance pay total-

Composition of the Board of Directors and Committees 2011/2012

Name	Board position	Independent in relation to the company and company management	Independent in relation to major shareholders	Participation in Board meetings 2011	Participation in Remuneration Committee 2011	Participation in Audit Committee 2011	Board fee including committee remuneration, SEK
Tord Johansson	Chairman	Yes	No ¹⁾	7 (7)	1 (1)	1 (1)	710,000
Christer Dahlström	Member	Yes	Yes	7 (7)	–	1 (1)	85,000
Eva Nilsson	Member	Yes	Yes	5 (7)	1 (1)	–	85,000
Fredrik Rapp	Member	Yes	No ¹⁾	6 (7)	1 (1)	–	85,000
Johan Rapp	Member	Yes	No ¹⁾	7 (7)	–	–	80,000 ²⁾
Stig-Olof Simonsson	Member	Yes	Yes	6 (7)	–	1 (1)	85,000
Petter Fägersten ³⁾	Deputy member	Yes	No ¹⁾	5 (5)	–	–	–
							1,130,000

¹⁾ Tord Johansson and Johan Rapp each control, through their own and related parties' holdings, more than 10 per cent of both shares and votes in XANO. Through their employment in companies controlled by the principal owner families Johansson and Rapp, both Fredrik Rapp and Petter Fägersten are judged to be dependent in relation to the major shareholders.

²⁾ In addition to the Board fee, Johan Rapp has received SEK 5,000 for tasks undertaken in the Nomination Committee during 2011/2012.

³⁾ Petter Fägersten was appointed by the Annual General Meeting in May 2011.

More information on the Board members and Group management is given on pages 86 and 87.

ling 18 months' salary will be payable to the CEO. The Board is entitled to deviate from the guidelines if there are exceptional reasons for doing so in each individual case.

At the 2008 AGM, it was decided to issue convertible bonds to employees, which also covers the Group management. There are no outstanding share-related or share price-related incentive programmes.

Internal controls concerning financial reporting

In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal controls which aim to protect the company's assets and thereby the shareholders' investments.

Financial reporting

All units report their financial results each month. These reports are consolidated and form the basis for quarterly reports and operational monitoring. This operational monitoring is carried out in accordance with an established structure where incoming orders, invoicing, liquidity, capital tie-up and other key ratios of importance for the Group are collated and form the basis for analysis and action by the management and controllers at different levels. Other important corporate elements of the internal controls are business plans and the annual forecasting process.

For communication with external parties, there is an information policy which is intended to ensure that all information obligations are fulfilled correctly and in full.

Control environment

The primary task of the audit committee is to monitor the accounting and reporting processes and to ensure the quality of these reports and processes. Responsibility for maintaining an effective control environment and the ongoing work relating to risk management and internal controls concerning financial reporting rests with the CEO. In turn, managers at various levels within the company have this responsibility within their respective areas. Responsibilities and authorities are defined in CEO instructions, instructions concerning authorisation rights, manuals and other policies, routines and codes. The Board of Directors establishes the Group's key policies concerning communication, credit, financing and risk management. The Group manage-

ment establishes other policies and instructions, and responsible corporate functions issue guidelines and monitor the application of the regulations.

The Group's accounting and reporting rules are set out in a finance manual which is available to all finance personnel. Together with laws and other external regulations, the organisational structure and internal regulations constitute the control environment.

Risk assessment

XANO regularly analyses risks by reviewing the risk of errors within the financial reporting of important income statement and balance sheet items. Operational risks are also assessed.

Control activities

The purpose of control activities is to identify, prevent and correct errors and deviations. Policies and guidelines are particularly important for accurate accounting, reporting and information provision and also define the control activities that must be carried out. Policies and guidelines are updated on an ongoing basis both in documents and through meetings. Control activities cover areas such as authorisation routines, account reconciliation, analytical monitoring and the control of IT systems.

Monitoring

The Group management and controllers monitor the financial reports and key business events on an ongoing basis. At each Board meeting, financial developments are reviewed against forecasts and an assessment is made as to what extent approved investments are following established plans. The audit committee evaluates the internal controls, company code and key accounting issues on an ongoing basis.

XANO has so far not considered it necessary to establish a separate internal audit function. The work relating to internal controls is carried out within the framework of other activities and primarily takes place using central resources. It is the company's view that this evaluation largely corresponds to the work that is performed by an internal audit function in other companies. Certain aspects of the internal controls are reviewed by the auditors on an ongoing basis. The matter of a separate internal audit function will be reviewed again during 2012.

Jönköping, 8 March 2012

Tord Johansson
Chairman

Johan Rapp
Vice chairman

Christer Dahlström
Board member

Fredrik Rapp
Board member

Stig-Olof Simonsson
Board member

Petter Fägersten
Deputy Board member

Auditor's report on the corporate governance statement

To the annual meeting of the shareholders of XANO Industri AB (publ), corporate identity number 556076-2055

It is the Board of Directors that is responsible for the corporate governance statement for the year 2011 on pages 82-85 and for preparing it in accordance with the Swedish Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the Group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance statement has been duly prepared and is consistent with the annual accounts and the consolidated accounts.

Jönköping, 15 March 2012

Stefan Engdahl
Authorised public accountant

Stefan Landström Andersson
Authorised public accountant

Board of Directors, Group Management and auditors



Tord Johansson

(born 1955)

Chairman, elected in 1979.

Executive chairman ITAB Shop Concept AB and XANO Industri AB.

Principal education: Technical industrial economics.

Principal work experience: Managing director ITAB.

Other commissions: Member of the boards of Eolus Vind AB, Exergon AB and Kieryd Gård AB.

Shareholding in XANO: 1,282,200 Class A shares and 585,100 Class B shares.



Christer Dahlström

(born 1943)

Board member, elected in 2008.

Chairman Pinntuvorna AB.

Principal education: M. Pol. Sc.

Principal work experience: Managing director Priveq Investment and Skandia Investment.

Other commissions: Member of the boards of Heba Fastighets AB and Svolder AB.

Shareholding in XANO: 6,000 Class B shares.



Eva Nilsson

(born 1946)

Board member, elected in 2006.

Municipal politician, consultancy and board assignments.

Principal education: Economics and administration.

Principal work experience: Managing director Lindén International and Plastcenter, marketing manager Getinge Disinfection.

Other commissions: Member of the board of Separett AB. Member of the Environment and Urban Planning Department of Värnamo municipality.

Shareholding in XANO: –



Fredrik Rapp

(born 1972)

Board member, elected in 2004.

Managing director Pomona-gruppen AB.

Principal education: Graduate economist.

Principal work experience: Investment manager Pomona-gruppen, VD Talktelecom.

Other commissions: Member of the boards of Binar AB, Perfecta-gruppen AB, PrimeKey Solutions AB and Eesti Hõõvellist AS.

Shareholding in XANO: 3,500 Class B shares.



Stig-Olof Simonsson

(born 1948)

Board member, elected in 2002.

CEO Simonsson Gruppen AB.

Principal education: BA.

Principal work experience: Managing director SYSteam.

Other commissions: Chairman of the boards of Simonsson Gruppen AB and TOSITO Invest AB. Member of the boards of ITAB Shop Concept AB and Jeeves Information Systems AB.

Shareholding in XANO: 181,245 Class B shares.



Johan Rapp

(born 1939)

Vice chairman, elected in 1994.

Executive chairman of Pomona-gruppen AB.

Principal education: M. Pol. Sc.

Principal work experience: Economist Munksjö, managing director Allmänna Brand.

Other commissions: Member of the boards of Alfort & Cronholm AB, Binar AB, ITAB Shop Concept AB and Segulah AB.

Shareholding in XANO: 540,000 Class A shares and 1,563,545 Class B shares.

Details concerning the number of shares refer to holdings on 31 December 2011 and include, when applicable, holdings via related parties.



Sune Lantz

(born 1953)

CEO, joined the company in 1985.

Principal education: Economics and auditing.

Principal work experience CEO ITAB, auditor, bank official.

Shareholding in XANO: 97,400 Class B shares.

Convertible holding in XANO: 25,000.

Lennart Persson

(born 1968)

Deputy CEO, joined the company in 1998.

Principal education: Engineering graduate.

Principal work experience: CIO Eldon Vasa, business controller ITAB, managing director ITAB Kaluste and ITAB Plast.

Shareholding in XANO: 11,000 Class B shares.

Convertible holding in XANO: 20,000.



Petter Fägersten

(born 1982)

Deputy board member, elected in 2011.

Marketing manager ITAB Shop Concept Jönköping.

Principal education: Graduate economist.

Principal work experience: Operational manager ITAB Scanflow.

Other commissions: Member of the board of ITAB Industrier AS.

Shareholding in XANO: 150,000 Class B shares.

Stefan Engdahl

(born 1967)

Authorised public accountant, elected 2008.

Ernst & Young Jönköping.

Stefan Landström Andersson

(born 1963)

Authorised public accountant, elected 2009.

Ernst & Young Jönköping.

Definitions

Basic earnings per share

Net profit in relation to the average number of outstanding shares.

Capital employed

Balance sheet total less non-interest-bearing liabilities.

Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of outstanding shares.

Diluted earnings per share

Net profit in relation to the average number of outstanding shares plus the average number of shares added at conversion of outstanding convertibles.

Direct yield

Proposed dividend in relation to the share price on the balance sheet date.

Equity per share

Equity in relation to the number of outstanding shares on the balance sheet date.

Equity/assets ratio

Equity in relation to total capital.

Gross margin

Gross profit in relation to net sales.

Interest coverage ratio

Profit after financial items plus financial expenses in relation to financial expenses.

Operating margin

Operating profit in relation to net sales.

Profit margin

Profit after financial items in relation to net sales.

Proportion of risk-bearing capital

Equity plus provisions for taxes in relation to total capital.

Return on capital employed

Profit after financial items plus financial expenses in relation to average capital employed.

Return on equity

Net profit in relation to average equity.

Return on total capital

Profit after financial items plus financial expenses in relation to average total capital.

Total capital

Total equity and liabilities (balance sheet total).

Annual General Meeting

*Thursday 10 May 2012 at 3 pm
at XANO's premises at Industrigatan 14 B in Jönköping.*

Notification Shareholders wishing to attend the AGM must be included in the share register managed by Euroclear Sweden AB on 4 May 2012 and must notify the company of their intention to attend the AGM no later than 4 pm on Monday 7 May 2012 at the following address: XANO Industri AB, Industrigatan 14 B, SE-553 02 Jönköping, Sweden, or by telephone on +46 (0)36 31 22 00 or by email at info@xano.se.

Shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own name well in advance of 4 May 2012 in order to be entitled to attend the AGM.

Dividend The Board of Directors proposes a dividend of SEK 3.50 per share. The record date will be 15 May 2012. If the AGM approves the proposal, the dividend will be issued by Euroclear on 21 May 2012.

Nomination committee A nomination committee was appointed at the 2011 AGM consisting of Ulf Hedlundh (chairman), Johan Rapp and Anders Rudgård. The task of this committee prior to the 2012 AGM is to nominate a Chairman of the Board and other Board members, auditors, a chairman for the AGM and fees for the board and auditors.

Business The AGM will consider the business that, in accordance with the Swedish Companies Act and the Articles of Association, must be considered at the AGM, such as the presentation of the annual accounts and the auditor's report, decisions concerning issues such as adoption of the income statements and balance sheets, discharge from liability of Board members and the CEO, as well as the election of Board members.

Other business is listed on the agenda that will be sent to shareholders in April. The annual report will be distributed to all shareholders at the same time.

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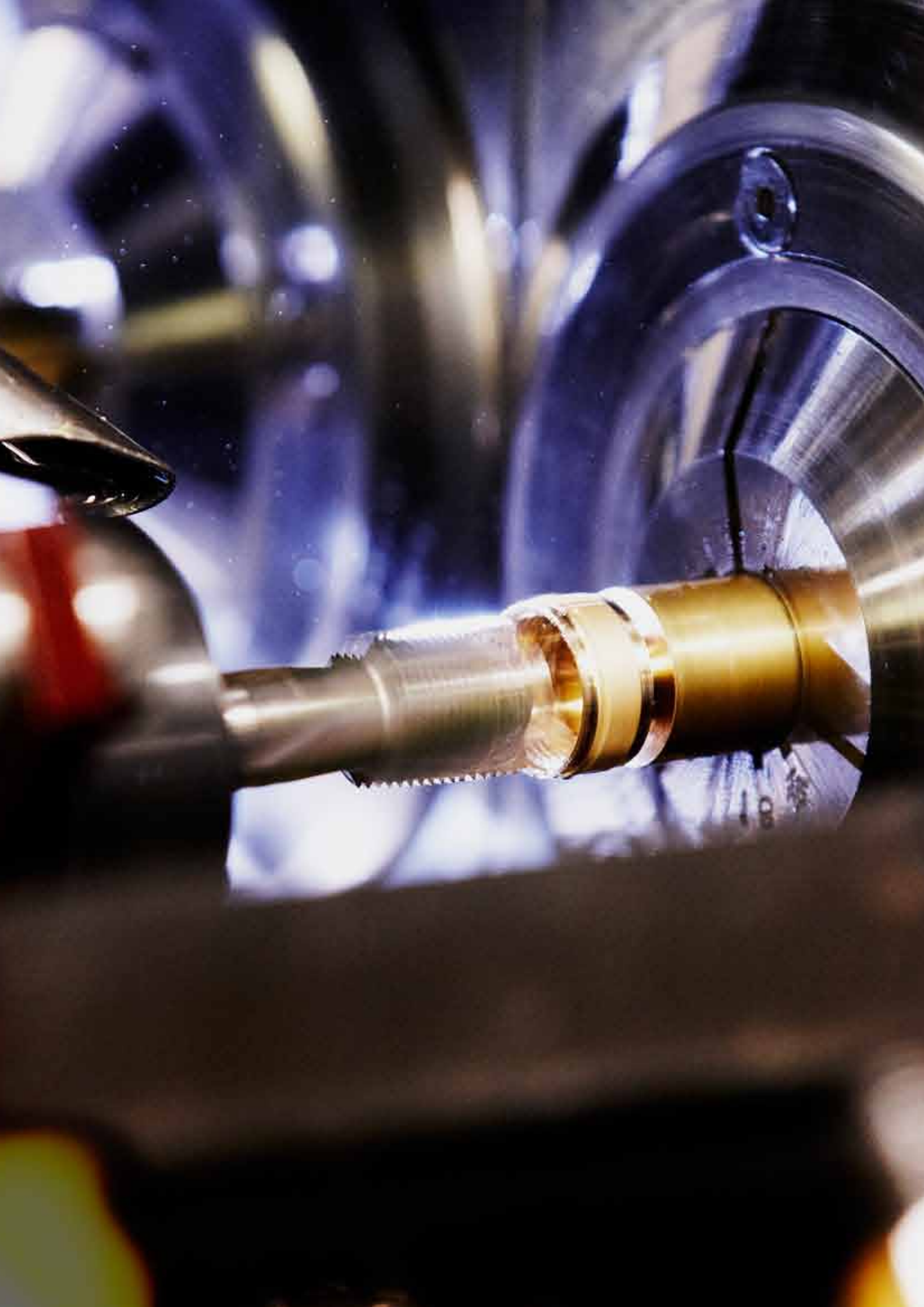
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