BUFAB

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ANNUAL REPORT

BOARD OF DIRECTORS' REPORT

Ownership

At the end of the year, Nordic Capital Fund V owned 88% of the share capital of Bufab Holding AB through Bufab S.à.r.l. Of the remainder, 8% was owned by the Company's senior executives and 4% was owned by Finnveden Limited. This is the Company's sixth financial year.

Significant events during the financial year

The increase in demand that began in 2010 continued, particularly during the first three quarters of 2011. Volume growth was good in most of the countries in which Bufab operates. There was a slight slowdown in demand during the fourth quarter of 2011.

Operations

Bufab Holding AB is a trading company and the current Nordic market leader in the areas of fasteners and small parts for the general engineering industry. Most of the products are made of metal and purchased from manufacturers in the Far East and Europe, although Bufab also conducts some manufacturing operations at its own production facilities in Sweden.

Bufab's customers are mainly located in Europe, with a definite base in the Nordic region and central Europe. Bufab's head office is located in Värnamo, Sweden. Its sales companies are located throughout Europe, as well as in China, India, the United States and Taiwan. This diversified presence creates opportunities for an efficient supply of goods in all the represented markets. 59% (62%) of sales are to markets outside Sweden, mainly through foreign subsidiaries, but also directly from Sweden.

In line with management's business strategy, the product range has been developed in recent years and increasingly encompasses more than just conventional fasteners, with parts also supplied in materials such as plastic, sheet metal and rubber. The strategy has contributed greatly to the strong volume and profit growth in recent years.

The year was also characterised by a gradual improvement in the economy, particularly during the first three quarters. Sales for the year increased by SEK 190 million, which represents organic growth of 10%.

Summary of key financial information for the Group

SEK millions	2011	2010	2009	2008	2007
Net sales	2,146.5	1,956.7	1,725.1	2,240.9	1,758.3
Operating profit, excl. non-recurring items	208.7	132.5	63.1	263.9	268.9
Operating margin, %	9.7	6.8	3.7	11.8	15.3
Operating profit, incl. non-recurring items	184.1	88.9	6.5	246.2	268.9
Equity/assets ratio, %	19.5	17.5	17.9	18.6	13.8
Adjusted equity/ assets ratio	39.0	35.6	35.7	32.7	32.7
Return on capital employed, %	12.6	8.0	3.5	13.7	18.6
Average number of employees	731	716	721	783	584

Order intake and net sales

The Group's order backlog at the end of the year was SEK 180 (194) million, which was a decline of 7% compared with the previous year.

The order intake for the year was SEK 2,095 (2,038) million, which was an increase of 3% (18%). Order growth was strong in the first half of the year, only to decline in the second half.

Net sales for the full year amounted to SEK 2,146 (1,957) million. The increase was relatively evenly spread across the markets in which the Group operates.

Earnings and profitability

The Group's operating profit excluding non-recurring items (EBIT) amounted to SEK 209 (132) million, corresponding to an operating margin of 9.7% (6.8%). The improvement in earnings was primarily due to a higher sales volume, coupled with an unchanged cost level. Non-recurring items had a negative impact of SEK -25 (-44) million on earnings for the year and consisted largely of anti-dumping duties on goods from Malaysia. See also note 6.

The Group's net financial items amounted to SEK -90 (-44) million. The figure includes interest on the Company's shareholder loan which was not included in 2010. Return on average capital employed was 12.6% (8.0%). The improved return was due to the increase in earnings for the year.

Definitions can be found in note 37.

Cash flow, tied-up capital and financial position

Cash flow from operating activities amounted to SEK 43 (95) million. Investments totalled SEK 30 (23) million. Trade receivables averaged SEK 384 (366) million during the year, representing 18% (19%) of net sales. The Group's total assets amounted to SEK 2,072 (1,990) million. The increase was due to an increase in inventories of SEK 101 million, which was largely attributable to the second half of the year. The underlying reason for the increase in inventories was lower customer demand, coupled with long lead-times for purchases from Asia in particular, which created a temporary increase in inventories during the final two quarters. The Group's equity at the end of the year was SEK 404 (347) million. The equity/assets ratio at the end of the year was 19.5% (17.5%).

The adjusted equity/assets ratio at the end of the year was 39.0% (35.6%).

Risks and uncertainties

Risks and uncertainties are described in note 3.

Environment

Bufab pursues operations in 33 companies, two of which conduct their own manufacturing. The other companies engage in purely trading activities. At the end of 2011, both of the manufacturing companies were subject to permit requirements under the Swedish Environmental Code. These activities correspond to 7% (7%) of the Group's total net sales. The permit requirements arise from the nature of the operations, which consist primarily of metal turned parts industry. Both of these companies have been granted permits to conduct environmentally hazardous activities.

Parent

The Parent Company's activities during the year were purely financial. Other Group-wide management and administration activities are handled by the subsidiary Bult Finnveden AB. Consequently, the Parent Company does not report net sales. Profit/loss after net financial items was SEK -45.6 (-3.5) million. The Company's equity/assets ratio was 36% (29%).

The Parent Company did not have any employees.

Significant events after the end of the financial year

Jörgen Rosengren has been appointed as the new President and CEO of the Company. He will take up his position in spring 2012 and will formally take over as President and CEO on 1 July 2012.

Outlook for 2012

The assessment is that demand from the Company's customers, which slowed down in the second half of 2011, will return to higher levels during the first half of 2012. These trends were already being noted in December 2011 and they have been become even more apparent in the early months of 2012.

The increase in inventories we saw in the second half of 2011 will result in a corresponding reduction, mainly in the first half of 2012. This will have a positive effect on cash flow for the Group.

Proposed distribution of earnings

The following amounts are at the disposal of the annual general meeting	SEK
Retained earnings	316,237,278
	316,237,278
The Board of Directors and CEO propose that the following amount be carried forward	316,237,278

INCOME STATEMENT

SEK millions	Note	Group 2011	Group 2010	Parent 2011	Parent 2010
Net sales	2.5	2,146.5	1,956.7	-	-
Cost of sales		-1,553.0	-1,400.2	-	-
Gross profit/loss		593.5	556.5	0.0	0.0
Distribution costs		-299.1	-297.4	-	-
Administrative expenses		-112.7	-168.1	-1.6	-1.7
Other operating income	8	34.5	21.2	-	-
Other operating expenses	9	-32.1	-23.3	-	-
Operating profit/loss	2,3,4,5,6,7,10,11,14	184.1	88.9	-1.6	-1.7
Profit/loss from financial items					
Interest and similar income	12	1.7	2.2	-	0.1
Interest and similar expenses	13	-91.2	-46.7	-44.0	-1.9
Profit/loss after financial items	14	94.6	44.4	-45.6	-3.5
Appropriations	15	-	-	-22.8	-
Tax on profit/loss for the year	16	-37.0	-25.0	18.0	0.9
PROFIT/LOSS FOR THE YEAR		57.6	19.4	-50.4	-2.6

Earnings per share, SEK		Group 2011	Group 2010
Earnings	17	172	60
Diluted earnings	17	172	60
Earnings excl. non-recurring items	17	231	160

Statement of comprehensive income, SEK millions	Group 2011	Group 2010
Profit after tax	57.6	19.4
Other comprehensive income		
Translation differences	-1.4	-37.5
Other comprehensive income, net of tax	-1.4	-37.5
Total comprehensive income	56.2	-18.1
Total comprehensive income attributable to:		
Owners of the parent	56.2	-18.1

STATEMENT OF FINANCIAL POSITION

SEK millions		Group 31/12/2011	Group 31/12/2010	Parent 31/12/2011	Parent 31/12/2010
ASSETS	Note				
Non-current assets	18				
Intangible assets					
Goodwill	18	739.1	745.7		
Other intangible assets	18	2.3	3.2	-	-
Total intangible assets		741.4	748.9	0.0	0.0
Property, plant and equipment					
Land and buildings	19	4.0	4.0	-	-
Plant and machinery	19	61.0	69.5	-	-
Equipment, tools and fixtures & fittings	19	71.9	63.4	-	-
Work in progress and advances for property, plant and equipment	20	4.6	1.7	-	-
Total property, plant and equipment	21	141.5	138.6	0.0	0.0
Financial assets					
Investments in Group companies	22	-	-	844.9	844.9
Deferred tax asset	29	23.0	24.9	-	-
Other non-current receivables	23	3.5	13.6	-	-
Total financial assets		26.5	38.5	844.9	844.9
Total non-current assets	35	909.4	926.0	844.9	844.9
Current assets					
Inventories					
Raw materials and consumables		17.6	19.7		
Products in progress		19.4	17.8	-	-
Finished goods and merchandise		617.6	515.9	-	-
Total inventories		654.6	553.4	0.0	0.0
Current receivables					
Trade receivables		387.2	381.7	-	-
Receivables from Group companies		-	-	137.1	192.6
Tax receivables		10.4	9.6	-	0.9
Other receivables		31.4	22.3	-	-
Prepayments and accrued income	25	17.1	16.9	0.1	0.1
Total current receivables	24	446.1	430.5	137.2	193.6
Cash and bank balances		62.4	80.2	0.0	0.1
Total current assets		1,163.1	1,064.1	137.2	193.7
TOTAL ASSETS		2072.5	1,990.1	982.1	1,038.6

SEK millions		Group 31/12/2011	Group 31/12/2010	Parent 31/12/2011	Parent 31/12/2010
	Note				
EQUITY AND LIABILITIES					
Equity	26				
Share capital		0.2	0.2	0.2	0.2
Other paid-in capital		32.0	32.0	32.0	32.0
Other reserves		-2.8	-1.4	2.1	2.1
Retained earnings		374.2	316.6	316.2	265.6
Total equity		403.6	347.4	350.5	299.9
Untaxed reserves	27	-	-	22.8	-
Non-current liabilities					
Retirement benefit obligation, interest-bearing	28	17.2	17.7	-	-
Deferred tax, non-interest-bearing	29	33.9	36.3	-	-
Other interest-bearing liabilities	30	960.9	970.2	404.9	361.3
Other non-interest-bearing liabilities		2.3	4.4	-	-
Total non-current liabilities		1,014.3	1,028.6	404.9	361.3
Current interest-bearing liabilities					
Liabilities to credit institutions		116.1	86.5	-	12.1
Overdraft facilities	32	209.0	210.0	-	-
Total current interest-bearing liabilities		325.1	296.5	0.0	12.1
Current non-interest-bearing liabilities					
Trade payables		188.6	192.8	-	-
Liabilities to Group companies		-	-	193.9	364.5
Current tax liabilities		24.6	15.1	9.2	-
Other liabilities		32.6	38.2	-	-
Accruals and deferred income	33	83.7	71.5	0.8	0.8
Total current non-interest-bearing liabilities		329.5	317.6	203.9	365.3
TOTAL EQUITY AND LIABILITIES		2,072.5	1,990.1	982.1	1,038.6
Pledged assets	31	816.6	825.3	844.9	844.9
Contingent liabilities	34	24.6	26.4	22.8	22.8

Consolidated Statement of Changes in Equity

	Share capital	Other paid-in capital	Other reserves	Retained earnings
Group				
Opening balance, 1 January 2010	0.2	32.0	34.0	297.2
Exchange differences	-	-	-37.5	-
Paid-in capital	-	-	2.1	-
Profit for the year	-	-	-	19.4
Equity, 31 December 2010	0.2	32.0	-1.4	316.6
Exchange differences	-	-	-1.4	-
Profit for the year	-	-	-	57.6
Equity, 31 December 2011	0.2	32.0	-2.8	374.2
Parent				
Opening balance, 1 January 2010	0.2	32.0	-	226.8
Group contributions received	-	-	-	56.1
Tax effect of Group contributions	-	-	-	-14.7
Paid-in capital	-	-	2.1	-
Profit for the year	-	-	-	-2.6
Equity, 31 December 2010	0.2	32.0	2.1	265.6
Group contributions received	-	-	-	137.1
Tax effect of Group contributions	-	-	-	-36.1
Profit for the year	-	-	-	-50.4
Equity, 31 December 2011	0.2	32.0	2.1	316.2

Share capital and other paid-in capital represent the Parent Company’s restricted equity.

CASH FLOW STATEMENT

SEK millions	Note	Group 2011	Group 2010	Parent 2011	Parent 2010
Operating activities	2	184.1	88.9	-1.6	-1.7
Profit/loss before financial items					
Depreciation and impairment		36.5	63.8	-	-
Interest and other finance income		1.7	1.6	-	0.1
Interest and other finance costs		-41.8	-39.0	-0.4	-1.9
Other non-cash items		-2.2	-2.5	-	-
Income tax paid		-29.1	-14.8	-8.0	-5.1
Cash flow from operating activities before changes in working capital		149.2	98.0	-10.0	-8.6
Cash flow from changes in working capital					
Increase (-)/decrease (+) in inventories		-102.4	3.5	-	-
Increase (-)/decrease (+) in operating receivables		-4.8	-64.8	55.5	-56.0
Increase (+)/decrease (-) in operating liabilities		1.3	58.3	-170.6	61.6
Cash flow from operating activities		43.3	95.0	-125.1	-3.0
Investing activities					
Acquisition of subsidiaries	35	-	-	-	-
Acquisition of property, plant and equipment		-30.5	-21.5	-	-
Change in financial assets		-	-1.1	-	-
Cash flow from investing activities		-30.5	-22.6	0.0	0.0
Financing activities					
New share issue		-	2.1	-	2.1
Repayment of borrowings		-14.1	-65.8	-12.1	-26.1
Group contributions received		-	-	137.1	56.1
Increase (+)/decrease (-) in current financial liabilities		-16.2	-14.6	0.0	-29.1
Cash flow from financing activities		-30.3	-78.3	125.0	3.0
Cash flow for the year		-17.5	-5.9	-0.1	0.0
Cash and cash equivalents at beginning of year		80.2	91.0	0.1	0.1
Exchange differences		-0.3	-4.9	-	-
Cash and cash equivalents at end of year		62.4	80.2	0.0	0.1

NOTES

All amounts are in SEK millions unless otherwise stated. The figures in brackets indicate the previous year's values.

Note 1 General information

The Company Bufab Holding AB, reg. no. 556685-6240, operates as a limited liability company, with its registered office in Stockholm, Sweden. The address of the head office is Box 2266, 331 02 Värnamo, Sweden.

Note 2 Summary of significant accounting policies

The annual financial statements have been prepared in accordance with IFRS as adopted by the EU, as well as the Swedish Financial Reporting Board's recommendation RFR 1 *Supplementary Accounting Rules for Groups* and the Swedish Annual Accounts Act. The consolidated annual financial statements have been prepared in accordance with the cost method. The Parent Company's accounting policies are consistent with those applied for the Group unless otherwise specified.

In addition to these standards, both the Swedish Companies Act and the Swedish Annual Accounts Act contain regulations requiring the disclosure of certain additional information. Preparation of financial reports in accordance with IFRS requires the use of a number of significant accounting estimates. Management is also required to make certain judgements when applying the accounting policies. Information about areas which are complex or involve a high proportion of assumptions and estimates, or areas where accounting estimates are of key significance to the consolidated financial statements, can be found in note 4. The estimates and assumptions are reviewed regularly and the effect on the amounts is recognised in the income statement.

IFRS 8 Operating Segments

This standard deals with the division of the Group's operations into different segments. Under the standard, the Group would be required to identify the reportable segments on the basis of its internal reporting structure. Application of IFRS 8 is optional for enterprises whose securities are not publicly traded, and the Group has elected not to apply IFRS 8.

New accounting policies for 2011

When preparing the consolidated financial statements at 31 December 2011, no new standards or interpretations relevant to the Company had been published and come into force.

New and amended standards effective for annual periods beginning on or after 1 January 2012

IAS 19 Employee Benefits

The amended IAS 19 Employee Benefits is applicable on a retrospective basis to annual periods beginning on or after 1 January 2013. Consequently, the closing balances for the 2011 financial year will be adjusted. The amendment requires the Group to discontinue use of the 'corridor' approach and instead recognise all actuarial gains and losses in other comprehensive income as incurred. Past service costs will be recognised immediately. Interest expenses and expected return on plan assets will be replaced by a net interest calculated using the discount rate, based on the net surplus or net deficit of the defined benefit plan. The amended IAS 19 means that there will be an increase of SEK 8.0 million in the reported retirement benefit obligation in the opening balance for 2012, as the unrecognised portion of the obligation is no longer off-balance sheet. The net reduction in equity will be SEK 5.9 million after deferred tax effects.

Basis of consolidation

Subsidiaries

Subsidiaries are all the entities in which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights which may be used or converted is taken into account when assessing whether control exists. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The Group's acquisitions of subsidiaries are accounted for in accordance with the acquisition method. The cost of an acquisition comprises the fair value of assets transferred, equity instruments issued and liabilities incurred or assumed at the transfer date. Transaction expenses attributable to the acquisition are recognised as incurred. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are measured initially at their acquisition-date fair value, irrespective of any minority interest. If the cost of acquisition exceeds the fair value of the Group's share of the acquired net identifiable assets, the difference is recognised as goodwill. If the cost of acquisition is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the income statement.

Elimination of intra-Group transactions

Intra-Group transactions and balances and unrealised gains on intra-Group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The accounting policies for subsidiaries have been amended, where necessary, in order to ensure consistent application of the Group's policies.

Foreign currency translation

Items in the individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in Swedish kronor, which is the Parent Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency according to the exchange rates prevailing at the date of the transaction. Exchange gains and losses arising from the settlement of such transactions and during translation of foreign currency monetary assets and liabilities at the closing rate are recognised in the income statement.

The results and financial position of all Group entities are translated into the Group's presentation currency. Assets and liabilities are translated at the closing rate, while income and expenses are translated at the average rate, with all resulting exchange differences recognised as a separate component of equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are reported as assets and liabilities in the entity and are translated at the closing rate. The following exchange rates were used for the translation of foreign operations:

Currency	Average rate		Closing rate	
	2011	2010	2011	2010
DKK	1.21255	1.28127	1.203326	1.2075
EUR	9.0335	9.5413	8.9447	9.002
GBP	10.4115	11.1256	10.6768	10.5475
CZK	0.367563	0.377555	0.346388	0.35540
HUF	0.032404	0.034686	0.028778	0.0322
EEK		0.6099		0.5755
NOK	1.158657	1.19158	1.150492	1.152
PLN	2.1969	2.3914	2.0309	2.27
RMB	1.0057	1.0643	1.0998	1.03
INR	0.139444	0.157528	0.129924	0.1515
NTD	0.2293	0.245	0.2296	0.2519
RUB	0.221044	0.237263	0.21535	0.2565
USD	6.4969	7.2049	6.9234	8.065
RON	2.1968	2.22	2.0855	2.092
TRY	3.8745	4.7817	3.6095	4.374

Classification

Non-current assets, liabilities and provisions are amounts expected to be recovered or settled more than twelve months after the reporting date. Current assets and liabilities are amounts expected to be recovered or settled no more than twelve months after the reporting date.

Intangible assets

Goodwill

The amount by which the cost exceeds the acquisition-date fair value of the Group's share of the acquired subsidiary's net identifiable assets is recognised as goodwill. Goodwill on acquisitions of subsidiaries is reported under intangible assets.

Goodwill is tested for impairment annually and is carried at cost less accumulated impairment.

Goodwill is allocated to cash-generating units for impairment testing.

Property, plant and equipment

Property, plant and equipment is recognised as an asset in the balance sheet when, based on available information, it is probable that future economic benefits associated with the ownership will flow to the Group/Company and the cost of the asset can be measured reliably.

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the selling price and the asset's carrying amount less direct costs to sell. The gain or loss is reported under other operating income/expenses.

Leases – Group as lessee

IAS 17 Leases is applied. Leases are classified in the consolidated financial statements as finance leases or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Otherwise, it is classified as an operating lease. Assets held under finance leases are recognised as assets in the consolidated statement of financial position. Future lease payment obligations are reported as current and non-current liabilities. An asset leased under a finance lease is subject to depreciation, while the lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each accounting period during the lease term so as to produce a constant periodic rate of interest on the balance of the liability reported during the period. Contingent rents are recognised as an expense in the period in which they are incurred.

Operating lease payments are recognised as an expense over the lease term, based on the use of the asset, which may differ from actual lease payments during the year.

Depreciation of property, plant and equipment

Regular depreciation is based on original cost less estimated residual value. Depreciation is applied on a straight-line basis over the useful life of the asset.

The following depreciation periods are applied:

	Group	Parent
Other intangible assets	3-5 years	-
Buildings and land improvements	20-40 years	-
Plant and machinery	5-10 years	-
Equipment, tools and fixtures & fittings	3-10 years	-

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Impairment

Assets with an indefinite useful life are not subject to depreciation or amortisation; instead, these assets are tested annually for impairment. Assets that are subject to depreciation or amortisation are also tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For impairment testing, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash generating units).

Receivables

Receivables are recognised at cost less any impairment.

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. An obsolescence risk is also taken into account. Cost is calculated by applying the first-in first-out principle and includes expenses arising from the acquisition of inventories and bringing them to their existing location and condition.

The cost of finished goods and work in progress includes a reasonable proportion of indirect costs. Measurement takes into account normal capacity utilisation.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and other short-term investments with an original maturity of three months or less, and overdraft facilities. Utilised overdraft facilities are reported as borrowings under current liabilities in the statement of financial position.

Borrowings

Borrowings are recognised initially at fair value and are subsequently measured at amortised cost. Any difference between the amount received and the repayment amount is recognised in the income statement over the borrowing period using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Employee benefits

Group companies have various pension schemes in accordance with local conditions and practices in the countries in which they operate. The most common pension arrangements are defined-contribution pension plans. Under these plans, the Company settles its obligations on an ongoing basis through payments to insurance companies or pension funds.

However, the Company has a more extensive responsibility in the case of defined-benefit pension plans, which are based on an agreed future pension entitlement. With these plans, the Company's reported cost is affected by factors such as assumptions about the future. The Group's net obligation is calculated separately for each plan by estimating the future benefit that employees have earned through their service in the current and prior periods. The present value of this benefit is determined by discounting the estimated future cash flows. The Group has safeguarded a portion of its obligation through transfers to pension funds, and the fair value of plan assets is offset against the provision in the statement of financial position. The discount rate is obtained by reference to market yields on high quality corporate or government bonds of a term consistent with the term of the Group's retirement benefit obligation. The calculation is performed by a qualified actuary using the projected unit credit method.

The benefit obligation is calculated at the reporting date and if this differs from the forecast amount, actuarial gains or losses will arise. These actuarial gains or losses are accounted for using the corridor approach. This means that the portion of the cumulative actuarial gains or losses that exceeds 10 per cent of the greater of the present value of the retirement benefit obligation and the fair value of the plan assets is recognised in profit or loss over the expected average remaining service lives of the employees participating in the plan.

Revenue

Revenue is recognised in the income statement when it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably. Revenue includes only the gross inflow of economic benefits received and receivable for the Company's own account. Revenue from the sale of goods is recognised when the Company has transferred the significant risks and rewards of ownership of the goods and the Company does not exercise any effective control over the goods sold. Revenue is recognised at the fair value of the consideration received or receivable, net of discounts. Settlement is made in cash, with revenue comprising the amount of cash received or receivable. Amounts collected on behalf of third parties are not included in the Company's revenue. Revenue from the rendering of services is recognised when the economic outcome of the services can be estimated reliably and the economic benefits flow to the Company.

Dividends are recognised when the right to receive payment is established.

Intra-Group sales are eliminated in the consolidated financial statements.

Costs

The income statement is classified using the function of expense method. The functions are as follows:

– Cost of sales comprises material handling and manufacturing costs, including payroll and material costs, purchased services, costs of premises and depreciation and impairment of property, plant and equipment.

– Administrative expenses comprise costs of the companies' own administrative functions and costs relating to boards, management and staff functions.

– Distribution costs comprise costs associated with the sales organisation and inventory obsolescence.

– Other operating income/expenses relate to secondary activities, exchange differences on operating items and capital gains/losses on the sale of property, plant and equipment.

Finance income and costs

Finance income and costs comprise interest income on bank deposits and receivables, interest expense on borrowings, dividend income, exchange differences and other finance income costs.

The interest component of finance lease payments is recognised in the income statement using the effective interest method, which means that the interest is allocated to each accounting period during the lease term so as to produce a constant periodic rate of interest on the balance of the liability reported during the period.

Tax

Income tax consists of current tax and deferred tax. Taxes are recognised in the income statement except when the underlying transaction is recognised directly in equity, in which case the related tax effect is also recognised in equity.

Current tax is the amount of income taxes payable or recoverable in respect of the current year. This includes adjustments of current tax attributable to prior periods. Deferred tax is accounted for using the balance-sheet liability method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Amounts are calculated based on how the temporary differences are expected to be settled and by applying the tax rates enacted or substantively enacted by the reporting date. Deferred tax is not recognised on temporary differences arising from goodwill on consolidation, and is not normally recognised on temporary differences arising from investments in subsidiaries that are not expected to be taxed in the foreseeable future. Untaxed reserves are recognised inclusive of deferred tax liability in the legal entity (parent). However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets on temporary differences and deferred tax assets arising from the carryforward of unused tax losses are only recognised to the extent that it is probable that they will result in lower tax payments in the future.

Cash flow statement

The cash flow statement is prepared using the indirect method. Reported cash flows only concern transactions that involve cash inflows and outflows.

Cash and bank deposits are classified as cash and cash equivalents.

Related party transactions

None of the Parent Company's total purchases charged to operating profit relate to transactions with other companies within the corporate group to which the Company belongs. Within the Group, there are also some internal sales between its different markets (see note 5 for further information). Related party transactions are also reported in note 7 (Employees, personnel expenses and fees paid to directors and auditors) and note 36 (Related party transactions). Related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

Financial assets

The Group classifies its financial instruments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Management makes a classification decision on initial recognition, and reviews this decision at each reporting date.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. The Group did not have any instruments in this category during the financial year.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments arise when the Group provides money, goods or services directly to a customer without intending to trade the receivable. They are included in current assets unless the settlement date is more than 12 months after the balance sheet date, in which case they are classified as non-current assets. Loans and receivables are reported under trade receivables and other receivables, as appropriate, in the statement of financial position.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management intends and is able to hold to maturity. The Group did not have any instruments in this category during the financial year.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that have been designated as available for sale or have not been classified in any of the other categories. They are reported under non-current assets if management does not intend to dispose of them within 12 months of the reporting date.

Purchases and sales of financial assets are recognised at the trade date, i.e., the date on which the Group commits itself to purchase or sell the asset in question. Financial instruments are measured initially at fair value plus transaction costs, which applies to all financial assets at fair value through profit or loss. Financial instruments are derecognised when the right to receive cash flows from the instrument has expired or been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are measured at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of financial assets are recognised at fair value through profit or loss in the period in which they arise. Cumulative fair value adjustments for unrealised gains and losses arising from changes in the fair value of non-monetary available-for-sale instruments or from impairment of these instruments are recognised as income from financial instruments.

At each reporting date, the Group assesses whether there is any objective evidence that a financial asset or group of financial assets may be impaired.

Parent

The Parent Company applies the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities*. Under the recommendation, the parent of a group which has voluntarily elected to apply IFRS/IAS in its consolidated accounts shall, as a general rule, apply the IFRS/IAS that are applied in the group.

The Parent Company's investments in Group companies are recognised using the cost model. Distributions received are only recognised as revenue if they are derived from post-acquisition earnings. Distributions received in excess of such earnings are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

Shareholder contributions are recognised directly in the recipient's equity and are capitalised in the issuer's shares and participating interests, to the extent that impairment is not required. Group contributions are recognised on the basis of their economic substance. This means Group contributions aimed at minimising the Group's total tax are recognised directly in retained earnings, net of the current tax effect of the transaction. Group contributions (received) that are comparable with a dividend are reported under dividends. This means that these Group contributions and their current tax effect are recognised in the income statement. Group contributions paid and their current tax effect are recognised directly in retained earnings.

Group contributions that are comparable with shareholder contributions are recognised directly in the recipient's retained earnings, taking into account the current tax effect. The issuer reports the Group contribution and its current tax effect as an investment in Group companies, to the extent that impairment is not required.

The Parent Company does not have any employees or retirement benefit obligations.

Note 3 Risks and risk management

Market and business risks

Bufab operates in Sweden, Denmark, Finland, Norway, Germany, France, the Netherlands, Austria, the Czech Republic, Poland, Great Britain, Estonia, Hungary, Spain, Slovakia, India, the United States, Taiwan, China, Russia, Turkey, Romania, Italy and Northern Ireland. The combination of geographical diversification and a very large number of customers and products gives a limited exposure to risk and cyclicality.

The Company's broad product range, which includes everything from conventional fasteners to special parts in metal, plastic, rubber, etc., provides a good risk spread and the customer relationships are more like logistics partnerships than conventional wholesale operations. However, even with this risk diversification it should be said that the Company was considerably affected by reduced customer demand in 2009. If the Company had not had such a diversified customer and product portfolio with a low proportion of automotive customers, the decline would have been even greater.

There is a risk that major customers will choose to bypass the wholesale stage and deal directly with the producers. This trend has become increasingly evident in recent years, especially in regions such as Asia. However, Bufab's added value to the customer is the provision of efficient logistics and a broad base of suppliers and the assessment is that this broad range will continue to be competitive.

Bufab obtains the majority of its goods from suppliers mainly located in Asia, although there are also some suppliers in Europe. Bufab works with a large number of suppliers from different countries. The Company endeavours to avoid placing itself in a position of dependence on individual suppliers. If a supplier is unable to deliver, there are alternative purchasing channels, although at lower profitability for Bufab. In the face of heavy import duties on imports of standard parts from China and Malaysia (see 'Legal risks' below) in recent years, the Company has been able to redirect its purchasing without these circumstances creating supply problems for customers.

Competition

Bufab acts as a subcontractor to the engineering industry and faces competition in all types of customer segments. Customer requirements with regard to price, quality, delivery reliability, etc. are constantly increasing. The Company's continuing success is dependent on its ability to respond to these increasing requirements and be more competitive than its competitors in the areas of attractive pricing, reliability of supply, quality, high internal efficiency and broad, secure logistics solutions.

Legal risks

Legal risks primarily include legislation and regulation, government decisions, disputes, etc. The fastener industry within the EU has been subject to heavy duties on imports of standard parts from China over the past two years. Bufab has been forced to find alternative purchasing channels, primarily in Asia, which has worked well considering the volume size. The EU has also imposed heavy import duties on imports of standard parts from Malaysia in 2011 – this time with retrospective application in the system (see note 6). This resulted in a negative impact of SEK 12.7 million on earnings for Bufab, as the Company was unable to control purchases from this import country due to long lead-times. There is still great uncertainty as to whether more countries will be subject to increased duties and also how long the current tariff on goods from China and Malaysia will remain in place.

Insurance

Bufab insures its assets against property damage and business interruption losses. In addition, there are insurance policies for product liability, product recall, transportation, legal protection, crime against property and business travel. There have been no significant claims for damages with regard to product liability or product recall during the last decade.

Financial risks

Bufab is exposed to various types of financial risk in the course of its operations. Examples of these are currency, financing, interest rate and counterparty risks. Financial activities such as risk management, liquidity management and borrowing are managed at Group level by the subsidiary Bult Finnveden AB.

Currency risks

Changes in exchange rates affect the Group's earnings and equity in different ways.

– Flow exposures in the form of receipts and payments in different currencies

– Translation of the earnings of foreign subsidiaries to Swedish kronor

– Translation of the net assets of foreign subsidiaries to Swedish kronor

Changes in exchange rates may also affect the Group's competitiveness or that of its customers, thereby indirectly affecting the Group's sales and earnings. The Group's overall currency exposure has gradually increased as operations have become more internationalised, with increased trade from Asia as well as a higher proportion of sales outside Sweden, mainly from foreign subsidiaries although also from Swedish subsidiaries.

73% (68%) of the Group's total sales and 73% (73%) of its purchases are in foreign currency. Flow exposure is hedged at fixed exchange rates only to a limited extent.

The Company's largest exposure is to the USD, as trade from Asia is largely conducted in this currency. In the financial year, the Group's currency flows (excluding the presentation currency SEK) were distributed as follows (amounts in SEK millions):

Currency	Purchases	Sales
EUR	1,009	1,124
USD	366	100
NOK	46	107
GBP	67	42
DKK	5	16
CZK	13	30

PLN	32	32
HUF	19	21
RMB	30	59
RON	7	29
NTD	56	3
Other	0	10

Financing, liquidity and capital

Financing risk is defined as the risk of being unable to meet payment obligations as a result of insufficient liquidity or difficulties in obtaining financing. The Group has an adjusted equity/assets ratio of 39.0%. This ratio is defined as equity plus liabilities to the principal shareholder divided by total assets.

Adjusted equity/assets ratio

Group	**2011**	**2010**
Equity	403.6	347.4
Interest-bearing shareholder loan	404.9	361.3
Adjusted equity	808.5	708.7
Total assets	2,072.5	1,990.1
Adjusted equity/assets ratio	39.0%	35.6%

Net debt/equity ratios as at 31 December 2011 and 2010:

Debt/equity ratio

Group	**2011**	**2010**
Interest-bearing liabilities	1,303.2	1,284.4
Less: Cash and cash equivalents	-62.4	-80.2
Net borrowings	1,240.8	1,204.2
Less: Interest-bearing shareholder loan	-404.9	-361.3
Adjusted net borrowings	835.9	842.9
Total equity	403.6	347.4
Adjusted equity	808.5	708.7
Net debt/equity ratio, times	3.1	3.5
Adjusted net debt/equity ratio, times	1.0	1.2

The maturity structure for existing borrowings is shown in note 30. The amounts also include the current portion. The overdraft facility normally matures within one year but is usually extended on the due date. The Company's target is to have sufficient liquidity available to meet its current financing, including debt repayments to banks and other credit institutions. The Company does not have any stated target with regard to capital structure.

The table below illustrates the Group's financial liabilities (excluding any interest expenses). These are categorised according to the remaining term to maturity after the reporting date. The amounts shown in the table are the contractual undiscounted cash flows, which are in accordance with carrying amounts.

At 31 December 2011	**Less than 1 year**	**1-5 years**	**After 5 years**
Bank loans and overdrafts	325.1	573.2	-
Shareholder loan	-	-	404.9
Trade and other payables	188.6	-	-
Total	**513.7**	**573.2**	**404.9**
At 31 December 2010			
Bank loans and overdrafts	296.5	626.6	-
Shareholder loan	-	-	361.3
Trade and other payables	192.8	-	-
Total	**489.3**	**626.6**	**361.3**

Classification of financial instruments

The following table shows the classification of financial instruments in the statement of financial position for the years 2011 and 2010 (for definitions, see note 2).

Assets 2011	**At fair value through profit or loss**	**Held-to-maturity investments**	**Loans and receivables**	**Available-for-sale financial assets**	**Other financial assets**	**Non-financial assets**	**Total**
Intangible assets	**-**	**-**	**-**	**-**	**-**	**741.4**	**741.4**
Property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**141.5**	**141.5**
Financial assets	**-**	**-**	**-**	**-**	**3.5**	**23.0**	**26.5**
Current assets							
-inventories						654.6	654.6
-trade receivables	-	-	387.2	-	-	-	387.2
-current tax assets	-	-	-	-	-	10.4	10.4
-other receivables	-	-	31.4	-	-	-	31.4
-prepayments and accrued income	-	-	-	-	-	17.1	17.1
-cash and cash equivalents	-	-	62.4	-	-	-	62.4
Total current assets	**-**	**-**	**481.0**	**-**	**-**	**682.1**	**1,163.1**
Total assets	**0.0**	**0.0**	**481.0**	**0.0**	**3.5**	**1,588.0**	**2,072.5**

Liabilities 2011	**At fair value through P/L**	**Available-for-sale financial liabilities**	**Other financial liabilities**	**Non-financial liabilities**	**Total**
Non-current liabilities and provisions	-	-	978.1	36.2	1,014.3
Current liabilities and provisions					
- interest-bearing liabilities	-	-	325.1	-	325.1
- advances from customers	-	-	-	-	0.0
- trade payables	-	-	188.6	-	188.6
- current tax liabilities	-	-	-	24.6	24.6

- other liabilities	-	-	-	32.6	32.6
- accruals and deferred income	-	-	-	83.7	83.7
Total current liabilities			**513.7**	**140.9**	**654.6**
Total liabilities	**0.0**	**0.0**	**1,491.8**	**177.1**	**1,668.9**

Assets 2010	At fair value through P/L	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Other financial assets	Non-financial assets	Total
Intangible assets	**-**	**-**	**-**	**-**	**-**	**748.9**	**748.9**
Property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**138.6**	**138.6**
Financial assets	**-**	**-**	**-**	**-**	**13.6**	**24.9**	**38.5**
Current assets							
-inventories						553.4	553.4
-trade receivables	-	-	381.7	-	-	-	381.7
-current tax assets	-	-	-	-	-	9.6	9.6
-other receivables	-	-	22.3	-	-	-	22.3
-prepayments and accrued income	-	-	-	-	-	16.9	16.9
-cash and cash equivalents	-	-	80.2	-	-	-	80.2
Total current assets	**-**	**-**	**484.2**	**-**	**-**	**579.9**	**1,064.1**
Total assets	**0.0**	**0.0**	**484.2**	**0.0**	**13.6**	**1,492.3**	**1,990.1**

Liabilities 2010	At fair value through P/L	Available-for-sale financial liabilities	Other financial liabilities	Non-financial liabilities	Total
Non-current liabilities and provisions	**-**	**-**	**987.9**	**40.7**	**1,028.6**
Current liabilities and provisions					
- interest-bearing liabilities	-	-	296.5	-	296.5
- advances from customers	-	-	-	-	0.0
- trade payables	-	-	192.8	-	192.8
- current tax liabilities	-	-	-	15.1	15.1
- other liabilities	-	-	-	38.2	38.2
- accruals and deferred income	-	-	-	71.5	71.5
Total current liabilities	**0.0**	**0.0**	**489.3**	**124.8**	**614.1**
Total liabilities	**0.0**	**0.0**	**1,477.2**	**165.5**	**1,642.7**

Interest rate risk

Changes in interest rates have a direct impact on the Group's earnings, while their impact on the general economy also produces an indirect effect. The Group's bank loans at the end of the year had an average remaining fixed-rate period of 3 months.

The Group's fixed-rate period for total borrowings, i.e., including shareholder loans, is significantly longer because loans from shareholders have fixed interest rates throughout the borrowing period.

Sensitivity analysis

Significant factors affecting the Group's earnings are described below. The assessment is based on year-end values, assuming all other factors remain constant.

– Sales price changes are the variable that has the greatest impact on earnings, with +/-1 per cent on resale prices affecting earnings by approx. SEK 21 (20) million.

– Volume changes and material prices affect Bufab's earnings. A one per cent volume change has an effect on earnings of approx. SEK 8 (7) million, while a one per cent change in commodity prices and merchandise purchase prices has an effect of approx. SEK 13 (12) million.

– Payroll costs represent a large proportion of the Group's cost base. A one per cent increase affects earnings by approx. SEK 3.4 (3.4) million.

– The Group's net debt is considerable. A one percentage point change in the market rate for the closing net debt affects earnings by SEK 8 (8) million. SEK 405 million of the net debt of SEK 1,241 million has a fixed rate and is not affected by a change in market interest rates.

– The Group's currency exposure to the USD is considerable. The exposure is linked to the Company's trade with Asia, particularly China and Taiwan. Local prices in Asia are largely set on the basis of the USD level. Consequently, a one percentage point change in the USD does not have a particularly large effect on the Company's earnings, due to local price adjustments, and is limited to approx. SEK 1-2 million. In addition, a change in USD adversely affects the volumes of the Company's customers, while the customers' sales generally benefit from a stronger USD and are inhibited by a weaker USD.

Note 4 Significant accounting estimates

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events that are considered reasonable in the present circumstances. The Group makes judgements and assumptions concerning the future. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are described below.

The assumptions made in connection with goodwill impairment testing can be found in note 18. Assumptions are also required in order to calculate the present value of defined-benefit pension plans. These are described in note 28. The same note also shows the results of actuarial calculations behind the amounts reported in the statement of financial position.

In 2006, the Group sold four properties located in Värnamo, Svartå and Åshammar. The properties were built and equipped for industrial use. In connection with the sale, leases were established for periods of 5 and 15 years. Management has made an overall assessment in accordance with IAS 17 and concludes that future economic benefits and risks after the sale largely flow to the buyer. The leases are therefore accounted for as operating leases. See also note 11.

Bufab has been ordered to carry out surveys of environmental pollutants at an industrial property. Liability for remediation is unclear, and at the reporting date it was not possible to estimate the cost or timing of any remedial measures. See also note 34.

Note 5 Information about geographical markets

Geographical markets, sales and earnings trends are shown in the tables below.

Information about geographical markets

GROUP

2011	**Sweden**	**Other**	**Elimination**	**Total**
Income				
External sales	1,058.7	1,087.8		2,146.5
Internal sales	184.9	182.6	-367.5	-
Total income	**1,243.6**	**1,270.4**	**-367.5**	**2,146.5**
Operating profit by geographical market	123.1	61.0		184.1
Finance income				1.7
Finance costs				-91.2
Income tax for the year				-37.0
Net profit for the year				**57.6**

GROUP

2011	**Sweden**	**Other**	**Elimination**	**Total**
Assets	1,378.3	897.7	-203.5	2,072.5
Total assets				**2,072.5**
Operating liabilities	163.3	369.7	-203.5	329.5
Unallocated liabilities				1,339.4
Total liabilities				**1,668.9**
Investments	24.2	6.3		30.5
Depreciation and amortisation	25.5	4.6		30.1

SEK 591.8 million of the Company's goodwill item of SEK 739.1 million has been allocated to Sweden, while the remaining SEK 147.3 million has been allocated to Other in the table above.

GROUP

2010	**Sweden**	**Other**	**Elimination**	**Total**
Revenue				
External sales	951.6	1,005.1		1,956.7
Internal sales	184.0	77.6	-261.6	-
Total income	**1,135.6**	**1,082.7**	**-261.6**	**1,956.7**
Operating profit by geographical market	88.4	0.5		88.9
Finance income				1.6
Finance costs				-46.1
Income tax for the year				-25.0
Net profit for the year				**19.4**

GROUP

2010	**Sweden**	**Other**	**Elimination**	**Total**
Assets	1,376.0	825.7	-211.6	1,990.1
Total assets				**1,990.1**
Operating liabilities	176.8	351.5	-211.6	316.7
Unallocated liabilities				1,326.0
Total liabilities				**1,642.7**
Investments	17.0	5.6		22.6
Depreciation and amortisation	24.6	5.2		29.8

SEK 644.0 million of the Company's goodwill item of SEK 745.7 million has been allocated to Sweden, while the remaining SEK 101.7 million has been allocated to Other in the table above.

Note 6 Non-recurring items

GROUP

Classified by geographical market	**2011**	**2010**
Sweden	14.3	-
Other	10.4	43.7
Total	**24.7**	**43.7**
Classified by function of expense		
Cost of sales	12.7	1.5
Distribution costs	-	4.1
Administrative expenses	12.0	38.1
Total	**24.7**	**43.7**

Non-recurring items relate to Bufab Spain's goodwill impairment of SEK 6.5 million (see note 10 and note 18), additional costs of SEK 5.5 million associated with the change of CEO (see note 7) and costs of SEK 12.7 million for anti-dumping duties regarding goods from Malaysia.

Note 7 Employees, personnel expenses and fees paid to directors and auditors

AVERAGE NUMBER OF EMPLOYEES	2011	% male	2010	% male
Parent				
Sweden	-		-	
Total	0		0	
Subsidiaries				
Sweden	319	78%	308	76%
Norway	21	81%	21	86%
Finland	52	87%	57	88%
Germany	27	67%	20	65%
Poland	23	52%	20	60%
Austria	30	80%	33	76%
Czech Republic	18	72%	17	76%
Spain	10	50%	20	50%
France	85	59%	97	62%
Netherlands	9	78%	10	60%
Slovakia	16	75%	20	75%
Estonia	13	85%	13	77%
China	38	53%	32	53%
India	9	67%	11	73%
Taiwan	11	64%	7	71%
Romania	16	87%	7	71%
Russia	6	67%	6	67%
Hungary	12	75%	5	100%
Other	16	63%	12	83%
Total, subsidiaries	**731**	**73%**	**716**	**73%**
TOTAL, GROUP	**731**	**73%**	**716**	**73%**

BOARD AND SENIOR EXECUTIVES

	2011	% female	2010	% female
Group				
Board	5	0%	5	0%
Other senior executives	3	0%	3	0%

SALARIES, EMPLOYEE BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS

	2011		2010	
	Salaries and benefits	**Social security contributions**	**Salaries and benefits**	**Social security contributions**
Subsidiaries	251.2	97.0	239.3	85.6
(of which pension cost, defined-contribution plans)		23.1		26.1
(of which pension cost, defined-benefit plans)		1.6		-2.9
TOTAL, GROUP	**251.2**	**97.0**	**239.3**	**85.6**
(of which pension cost)		24.7		23.2

The Parent Company did not have any employees in 2011 or 2010.

SALARIES AND EMPLOYEE BENEFITS (BOARD, CEO AND OTHER EMPLOYEES) BY COUNTRY

	2011		2010	
	Board and CEO	**Other employees**	**Board and CEO**	**Other employees**
Subsidiaries				
Subsidiaries in Sweden	6.0	118.6	6.2	108.1
(of which bonuses-, etc.)	1.9		1.7	
Foreign subsidiaries	18.9	107.7	14.8	110.2
(of which bonuses, etc.)	1.7		1.6	
Total, subsidiaries	**24.9**	**226.3**	**21.0**	**218.3**
(of which bonuses, etc.)	3.6		3.3	
TOTAL, GROUP	**24.9**	**226.3**	**21.0**	**218.3**
(of which bonuses, etc.)	3.6		3.3	

The Parent Company paid Board fees of SEK 0.6 (0.6) million in 2011.

Sickness absence

Sickness absence information is not disclosed as the Parent Company has fewer than ten employees.

The Chairman is paid fees as decided by the annual general meeting. The AGM set the Chairman's fees at SEK 0.3 (0.2) million. Other Board members receive a total of SEK 0.4 (0.4) million. Remuneration of the CEO and other senior executives comprises a basic salary, variable compensation, other benefits and a pension. The term 'senior executives' refers to the members of Group management.

The variable compensation received by the CEO and other senior executives is based on the reported operating profit. The CEO received a basic salary of SEK 1.6 (1.6) million and variable compensation of SEK 0.7 (0.3) million during the year. The CEO's retirement benefit costs for the year amounted to SEK 0.9 (0.8) million. The variable compensation received by other senior executives is also based on operating profit – partly in their area of responsibility and partly at Group level. During the year, other senior executives received variable compensation that corresponded to 33 (32) per cent of the basic salary.

The Chairman of the Board, the CEO and other key management personnel in the Group have been given the opportunity to acquire the Company's shares and warrants at market conditions. The shares have been acquired under the same conditions as those that apply to the principal owner's investment in the Company. The warrants, which entitle holders to acquire shares in a rights issue, have been offered at fair value based on an underlying Black-Scholes calculation model. See note 26 for a further description of the share option scheme.

The CEO's retirement age is 65. Retirement benefit costs are premium-based and correspond to 35% of the salary paid. The retirement age for other senior executives is 65, and their retirement benefit costs are also premium-based. In 2011, an agreement was reached between the CEO and the Board to the effect that the present CEO would be replaced from 1 July 2012. As part of this agreement, a financial arrangement was reached, whereby the present CEO will receive a basic salary of SEK 1.8 million per year, without any variable compensation, for the period 1 July 2012 to 31 December 2014. In addition to this amount, retirement benefit costs of SEK 0.6 million per year are paid. A total of SEK 5.5 million of these costs were charged to 2011 earnings (see note 6). The Company and other senior executives have a mutual period of notice of 3-6 months.

Auditors' fees and remuneration

	2011	2010
Group		
PwC		
Audit services	2.3	2.2
Other services	0.7	1.0
Other auditors		
Audit services	0.3	0.3
Other services	-	0.1
Parent		
PwC		
Audit services	0.3	0.4
Other services	0.4	-

Note 8 Other operating income

	2011	2010
Group		
Capital gain on sale of property, plant and equipment	0.8	0.2
Exchange gains on operating receivables/ liabilities	26.6	10.4

Rental income	1.6	2.8
Other	5.5	7.8
Total other operating income	**34.5**	**21.2**

Note 9 Other operating expenses

	2011	2010
Group		
Exchange losses on operating receivables/liabilities	-30.1	-18.9
Capital loss on sale of property, plant and equipment	-0.6	-
Other	-1.4	-4.4
Total other operating expenses	**-32.1**	**-23.3**

Note 10 Depreciation and amortisation of non-current assets

	2011	2010
Group		
Depreciation and amortisation by class of asset		
Other intangible assets	-0.9	-1.1
Land and buildings	-0.2	-0.1
Plant and machinery	-14.4	-13.7
Equipment, tools and fixtures & fittings	-14.7	-14.9
Total depreciation and amortisation	**-30.2**	**-29.8**
Depreciation and amortisation by function of expense		
Cost of sales	-16.2	-15.8
Distribution costs	-11.0	-10.4
Administrative expenses	-3.0	-3.6
Total depreciation and amortisation	**-30.2**	**-29.8**

The Group's goodwill impairment amounted to SEK 6.5 (34.0) million See also notes 6 and 18. The Parent Company does not report property, plant and equipment or intangible assets, and consequently has no planned depreciation or impairment of such assets.

Note 11 Operating lease payments

	2011	2010
Group		
Assets held under operating leases		
Minimum lease payments	41.5	46.0
Total lease payments for the year	41.5	46.0
Agreed future minimum lease payments under non-cancellable leases are due as follows:		
Within one year	39.0	46.0
Between one and five years	111.3	118.0
After five years	47.8	62.2
Total payments	**198.1**	**226.2**

The Group's operating leases are mainly related to business premises. See also note 4.

Note 12 Interest and similar income

	2011	2010
Group		
Interest income, other	1.5	1.3
Exchange differences	-	0.6
Other	0.2	0.3
Total	**1.7**	**2.2**
Parent		
Other	-	0.1
Total	**0.0**	**0.1**

Note 13 Interest and similar expenses

	2011	2010
Group		
Interest expenses, other	-85.0	-35.2
Exchange differences	-5.6	-7.7
Other	-0.6	-3.8
Total	**-91.2**	**-46.7**
Parent		
Interest expenses, other	-44.0	-1.7
Other	-	-0.2
Total	**-44.0**	**-1.9**

Note 14 Exchange differences affecting income statement items

	2011	2010
Group		
Exchange differences affecting operating profit	-3.5	-8.5
Exchange differences on financial items	-5.6	-7.1
Total	**-9.1**	**-15.6**

Note 15 Appropriations

	2011	2010
Parent		
Transfers to tax allocation reserve, 2012 tax year	-22.8	-
Total	**-22.8**	**0.0**

Note 16 Tax on profit/loss for the year

	2011		**2010**	
Group		**Parent**	**Group**	**Parent**
Current tax				
Current tax for the year	-37.8	18.0	-21.7	10.3
Current tax attributable to prior years	-	-	-1.1	-
Total	**-37.8**	**18.0**	**-22.8**	**10.3**
Deferred tax expense(-)/income (+)				
Deferred tax on temporary differences	0.8	-	-2.2	-9.4
Total	**0.8**	**0**	**-2.2**	**-9.4**
Tax expense recognised	**-37.0**	**18.0**	**-25.0**	**0.9**

Reconciliation of effective tax	**2011**	**2010**
Group		
Profit before tax	94.6	44.4
Tax according to parent's applicable tax rate	-24.9	-11.7
Tax attributable to prior years	-	-1.1
Effect of tax rates for foreign subsidiaries	-0.3	-0.3
Revaluation of tax losses/temporary differences	-9.5	-2.3
Goodwill impairment	-1.7	-9.0
Other non-deductible expenses	-0.7	-1.0
Non-taxable income	0.1	0.4
Tax on profit for the year in income statement	**-37.0**	**-25.0**
Parent		
Profit/loss before tax	-68.4	-3.5
Tax according to parent's applicable tax rate	18.0	0.9
Recognised effective tax	**18.0**	**0.9**

Note 17 Earnings per share

	2011	2010
Group		
Profit/loss for the year attributable to shareholders	57.6	19.4
Average number of shares before dilution	335,299	322,857
Earnings per share, SEK	**172**	**60**
Average number of shares after dilution	335,299	322,857
Diluted earnings per share, SEK	**172**	**60**
Profit/loss for the year attributable to shareholders	57.6	19.4
Non-recurring items	24.7	43.7
Tax effect of non-recurring items	-4.8	-11.5
Profit for the year excl. non-recurring items	77.5	51.6
Average number of shares before dilution	335,299	322,857
Earnings per share, SEK, excl. non-recurring items	**231**	**160**

The outstanding share option scheme involves only marginal dilution.

Note 18 Intangible assets

GROUP	**Goodwill**		**Other intangible assets**	
	31/12/2011	**31/12/2010**	**31/12/2011**	**31/12/2010**
Accumulated cost				
At beginning of year	779.7	780.6	4.9	4.5
Additions	-	2.2	0.1	0.4
Exchange differences for the year	-0.1	-3.1	-	-
At end of year	**779.6**	**779.7**	**5.0**	**4.9**
Accumulated amortisation and impairment				
At beginning of year	-34.0	-	-1.7	-0.5
Amortisation for the year	-	-	-0.9	-1.1
Impairment for the year	-6.5	-34.0	-	-
Exchange differences for the year	-	-	-0.1	-0.1
At end of year	**-40.5**	**-34.0**	**-2.7**	**-1.7**
Carrying amount at beginning of period	**745.7**	**780.6**	**3.2**	**4.0**
Carrying amount at end of period	**739.1**	**745.7**	**2.3**	**3.2**

The Group conducts annual impairment testing of goodwill. Recoverable amounts for cash-generating units have been determined by calculating the value in use. The calculations are based on an internal assessment of 2012 and 2013 and thereafter on assumed annual growth of 3% and inflation of 3%. Expected future cash flows according to these estimates form the basis of the calculation. Changes in working capital and investment needs have been taken into account. The forecast cash flow is discounted to present value using a discount rate of 8% after tax. Testing conducted at year-end 2012 revealed impairment of SEK 6.5 million for Bufab Spain and a corresponding impairment loss of SEK 6.5 million was recognised. See also notes 6 and 10.

Note 19 Property, plant and equipment

GROUP	**Land and buildings**		**Plant and machinery**		**Equipment, tools and fixtures & fittings**	
	31/12/2011	**31/12/2010**	**31/12/2011**	**31/12/2010**	**31/12/2011**	**31/12/2010**
Accumulated cost						
At beginning of year	4.1	4.7	114.2	109.2	103.2	108.9
Additions	0.2	-	4.2	14.7	24.5	7.9
Disposals	-	-	-2.9	-9.7	-8.8	-5.7
Reclassifications	-	-	1.7	-	-	-
Exchange differences for the year	-	-0.6	-	-	-0.4	-7.9
At end of year	**4.3**	**4.1**	**117.2**	**114.2**	**118.5**	**103.2**
Accumulated depreciation						
At beginning of year	-0.1	-0.1	-44.7	-40.6	-39.8	-35.0
Disposals	-	-	2.9	9.6	7.7	3.8
Depreciation for the year	-0.2	-0.1	-14.4	-13.7	-14.7	-14.9
Exchange differences for the year	-	0.1	-	-	0.2	6.3
At end of year	**-0.3**	**-0.1**	**-56.2**	**-44.7**	**-46.6**	**-39.8**
Carrying amount at beginning of period	**4.0**	**4.6**	**69.5**	**68.6**	**63.4**	**73.9**
Carrying amount at end of period	**4.0**	**4.0**	**61.0**	**69.5**	**71.9**	**63.4**

Note 20 Work in progress and advances for property, plant and equipment

GROUP	**31/12/2011**	**31/12/2010**
At beginning of year	1.7	0.3
Reclassifications	-1.7	-0.3
Investments	4.6	1.7
Carrying amount at end of period	**4.6**	**1.7**

Note 21 Finance leases

GROUP	Cost 31/12/2011	Cost 31/12/2010	Accumulated depreciation 31/12/2011	Accumulated depreciation 31/12/2010
Plant and machinery	12.0	12.0	-1.7	-0.1
Equipment, tools and fixtures & fittings	-	0.2	-	-0.2
Total finance leases	**12.0**	**12.2**	**-1.7**	**-0.3**

Future minimum lease payments fall due as follows

GROUP	Nominal value 2011	Nominal value 2010	Present value 2011	Present value 2010
Within one year	1.4	1.5	1.4	1.5
Between one and five years				
After five years	5.8	5.9	5.4	5.5
After five years	3.5	2.9	3.2	2.6
Total future lease payments	**10.7**	**10.3**	**10.0**	**9.6**

The present value of future minimum lease payments is reported under interest-bearing liabilities. There are no contingent rents for finance leases in the Group's results.

Note 22 Investments in Group companies

	31/12/2011	31/12/2010
Parent		
Accumulated cost		
At beginning of year	844.9	844.9
Total cost	**844.9**	**844.9**
Carrying amount at end of period	**844.9**	**844.9**

SPECIFICATION OF PARENT'S AND GROUP'S HOLDINGS OF SHARES IN GROUP COMPANIES	Holding 1) %	31/12/2011 Carrying amount	31/12/2010 Carrying amount
Subsidiary/reg. no./reg'd office			
Bult Finnveden AB, 556194-4884, Värnamo	100%	844.9	844.9
Bufab Sweden AB, 556082-7973, Värnamo	100%		
Bufab Bix Stickler AB, 556089-6911, Täb	100%		
Bufab Kit AB, 556250-8506, Värnamo	100%		
Bufab Lann AB, 556180-8675, Värnamo	100%		
Bufab Lann AB, 556454-0218, Värnamo	100%		
Bufab Benelux BV, 3117232260, Eindhoven, NL	100%		
Bufab Danmark A/S, 157848, Albertslund, DK	100%		
Bufab Deutschland GmbH, 22 294 22370, Hamburg, DE	100%		
Bufab Norge AS, 876612062, Oslo, NO	100%		
Bufab (UK) Limited, 02611234, Reading, UK	100%		
Bufab France SAS, B 112 721, Gennevilliers, FR	100%		
Bufab Hungary Kft, Budapest, HU	100%		
Bufab Germany GmbH, 07229 / 21283, Mörfelden-Walldorf, De	100%		
Bufab Bulten Stainless AB, 556176-1957, Degerfors	100%		
Bufab Sp.z.o.o., KRS0000036164, Gdansk, PL	100%		
Bufab Austria GmbH, FN 266844 v, Vienna, AT	100%		
Bufab CZ s.r.o., (IC) 25561260, Brno, CZ	100%		
Bufab Baltic OÜ, EE101042585, Keila, EST	100%		
Bufab Asia Ltd, Zhejiang/Ningbo/No 009312, Ningbo, CH	100%		
Bufab Spain SLU, ESB08464430, Terrassa Barcelona, ES	100%		
Bufab Industries SAS, FR12353237431, Corbas Lyon, FR	100%		
Bufab Fasteners Trading (Shanghai) Co Ltd, 310000400448552, Shanghai, CH	100%		
Bufab Finland Oy, Vantaa, 2042801-2, FI	100%		
Bufab India, U29299PN2008PTC131481, Pune, IN	100%		
Bufab USA Inc, 26-2606492, New York, US	100%		
Bufab Taiwan Co Ltd, 29002549, Kaohsiung City, TW	100%		
Bufab Slovakia s.r.o., Banska Bystrica, 31 639 291, SK	100%		
Bufab Russia, INN7840408623, St Petersburg, RU	100%		
Bufab Turkey, 1890607929, Istanbul, TR	100%		
Bufab Romania SRL, RO25446590, Apahida Cluj, RO	100%		
Bufab Ireland Ltd, NI061428, Dundalk, NI	100%		
Bufab Italy S.r.l., 97605340153, Trezzano sul Naviglio, IT	100%		
Total value at end of year		**844.9**	**844.9**

1) Ownership of capital, which also corresponds to the percentage of votes for total number of shares.

Note 23 Other non-current receivables

	31/12/2011	31/12/2010
Group		
Accumulated cost		
At beginning of year	13.6	13.4
Investments during the year	0.0	0.2
Repaid during the year	-10.1	0.0
Carrying amount at end of year	**3.5**	**13.6**

Note 24 Past-due receivables

	31/12/2011	31/12/2010
Group		
Number of days past due		
30-90 days	19.2	22.5
91-180 days	7.0	9.0
181-360 days	3.2	9.3
After 360 days	8.7	5.5
Carrying amount at end of year	**38.1**	**46.3**
Provision in balance sheet for doubtful debts	12.0	10.7

Note 25 Prepayments and accrued income

	31/12/2011	31/12/2010
Group		
Rents	4.9	4.4
Licences	4.0	3.4
Other items	8.2	9.1
Carrying amount at end of year	17.1	16.9

Note 26 Equity

	31/12/2011	31/12/2010
Specification of exchange differences for the year in equity:		
Exchange differences for the year, foreign subsidiaries	-1.4	-37.5
Total exchange differences for the period	**-1.4**	**-37.5**
Specification of cumulative exchange differences in equity:		
Cumulative exchange differences at beginning of year	-3.5	34.0
Exchange differences for the year, foreign subsidiaries	-1.4	-37.5
Cumulative exchange differences at end of year	**-4.9**	**-3.5**

The total number of ordinary shares is 335,299. The par value of the share is SEK 0.50. All issued shares are fully paid.

Warrants

The Company's key management personnel have been offered warrants issued by the Parent Company at fair value. The fair value of the warrants was determined using the Black-Scholes valuation model, and amounted to SEK 56.60.

The warrants entitle the holders to purchase one share per warrant for SEK 320 each. The share price is adjusted up by 10% annually from 2010 to the maturity date in 2015. The number of warrants issued at the reporting date was 1,100.

Note 27 Untaxed reserves

	31/12/2011	31/12/2010
Parent		
Tax allocation reserve, 2012 tax yr	22.8	-
Carrying amount at end of year	**22.8**	**0.0**

Note 28 Retirement benefit obligations, interest-bearing

Post-employment benefits are settled mainly by payments to insurance companies or agencies which then assume the obligations to the employees (defined-contribution pensions). The remainder are settled under defined-benefit plans, which means that the obligations remain in the Bufab Group. The largest defined-benefit plan is in Sweden (FPG/PRI). The Company's costs and the value of the outstanding obligations under defined-benefit plans are measured using actuarial calculations designed to determine the present value of the obligations. Interest and the expected return are classified as finance costs. Other expense items are reported in operating profit under cost of sales, distribution costs or administrative expenses, depending on the employee's function.

	31/12/2011	31/12/2010
Group		
FPG/PRI	15.9	15.6
Retirement benefit obligation, foreign companies	1.3	2.1
Total	**17.2**	**17.7**

The assumptions in the table below are used to measure the retirement benefit obligation under defined-benefit pension plans.

	Sweden		Other countries	
	2011	2010	2011	2010
Discount rate	4.00%	4.00%	4.00%	4.00%
Rate of salary increase	3.00%	3.00%	3.00%	3.00%
Inflation	2.00%	2.00%	2.00%	2.00%

Defined-benefit obligations	31/12/2011	31/12/2010
Present value of defined-benefit obligations	25.2	24.4
Cumulative unrecognised actuarial losses	-8.0	-6.7
Net obligation recognised in balance sheet	**17.2**	**17.7**

Specification of total post-employment benefits recognised in income statement (SEK millions)

	2011	2010
Costs relating to defined-benefit plans:		
Current service cost in current year	0.7	0.4
Effects of settlements	-	-4.2
Interest on obligations	0.9	0.9
Costs relating to defined-benefit plans	**1.6**	**-2.9**
Costs relating to defined-contribution plans	23.1	26.1
Total expenses recognised in the income statement	**24.7**	**23.2**

Note 29 Provisions for deferred tax

	31/12/2011		31/12/2010	
GROUP	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
Machinery and equipment	-	18.3	-	18.2
Tax allocation reserve	-	14.4	-	17.3
Other	5.1	1.2	1.3	0.8
Loss carryforwards	17.9	-	23.6	-
Total	**23.0**	**33.9**	**24.9**	**36.3**

Deferred tax assets are recognised as tax-loss carryforwards to the extent that it is probable that they can be credited against future taxable profits. According to current plans, all companies' earnings in the coming years mean that the Group will be able to utilise the reported tax asset that exists.

Certain deductions were refused in a tax adjustment notice that was issued and the administrative court ruled in favour of the Swedish Tax Agency. Bufab maintains its view, which has the support of leading tax experts, and a complaint has been lodged with the Court of Appeal. Should the Company be refused the deductions in the final instance, this would mean additional tax of approx. SEK 27.5 million. No associated provision has been made.

Note 30 Non-current interest-bearing liabilities

	31/12/2011	31/12/2010
Group		
Amount of liability expected to be settled 1-5 years after reporting date	556.0	608.9
Amount of liability expected to be settled more than 5 years after reporting date	404.9	361.3
Total	**960.9**	**970.2**
Parent		
Amount of liability expected to be settled 1-5 years after reporting date	-	-
Amount of liability expected to be settled more than 5 years after reporting date	404.9	361.3
Total	**404.9**	**361.3**

Non-current interest-bearing liabilities include shareholder loans totalling SEK 404.9 (361.3) million.

Not 31 Pledged assets

	31/12/2011	31/12/2010
Group		
Floating charges	171.6	171.7
Shares in subsidiaries	643.1	653.6
Other	1.9	-
Total	**816.6**	**825.3**
Parent		
Shares in subsidiaries	844.9	844.9

Note 32 Overdraft facilities

	31/12/2011	31/12/2010
Group		
Agreed credit limit	280.2	282.2
Unutilised portion	-71.2	-72.2
Credit amount utilised	**209.0**	**210.0**

Note 33 Accruals and deferred income

	31/12/2011	31/12/2010
Group		
Accrued salaries incl. holiday pay	42.3	36.4
Accrued social security contributions	18.0	14.6
Other items	23.4	20.5
Total	**83.7**	**71.5**

Note 34 Contingent liabilities

	31/12/2011	31/12/2010
Group		
Taxes	22.8	22.8
Other contingent liabilities	1.8	3.6
Total	24.6	26.4
Parent		
Taxes	22.8	22.8
Total	**22.8**	**22.8**

For further information about the Taxes contingent liability item, see note 29.

The subsidiary Bufab Lann AB was ordered to carry out surveys of environmental pollutants in soil resulting from the activities conducted on the property. The investigations have revealed contamination by substances that are linked to the activities conducted on the property both before and during Bufab's period of operation. However, it is Bufab's opinion that the soil contamination was not caused by its own activities This means that liability for remediation is unclear, and it is therefore not possible to estimate the cost of any remedial measures.

Note 35 Company acquisitions

2011

The Group did not make any acquisitions in 2011.

2010

On 1 September, Bulten Finnveden AB acquired 100% of the shares in the company Pointer Fasteners & C Parts LTD located in Northern Ireland. After the acquisition, the name of the company was changed to Bufab Ireland Ltd. The company is consolidated in the Bufab Holding Group with effect from 1 September 2010.

Below are details of the net assets acquired and goodwill:

	Bufab Ireland
The purchase consideration was paid in cash to the former owner	0.0
Fair value of net assets acquired	-2.2
Goodwill	**2.2**

Goodwill is attributable to the acquired entity's established market position and the related expected good profitability.

The assets and liabilities included in the acquisition are as follows:

	Acquired fair value	Acquired carrying amount
Inventories	0.2	0.2
Current receivables	0.9	0.9
Current liabilities	3.3	3.3
Net liabilities	**-2.2**	**-2.2**
Cash-settled purchase consideration	0.0	
Acquired subsidiary's cash and cash equivalents	0.0	
Change in cash and cash equivalents on acquisition	0.0	

Note 36 Related party transactions

Bufab S.à.r.l is the owner of 88% (88%) of the shares in Bufab Holding AB. Finnveden Limited, the parent company of Bufab S.à.r.l, is the owner of 4% of the shares in Bufab Holding AB. In addition, the following loan relationship exists with Finnveden Limited.

	Group		Parent	
	2011	**2010**	**2011**	**2010**
Interest-bearing liabilities	404.9	361.3	404.9	361.3
Total	**404.9**	**361.3**	**404.9**	**361.3**

Change in loan from FinnvedenBulten Limited	Group		Parent	
	2011	**2010**	**2011**	**2010**
Opening value	361.3	361.3	361.3	361.3
Interest charges	43.6	-	43.6	
Closing value	**404.9**	**361.3**	**404.9**	**361.3**

The interest-bearing liability carries interest of 12.0% and the interest accrued is added to the loan amount annually. The loan is subordinate to other loan liabilities. Finnveden Limited decided to waive interest for the 2010 financial year.

Information about intra-Group sales between the Group's geographical markets is presented in note 5. Remuneration of senior executives is reported in note 7.

Note 37 Financial ratio definitions

Adjusted equity

Equity plus 73.7% of untaxed reserves.

Equity/assets ratio

Adjusted equity divided by total assets.

Capital employed

Total assets less non-interest-bearing liabilities including deferred tax.

Return on capital employed

Earnings before finance costs divided by average capital employed.

The financial statements will be submitted to the AGM for adoption.
Stockholm, 2012-06-12

Sven-Olof Kulldorff
Chairman of the Board

Hans Björstrand
CEO

Gunnar Tindberg

Ulf Rosberg

Adam Samuelsson

Our audit report was submitted on 2012-06-12
PwC

Bror Frid
Authorised Public Accountant
Chief Auditor

Christer Johansson
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Bufab Holding AB, corporate identity number 556685-6240

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Bufab Holding AB for the year 2011.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Bufab Holding AB for the year 2011.

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

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

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

Opinions

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

Värnamo Sweden 12 June 2012

Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorized Public Accountant
Chief Auditor

Christer Johansson
Authorized Public Accountant

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