ANNUAL REPORT
2011

NEFAB

Contents

At Nefab, you as a customer come first! Your business and your products are more important than ours. We are dedicated to serve and strive to deliver customized products, solutions and services that make your business even more successful. The complete packaging solutions we develop are optimized to reduce total cost and environmental impact in your supply chain. With our global engineering and supply capabilities we are ready to serve in every corner of the world.

Nefab – the global partner for complete packaging solutions.

Nefab offers complete packaging solutions to international industrial groups, with a focus on telecom, energy, aerospace, vehicles and healthcare equipment industries. Nefab has about 3,000 employees in Europe, North and South America and Asia. Sales in 2011 amounted to USD 485 million. Since its creation in 1949, Nefab has evolved from a local Swedish production-oriented company to a market-oriented supplier in the global packaging market.

The year in summary

Invoicing increased by 26% from SEK 2,497 m to SEK 3,150 m

+ 26%

Operating profit increased by 48% from SEK 165 m to SEK 245 m

SEK 245 m

Region Europe

+14%

increased sales from SEK 1,467 m to SEK 1,679 m. At the end of 2011, a decision was made to establish sales companies in Turkey and Russia. Peinetti SAS in France was acquired in August 2011. The operations of Woodybox in Sweden were acquired in September 2011.

Nefab's priority market segments are telecom, energy, vehicles, healthcare equipment and aerospace.

Nefab's history

1949

Production focus

In 1923, Sigurd Nordgren opened a carpentry workshop in Ovanåker in Hälsingland, Sweden. Two of his sons took over and started the production of bakery trays made from plywood and steel strip. In 1949, the sons' company, Nordgrens Emballage FABrik (NEFAB), received its biggest order for 1,000 bakery trays, signaling the start of what is today a market-oriented global service company.

1960-1970

Product focus

In the 1960s and 1970s, expendable and reusable packaging were developed together with Ericsson, the company's largest customer. The "Nefab box" became more or less standard in the telecom industry.

1980–1990

Geographical expansion

At the start of the 1980s, Nefab began to broaden its horizons and start looking at markets outside Sweden. The expansion began in the European markets, before spreading further to North and South America as well as Asia. Nefab is continuously striving to provide a local service for global customers.

Region Asia

+16%

increased sales from SEK 729 m to SEK 843 m. During the year, the decision was made to establish two new units in China: a facility in Chengdu in western China, and a unit in Shenyang in northern China. A decision was also taken regarding the establishment of a production unit in Malaysia.

Region America

+109%

increased sales from SEK 308 m to SEK 641 m. The acquisition of Chick Packaging included from September 2010. Shares were acquired in PDS Global, Mexico, in August 2011. During the year, a production unit was established in Dallas in the US.

Nefab offers packaging solutions for all types of transportation.

The picture shows Gammelgården, located next to Nefab's original premises in Runemo, Hälsingland.

2000–2009

Market and service focus

At the turn of the millennium, the company adjusted the strategic direction in order to better address its customers' needs. The vision of becoming the global partner for complete packaging solutions was established. The company expanded into a number of markets and acquisitions were made to enhance the level of competence within complementary packaging materials and service areas.

2010–

Segment focus

At the start of the present decade, the company's focus on selected market segments intensified. With the geographical structure as a base, complemented by a global segment and customer-oriented sales organization, greater attention is being paid to developing existing customer relationships and creating new business opportunities in priority market segments.

From products to customized complete solutions

On 1 January 2012, I became President and CEO for the Nefab Group. I am very pleased to be able to sum up a successful 2011, during which time the operations were led by our former President and CEO, Stefan Ekqvist, who will continue to be a member of the Nefab Group management team.

Being President of the Nefab Group is a rewarding task for a number of reasons. Nefab's global presence and ability to offer customers complete packaging solutions anywhere in the world puts us in a unique position. This allows us to choose projects and relationships that are long-term and provide us with a competitive edge. The Nefab Group also has a stable, strategic platform in which our vast experience and specialization in various industry segments gives us room to further strengthen our position in existing and future markets. An example of this is our expansion in the rapidly growing Asian market. By pulling together, we have effectively managed to build a dominant market position in China where we now have production in six different facilities. This is just one example of the skills and experience that characterize Nefab and that will now prove very useful as we continue to grow the company - both organically and through acquisitions.

[1] Adjusted for acquisitions and expressed at comparable exchange rates.

New organization

During the last decade, Nefab consciously shifted from being a production-focused company to a solution-focused company offering customized complete solutions. In 2011, this process entered a new phase and we have implemented substantial changes to the organization. Five geographic regions with reporting responsibilities have been reduced to three: America, Asia and Europe. The change has been most significant in Europe, where the three former regions, Nordic, Western Europe and Central Europe, have been merged into one. The business development function with a focus on each market segment has also been developed. The strategy is deeply rooted in Nefab's historical development and the aim is to make greater use of our global presence and generate new business opportunities.

Ever since the 1960s, our development has been based on close and long-term customer relationships where we, as packaging supplier, have followed our customers across the world. This means we have vast experience for business development on a global level. By selecting a segment-oriented model, we can continue to strengthen the relationship with these customers, while also creating the conditions to identify new long-term customer relationships for the future. The model simply makes it possible to focus more clearly on priority industry segments and in that way provide even better solutions and services. This is to ensure that customers can count on the help of a packaging expert who specializes in customer needs.

Market trends in 2011

Going into 2011, we had high expectations of the market and the economy. During the fourth quarter however, growth was constrained owing to the European debt crisis, yet still we have successfully managed to achieve, and to some extent surpass, our targets. Sales in 2011 amounted to SEK 3,150 m, compared with SEK 2,497 m in 2010. Operating profit amounted to SEK 245 m compared with SEK 165 m in 2010.

The positive results can be explained by a sound business, previously implemented streamlining measures and our globality, which enables us to take advantage of opportunities in the

In 2011, the image of Nefab as a global packaging partner has grown even stronger. The Group has expanded into a number of emerging markets and made strategic acquisitions to broaden and strengthen our customer relations. After six years as Executive Vice President for the Asia Pacific region, I can vouch for Nefab's strong position in the international packaging market.

world's emerging markets. Region Europe in fact saw growth[1)] of 11 percent in 2011. The recovery from the previous recession and clear strategic targets are two contributing factors behind this. Region Asia also performed well during the year, with a 23 percent increase in sales. Nefab has had a well-developed strategy for the region, helping us to respond quickly and seize opportunities in a mature market. Region America had growth of 3 percent. Operations in North America and Canada have room for development. Long-term strategic work is currently under way aimed at broadening the customer offering and winning new market share. In 2010, the American company Chick Packaging was acquired, providing a substantial boost to Nefab's presence in North America.

During the financial year, intensive integration work was carried out and we look forward to taking advantage of the synergies and the expanded customer base resulting from the acquisition.

Acquisitions and investments

Nefab's strategy is to grow both organically and through acquisitions, and in 2011 two acquisitions were made that will be important for Nefab's continued growth. In September, Nefab acquired PDS Global Packaging Services, with production in Guadalajara, Mexico. The company has 70 employees and offers a complete portfolio of packaging solutions. The acquisition came about as a result of a key customer's plans to expand its activities in the area – and this acquisition will therefore strengthen our partnership with this customer. It will also strengthen Nefab's local presence and result in greater business opportunities with globally active customers who require on-site service. The geographical location is also favorable since the production facilities are well placed to serve the North American market. The other strategic acquisition made during the year was the French packaging company, Peinetti SAS. The company has 80 employees with production in Lyon and Grenoble. Peinetti SAS focuses on packaging for bulky and heavy industrial equipment and is firmly established among customers in the energy segment. The acquisition strengthens Nefab's relationships with a number of key customers in the Energy market segment and increases the Group's presence in a strategically important geographical location.

During the year, investments have also been made in new technology and software to make development and deliveries more efficient.

Sustainability

Sustainability work is an important part of Nefab's customer offering. A structured process leads to a favorable business climate that attracts skills, provides more efficient control and strengthens the brand. The sustainability work will help to open new doors for business with customers with the same mindset.

This year, we are reporting our sustainability work according to GRI's G3 framework for the very first time and we are also reaffirming our support for the UN's Global Compact for the coming year.

Moving into 2012

It is obviously difficult to speculate on possible developments in 2012 since the uncertain situation within the eurozone could affect possibilities both negatively and positively. In light of our previous performance during periods of economic instability, I dare to say that I look to the future with confidence. Many thanks to our employees in over 30 countries who have made 2011 a great year and an equally big thank you to Nefab's departing President, Stefan Ekqvist, who has positioned us so well for 2012.

David Mörk
President and CEO

Vision

Nefab shall be the global partner for complete packaging solutions.

Business concept

Nefab satisfies customer expectations by offering customized complete packaging solutions that reduce total costs and environmental impact.

Core values

Nefab's corporate culture is based on the core values of Simplicity, Respect and Empowerment.

Nefab's strategy

Target group

Nefab targets multinational manufacturing companies. The priority market segments are telecom, energy and industry.

Customer offering

Nefab provides added value by delivering world leading packaging products, services and customer adapted packaging solutions.

Suppliers

The ability to offer the market's the best solutions requires good relationships with a broad supplier base. When selecting suppliers, Nefab will give priority to those who, like Nefab, strive to establish partnerships.

Global presence

To offer Nefab's global customers local service, Nefab has established operations in the world's most important industrial regions.

Environment

Nefab shall be a leader in sustainable packaging solutions for industrial use. In our quest, we concentrate on minimizing the environmental impact of packaging throughout its life cycle and on increasing opportunities for recycling.

Employees

Nefab is a knowledge-based company. The position as market leader shall be enhanced through the continuous development of employee skills. The development potential shall be so attractive that existing employees choose to stay in the organization while making it possible to recruit qualified new employees. The core values and ethics that form Nefab's culture and values should determine how employees are expected to act. This common spirit and culture will help to strengthen unity and cooperation throughout the Group, which is now established in more than 30 countries on three continents.

Organization

Nefab has a matrix organization in order to best serve local markets, while simultaneously pursuing global business development in selected market segments. The geographical structure is based on three regions – Europe, Asia and America – combined with the three market segments: Telecom, Energy, and Industry. The regions and local companies are responsible for their own income statements and balance sheets. The market segments drive the development of product and service offerings and are responsible for global growth and profitability within each market segment.

Growth

Nefab is growing both organically and through acquisitions. The objective is to organically grow faster than the underlying market by:

- Following multinational customers in their geographical expansion
- Offering a broad range of products and services to existing customers
- Entering new geographical markets and industrial segments
- Developing unique industry-specific customer offerings in terms of solutions, services and packaging expertise

Acquisitions shall strengthen our position as the global partner for complete packaging solutions. The acquisition strategy focuses on packaging companies that add value for customers in selected market segments through a combination of high service levels and a strong local presence.

Financial targets

- *Growth:* Nefab shall generate organic growth of at least 8.5 percent annually. Further growth will be generated through company acquisitions.
- *Profitability:* Nefab shall generate an annual EBITA of at least 10 percent.
- *Financial stability:* The company's equity ratio, i.e. equity and shareholders' contributions in relation to total capital, must be at least 40 percent.
- *Cash flow:* Nefab shall generate a strong and stable cash flow. Growth in invoicing will tie up no more than 20 percent of capital and investments over time must not exceed the company's depreciation.

Complete packaging solutions

Nefab's product and service concept is Complete packaging solutions. Our offer is to deliver solutions that are optimized from the perspective of product protection and total cost. Design expertise within multiple packaging materials and a global delivery and service platform makes Nefab a strong partner for companies in the target group. This is also what we strive for in our vision: to be the global partner for complete packaging solutions.

Nefab's solutions are based on the customer's situation and needs. A complete packaging solution consists of inner and outer packaging that is optimized for the customer's distribution and offers protection against the stresses that their products are subjected to during transport and handling.

> "A packaging should save more than it costs."
>
> *Ruben Rausing, founder of TetraPak*

Total cost

"A packaging should save more than it costs." Those are the words of one of the packaging industry's titans, Ruben Rausing. This is also at the core of Nefab's offering to the market. Packaging costs represent a relatively small proportion of a manufacturing company's total costs. But the choice of packaging solutions still has an indirect effect on other major cost items, including handling and transportation. For customers in Nefab's target group, packaging costs usually represent 0.5–1.0 percent of the customer's product value, while the total cost of logistics can be five to six times greater than that. Companies that carefully evaluate the choice of packaging solutions therefore have the opportunity to make significant savings. Nefab takes the customer's initiative to reduce its packaging costs a step further.

Multi-material design

The process of designing a packaging solution begins after studying the customer's product, packaging process and supply chain. Apart from creating product protection that is based on the product's characteristics – such as sensitivity to shock, vibration and humidity – the packaging is also optimized for the logistic flow with respect to the cost drivers that are reported in the next section (Packaging secrets). With needs analyses and packaging designs that include all the materials required by the circumstances, Nefab can develop a complete solution with packaging products and services that have been tailored to the customer's process. The result is lower total costs and reduced environmental impact.

Global delivery and service platform

Nefab is represented in North and South America, Europe and Asia. Each region has a well established organization with its own packaging engineers and test laboratories, which in collaboration with the sales organization is primed to address the complex challenges of packaging technology. The delivery of products and services originates from more than 100 production and service units that Nefab has located around the world. In some cases, deliveries are also made directly from Nefab's global supplier network.

Nefab's concept is to design complete packaging solutions that reduce total cost and environmental impact by selecting the best materials available. The concept places high demands on expertise in packaging design, material properties and logistical flows. Nefab has a global network of more than 120 packaging engineers who develop, design and validate customers' unique packaging solutions every single day.

Packaging secrets

A packaging conceals many hidden costs and opportunities. Packaging design influences not only product protection and the actual cost of the packaging, it also has a substantial effect on a company's other major cost items. Nefab's concept is to identify the major cost driving factors and then develop a complete packaging solution that minimizes the customer's total costs. This section explains how the right packaging solution can improve six different cost items for a company.

Handling

Nefab creates a package that is quicker to fill and provides better ergonomic working conditions. The customer saves time and money on faster processing and shortened delivery times with the potential to minimize work-related injuries.

Damages

Nefab takes into account the stresses that the package is subjected to throughout its life cycle. The package is designed to provide maximum product protection at the lowest possible material cost. The customer saves money on materials and through reduced costs attributable to product damages and claims.

Transport

Nefab optimizes packaging size and weight with respect to the customer's supply chain. That way, customers can get more packages into each shipment, including containers and truck trailers, and save money by transporting less air – while also reducing CO_2 emissions.

Warehousing

Nefab creates packaging with minimal void volume and optimal fill factor, saving on storage space and increasing the customer's cost efficiency with regards to inventory management for both packaging and finished products.

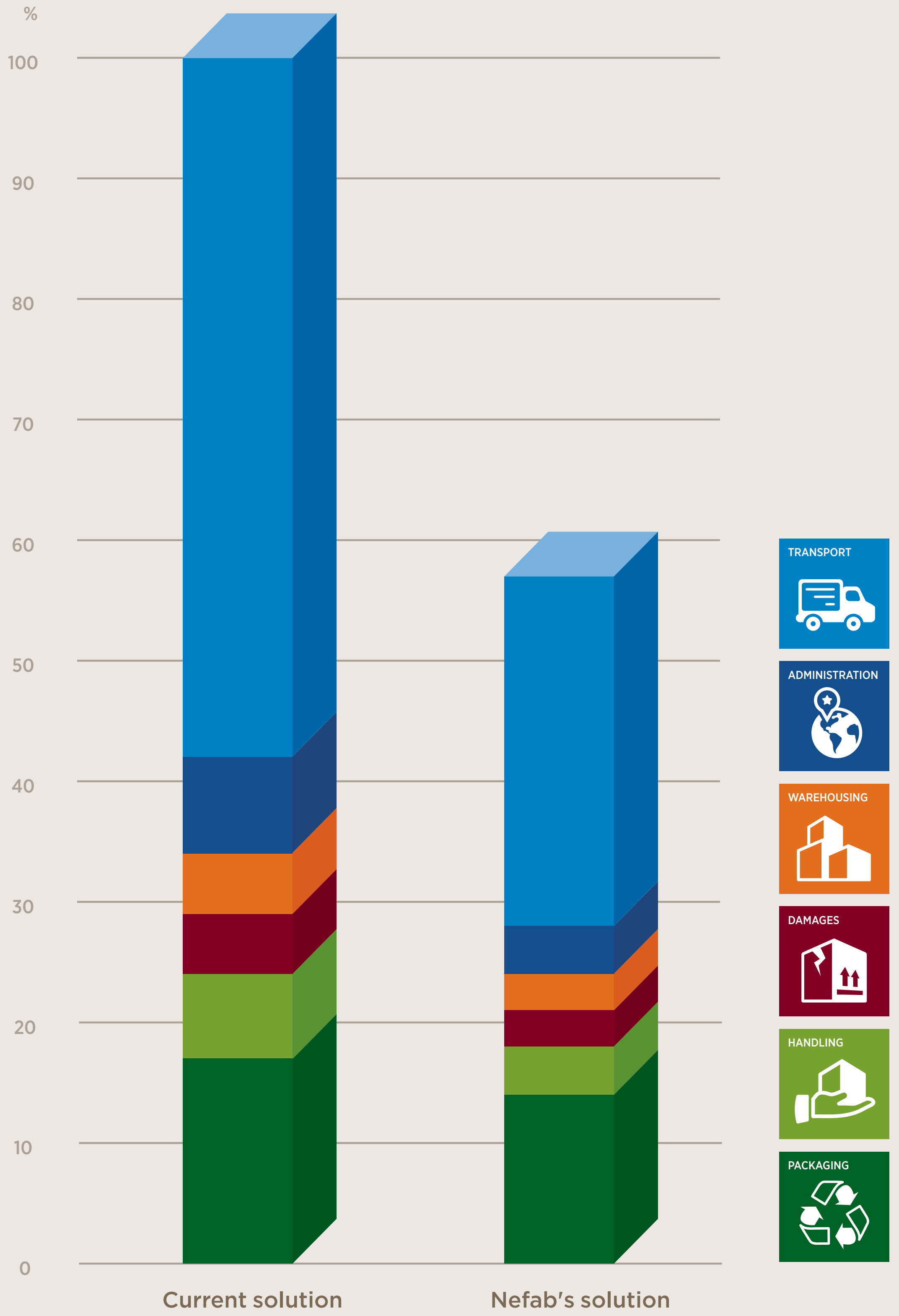
Administration

Nefab also undertakes to reduce administrative costs through Vendor Managed Inventory (VMI) services, web-order systems, recycling systems and pool services. The customer can turn fixed costs into variable costs and reduce the capital tied up.

Packaging and the environment

Nefab's packaging solutions are developed for optimized use of materials, waste management and recycling. The customer can thereby save on material costs and environmental charges throughout the life cycle of the packaging.

Total Cost Index

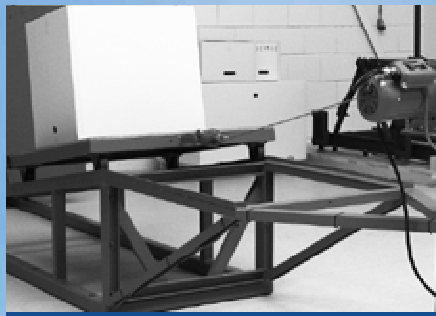


From needs analysis to customer benefits

Nefab's business concept is to offer complete packaging solutions that reduce total costs and environmental impact. To safeguard the offering to its customers, Nefab works according to a four-step process where the customer's flows are analyzed and solutions are developed according to specific customer requirements. Once the solution has been implemented, a follow-up is completed together with the customer to ensure that the desired function and performance have been achieved.

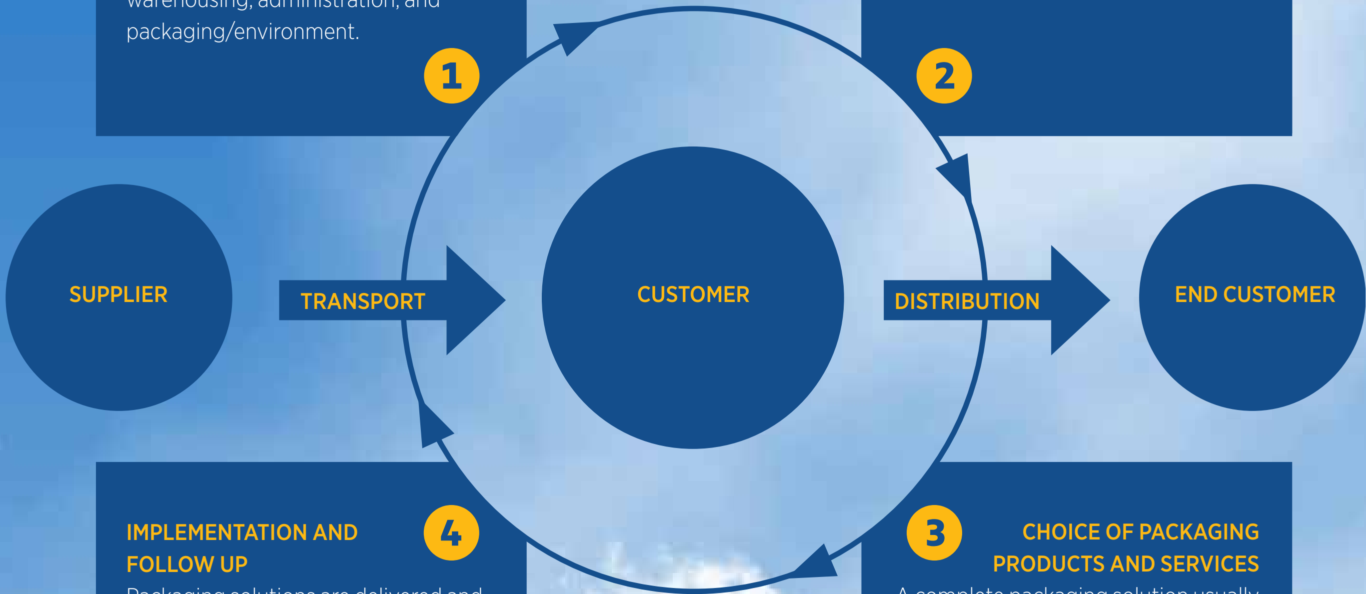
NEED ANALYSIS

Work begins with the identification and gathering of facts. What requirements must the packaging fulfill and how do the logistical flows work? Based on this, a status report is created from the six cost drivers: handling, damage, transportation, warehousing, administration, and packaging/environment.



DESIGN AND TESTING

A new, complete packaging solution is formed around the needs analysis. Samples are produced as required and validation is performed through physical tests, trial packaging and/or simulations.

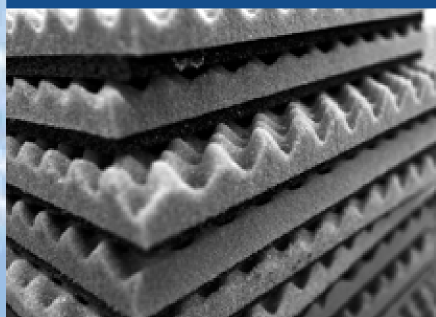


IMPLEMENTATION AND FOLLOW UP

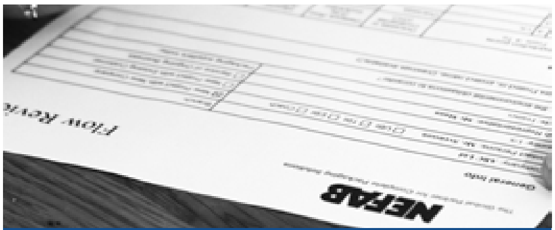
Packaging solutions are delivered and implemented in the customer flow. Once the new solution is in use, Nefab can offer post calculation to confirm the total cost and environmental impact. For global and complex deals, Nefab offers support and coordination during the implementation phase.

CHOICE OF PACKAGING PRODUCTS AND SERVICES

A complete packaging solution usually consists of several packaging products. During this step, decisions are also made about service commitments that can help to reduce the customer's packaging costs, such as warehousing or pool systems.



Packaging specialists with commitment and customer focus



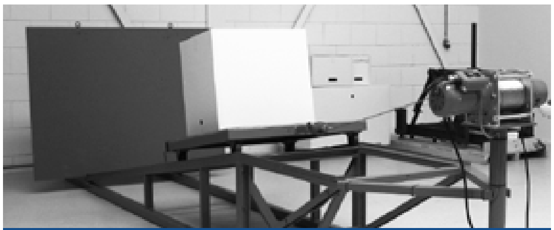
1 Need analysis

"Packaging reviews form part of the process when adding new customers, or are done at the request of existing customers. With the client's permission, we enter their production facility and, over a period of one to three days, we map the customer's products, production and packaging flows. We gather facts about the handling, any problems with damages and claims, conditions during transport – such as humidity and forms of transportation, environmental aspects, warehousing plus administrative details regarding volumes and logistical solutions.

After this information has been collected, it is analyzed in the form of a Cost Take Out Report (CTO), which shows how much money the customer can save with a new packaging solution, without any impact on quality and functionality.

In existing client relationships where we already have a good understanding of the customer's packaging flow and where the assignment may relate to a single packaging line, we use the same method but work from a level that is reasonable given the information we already have. A CTO is also produced in this case."

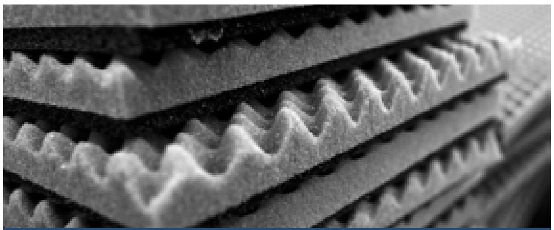
Patrick Bergeret, Senior Packaging Designer, Nefab France



2 Design and Testing

"Packaging engineers are tasked with designing a new packaging solution that is based on the needs analysis. Nefab has more than 120 packaging engineers spread across the three regions. The amount and type of information is critical when a packaging solution is to be developed. The needs analysis is often comprehensive, and in those cases where we work directly with the customer's product developers, we can test ideas effectively. Factors we must also consider are the size of packaging series and where the packaging will be produced and used. If the packaging is designed in Europe but produced in another part of the world, we consider during the design phase which materials are available at the location in question. Another important factor is whether to manufacture all or part of the solution in our own facilities or whether this shall be procured externally. To help us, we have an internet-based design library that includes all packaging solutions designed by Nefab. This adds value for the customer and makes our own process efficient by not having to constantly reinvent the wheel."

Ildiko Farkas, Manager PDC (Packaging Development Center) Europe



3 Choice of packaging products and services

"Design proposals are often customized, but they can also be based on standard solutions. There are also some basic 'truths' that affect the choice of solutions and materials. In the case of one-way transport of not-too-heavy products, in relatively dry conditions, corrugated cardboard can be the natural material for the outer packaging. If the customer wants reusable packaging, the options can be plywood or plastic. If transportation involves substantial temperature changes, or if the packaging needs to be washed between uses, then the latter makes for a wise choice. The reasoning is similar for inner packaging. If the product requires shock or vibration protection, foam may be a solution. In cases where it is important to have a protective atmosphere, for example to prevent corrosion, products can be packaged in different types of bags containing either a desiccant or VCI protection (Vapor Corrosion Inhibitor). Also very common is inner packaging from ESD materials, which protects electronic equipment against electro-static discharge.

The complete packaging solution also includes logistic services that help to reduce the total cost. It is also becoming increasingly common that the customer lets Nefab take responsibility for the actual packaging – this applies particularly to sensitive electronic and medical products where you want to have control over the entire process."

Wei Lijun,
Business Area
Director Aerospace & Renewable Energy, Nefab
China

4 Implementation and follow up

"The aim of our packaging review is to tailor a new, more efficient solution that is as ideally suited to the customer's existing product flows as possible. The implementation of the new packaging into production is done using prototypes and the customer's employees are trained in the handling of the new products. When needed, packaging instructions are also used to ensure the quality of the packaging process.

Cost efficiency is at the heart of Nefab's offering – the complete packaging solution – and therefore this is always followed up in dialog with the customer. Is the solution as functional as expected? Has it resulted in savings in the areas promised in the CTO report? Having open and honest communication with the customer is obvious. Our goal is to have a partnership based on trust, where clients feel that we are constantly working to develop their solutions and profitability."

Tom Kusek,
Regional Sales
Manager, Nefab
USA

Environment and employees are important success factors

Nefab's customers are growing increasingly aware. This year's customer survey shows a continued upward trend in Nefab's customer relationships. Nefab employees distinguish themselves particularly well, scoring highly in all regions.

Customer satisfaction index by region 2011

GROUP
83%

AMERICA
88%

ASIA
82%

EUROPE
83%

Every year, Nefab conducts a customer survey aimed at measuring customer satisfaction and obtaining customer feedback regarding Nefab's offering, Nefab's level of service and customer demand for packaging solutions. The customer survey is an important part of Nefab quality work, which aims to improve the market offering and increase customer satisfaction.

Showing confidence

The 2011 customer survey was the eighth in succession and was conducted by ZonderaCom. The survey was sent to Nefab's customers throughout the world. Nearly 500 customers responded to the survey, which is a response rate of 28 percent. In the survey, customers were able to specify whether they wished to respond anonymously or not. 76 percent chose to share their information with Nefab, which provides a positive indication about the company's customer relationships. The customer surveys have shown a positive trend in recent years and this was also maintained in 2011. The survey's customer satisfaction index amounted to 83, which was in line with last year and points to a continued high level of confidence among customers.

Employees mean the most

The most distinctive features of the survey are the results from questions pertaining to employees. In all regions, these questions produced better results compared with the other two focus areas. The conclusion is that one of the most important factors for customer satisfaction is cooperation and communication with Nefab's employees.

Heightened environmental awareness

This year's survey shows that customers continue to take a strong interest in sustainable packaging solutions. This confirms the importance of Nefab continuing to develop innovative, environmentally efficient solutions. The survey also revealed that customers want to know more about how they can use environmentally friendly packaging solutions in their operations.

Moving towards the vision

For the first time, we have tried to evaluate customers' perceptions of Nefab in terms of our vision to be "the global partner for complete packaging solutions." Customers were asked to assess how Nefab acts based on the following statements:

- Nefab acts *locally* as opposed to *globally*
- Nefab offers *products* as opposed to *complete solutions*
- Nefab is a *supplier* as opposed to a *partner*

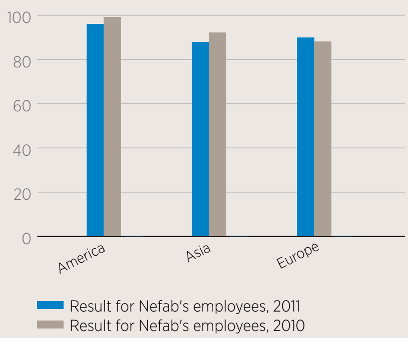
The responses show that customers increasingly regard Nefab as a global solution-oriented partner, rather than a local product-oriented supplier.

HOW DO CUSTOMERS PERCEIVE NEFAB WITH REGARDS TO VISION (SCALE 1–5)?

INTEREST IN ENVIRONMENTALLY FRIENDLY REUSABLE PACKAGING SYSTEMS

A quarter of Nefab customers are requesting support with the implementation of environmentally friendly reusable packaging.

RESULT FOR NEFAB'S EMPLOYEES



The graph shows the percentage of respondents who answered positively regarding their existing cooperation with Nefab's employees.

Nefab's global market potential

Nefab's global market offering is unique. Few companies can similarly provide complete packaging solutions on a global level. New opportunities are being created for the Group's growth by focusing on selected market segments in which globalization is a major driver.

Of the global packaging market, 40 percent represents industrial and transport packaging and 60 percent represents consumer packaging. Nefab focuses on the former, which in 2009 corresponded to USD 250 billion*. Of the total consumption of industrial and transport packaging, 93 percent takes place in markets where Nefab is present. The global market for packaging is relatively evenly spread over three regions: Europe accounts for 35 percent of world consumption, while the Americas and Asia account for 29 percent each. The global transport market is expected to grow at a slightly higher rate than overall global growth. The market achieved its highest level to date in 2008, 9.3 percent of GDP, and is expected to have recovered by 2013**.

BRIC countries are the markets where growth is expected to be highest. Nefab already has a strong position in China, India and Brazil. In 2011, efforts to penetrate the Russian market were intensified. Mexico is another interesting emerging market where the acquisition of PDS Global Packaging ensures Nefab's global offering to customers in the telecom market segment.

Market trends

Globalization is a general market trend – products and packages can be developed and produced anywhere in the world. Large companies are organized by product areas and they also tend to consolidate the supplier base based on their global standardization requirements. The demand for sustainable, environmentally efficient solutions is increasing rapidly as are the demands for advanced development techniques and virtual design.

Focus on growth areas

Nefab has chosen to focus operations on three strategic market segments: Telecom, Energy and Industry. Within the Telecom market segment, development is being driven by an increase in mobile computing and an increasing demand for network and storage capacity. Nefab is the leader in packaging solutions for the market segment. Within the Energy market segment, growth is being driven by the continuing increase in global energy demand, as well as the considerable investments in infrastructure being made in emerging markets. In this area, Nefab is also a leader in packaging solutions. Within the Industry market segment, Nefab has identified the growth areas of aerospace, vehicles and healthcare equipment which are being driven by increased travel, the modernization of aircraft fleets, increasing demand for heavy vehicles and a growing population.

Competitive situation

Nefab delivers complete packaging solutions that include products and services on a global scale. The concept is designed to help customers reduce costs by focusing on complete solutions rather than the purchase price and of individual products. Design and development expertise, combined with a unique global platform make Nefab one of the strongest suppliers in the market. No matter where in the world the customer is located, Nefab can offer functional solutions that are the most cost-effective.

Presently, there are only a few individual competitors that can offer the same types of solutions on a global scale. The market is fragmented and competition consists mainly of companies that can either offer just one type of packaging globally, or complete solutions locally. An example of the former could be globally active suppliers of corrugated packaging products. These may be a competitor in certain markets and partners in others.

Based on Nefab's unique position and offering, the company has a number of market advantages that will help future growth.

GLOBAL PACKAGING MARKET USD

630 BILLION*

INDUSTRIAL PACKAGING USD

250 BILLION*

NEFAB'S PRIMARY TARGET GROUP USD

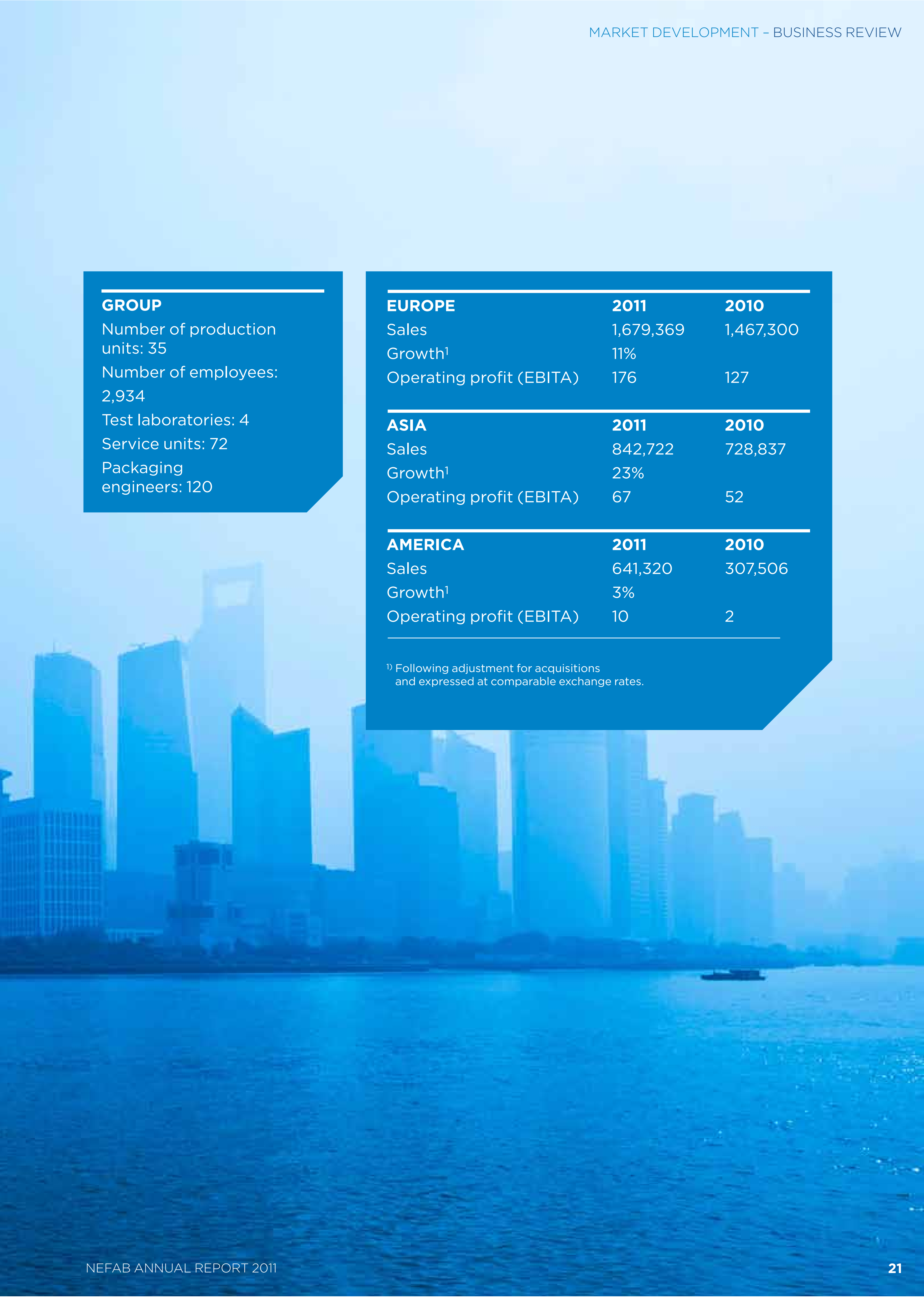
4 BILLION

* Source: The Future of Global Packaging (Pira International 2009)

** Source: Global Sea freight through the economic downturn (Datamonitor 2009)

Globally – three rapidly growing regions

Nefab's global operations are conducted within three regions: America, Asia and Europe. All regions are in an expansive phase where interesting growth markets are offering new business opportunities. The regions have developed positively in 2011, but the focus has varied. Region America has concentrated its business on the consolidation and continued development of previous acquisitions. Region Asia grew strongly with a number of new international customers and strengthened its position, notably in China. Region Europe has undertaken a strategically important restructuring, strengthening its position ahead of continued expansion.



GROUP

Number of production units: 35

Number of employees: 2,934

Test laboratories: 4

Service units: 72

Packaging engineers: 120

EUROPE	2011	2010
Sales	1,679,369	1,467,300
Growth[1]	11%	
Operating profit (EBITA)	176	127

ASIA	2011	2010
Sales	842,722	728,837
Growth[1]	23%	
Operating profit (EBITA)	67	52

AMERICA	2011	2010
Sales	641,320	307,506
Growth[1]	3%	
Operating profit (EBITA)	10	2

1) Following adjustment for acquisitions and expressed at comparable exchange rates.

Region Europe

The region's total sales increased from SEK 1,467 m to SEK 1,679 m. The region's operating profit before amortization of goodwill increased from SEK 113.5 m to SEK 160.7 m.

Geographical expansion continued during the year. Planning has begun for two new subsidiaries in Russia and Turkey, and these will be established during 2012.

Bo Angelstrand, Executive Vice President Europe

Events in 2011

2011 began weakly before turning into positive growth in most European countries during the second and third quarters. The period was also characterized by a dramatic increase in commodity prices, although it was possible to return this to the market. This year's fourth quarter was marked by uncertainty regarding the European debt crisis. In total, growth for the entire region increased by 11 percent following adjustment for acquisitions and expressed at comparable exchange rates.

The Telecom market segment performed very well during the first three quarters but was affected during the fourth quarter by instability in the supply chain, resulting in lower production volumes. Total growth for the market segment finished at 21 percent. The other market areas, however, noted continued strong demand at the end of the year. The Industry market segment finished up at 8 percent. The Energy market segment increased sales by 26 percent and it is also worth noting that there has been an increase in customer demand for Packaging Reviews. Much of the increased sales are attributable to the acquisition of the packaging company Peinetti in France in 2011.

During the year, a new Europe organization was launched. As a result of this, the local companies in Benelux, Sweden, Germany and Austria all have new management. In France the wooden packaging manufacturer Peinetti was acquired, providing a strategically important portal to new customers in the Energy market segment. The production capacity in northern Europe was restructured, which included 5,000 m^2 expansion of the facility in Estonia. This will now be able to serve the whole of Europe. The geographical expansion continued during the year, including the establishment of a separate sales organization in Morocco. Planning has begun for two new subsidiaries in Russia and Turkey and these will be established during 2012.

Future outlooks

Lower demand is expected in 2012 as a result of the slowdown in the European economy. Despite this, Nefab has a strong product and project portfolio, providing opportunities for increased market share in the European market. Focus areas are companies within Energy, Vehicles, Aerospace and Healthcare Equipment. We expect an increase in service sales, of which packaging services is an important part.

FACTS

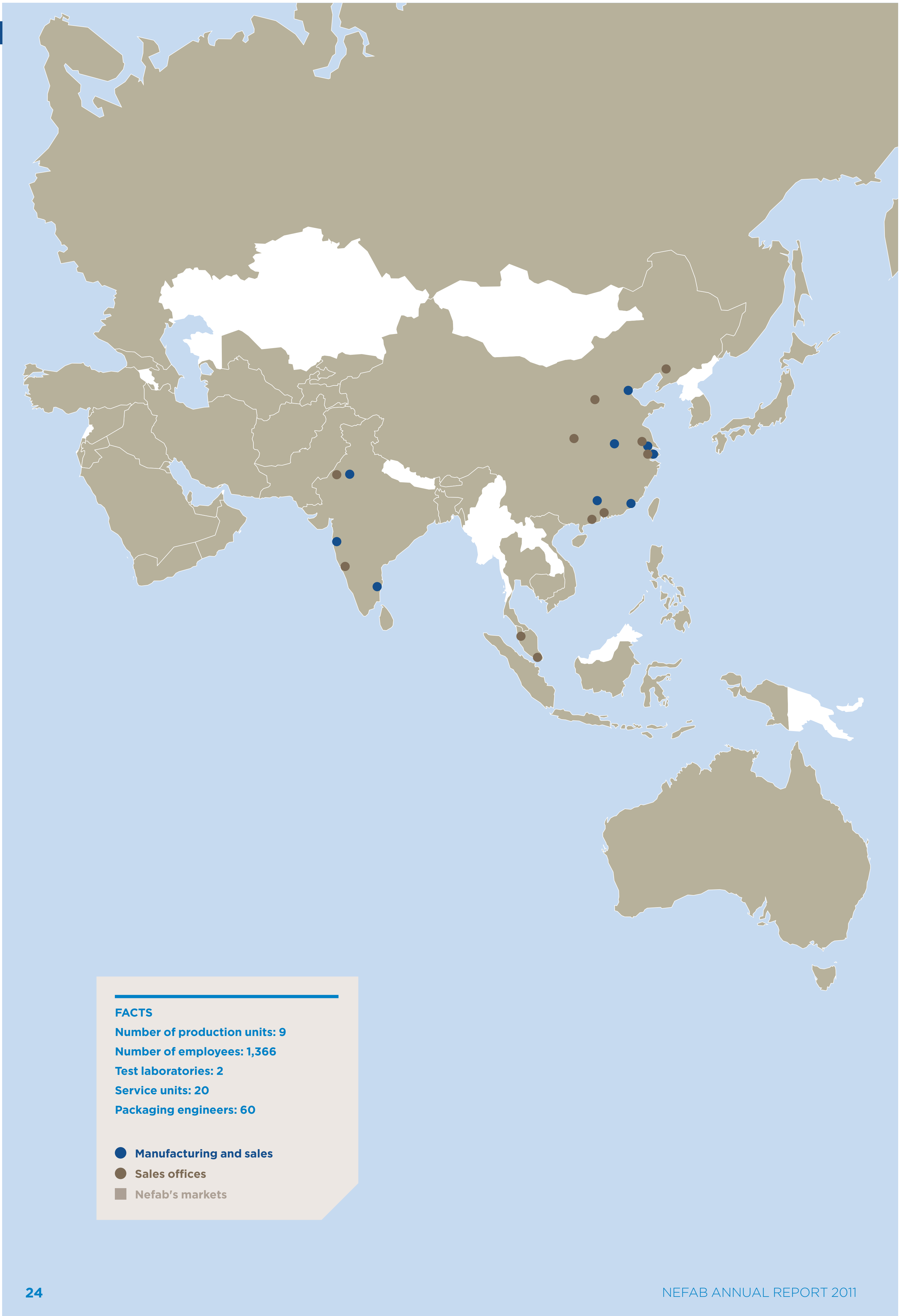
Number of production units: 14

Number of employees: 988

Test laboratories: 2

Service units: 50

Packaging engineers: 45



FACTS

Number of production units: 9

Number of employees: 1,366

Test laboratories: 2

Service units: 20

Packaging engineers: 60

- Manufacturing and sales
- Sales offices
- Nefab's markets

Region Asia

The region's sales increased from SEK 729 m to SEK 843 m. The region's operating profit before amortization of goodwill increased from SEK 39.3 m to SEK 55.6 m.

In 2011, Nefab established technology for the manufacture of packaging for heavy products in the Chinese market. Further investments, such as the establishment of production units in Malaysia, Pune in India plus Chengdu and Shenyang in China, will ensure continued growth in the region.

Stefan Ekqvist, Executive Vice President Asia

Events in 2011

2011 was a successful year for the region, with growth in all geographical areas. The sales increase was greatest in India with 53 percent, followed by China, which recorded growth of 20 percent. Southeast Asia has also performed well during the year with a sales increase of 11 percent. Overall, sales for the region increased by 23 percent following adjustment for acquisitions and expressed at comparable exchange rates. Sales to the priority market segments have also performed well compared to last year. Telecom recorded growth of 27 percent while Industry grew at 16 percent. The Energy market segment grew by 43 percent and the future continues to look positive with increased demand for sophisticated customized packaging solutions.

During the year, a new market-oriented structure was successfully implemented in China. A new production line for the manufacture of Nefab's lightweight pallet will increase the level of service for key customers and during the year, Nefab also introduced packaging capacity for heavy products in the Chinese market. A number of global agreements were also signed with customers operating in the region, including comprehensive consulting services. 2011 was also the year when the region organized its first global "Pakademy," a training course with participants from Australia, Belgium, France, India, China, Korea, Sweden and Germany. The training program, which is organized by Nefab, includes theory and practice regarding packaging materials, sales processes and testing methods.

Future outlooks

Four new production units will be added in the region over the next few years: Chengdu and Shenyang in China, Pune in India and in Malaysia. The integration of market segments and global processes will continue in the region and China will also be connected to the global design network. Knowledge and expertise within design, sales and operation will be transferred from Europe, with the focus on areas such as the packaging of heavy products.

Region America

The region's sales increased from SEK 308 m to SEK 641 m. The region's operating profit before amortization of goodwill increased from SEK 2 m to SEK 10 m.

In 2011, PDS Global in Mexico was acquired, giving us a strong local presence in the area while also solidifying our position as a global partner for complete packaging solutions.

Brian Bulatao, Executive Vice President Americas

Events in 2011

In 2011, growth for the region amounted to 3 percent following adjustment for acquisitions and expressed at comparable exchange rates. The region's sales performance has been strongest in Brazil, which grew by 38 percent. Mexico has also had positive growth as well as doubling sales through acquired and organic growth. The US and Canada had modest growth in 2011.

Market segments in the region have performed positively during the year. The Telecom market segment has had growth of 8 percent, with much of the increase from increased sales in both Brazil and Mexico. The Energy and Industry market segments grew by 8 percent and 1 percent respectively in 2011. In San Jose, a new telecommunications center has opened where a showroom will be built to display Nefab's expertise within design, production and packaging tests.

The year was characterized largely by acquisitions and mergers. In 2010, the American packaging company Chick Packaging was acquired, and the past year has involved a great deal of work such as coordinating the sales force, financial integration, branding and enhanced product offerings. In 2011, Nefab acquired the packaging company PDS Global in Guadalajara, Mexico. The acquisition has resulted in a broader range and increased on-site service to customers in the area, which is also reflected in sales.

Nefab's production unit in Kentucky was closed during the year. The facility manufactured packaging for moving heavy machinery and oil rigs and was therefore not regarded as core business. During the year, a strategic initiative has been undertaken with structural investments in machinery, software and human capital. The US's first ExPak-production was installed at the factory in Dallas where the region's headquarters are located. New equipment with technologies that enable increased service levels through efficient production of small batches and samples have been installed at a number of production units. New software also makes it possible to simulate material stresses that speed up the development process and enhance market competitiveness.

The region's capacity in terms of engineering and design has been reinforced during the year and also includes technical sales support staff who support the sales teams in their work.

Future outlooks

In 2012, the focus is expected to remain on growth and development in terms of new product launches, geographical expansion and a focus on customer service. For example, in the coming years a new center aimed at Telecom will be established in San Jose, California. Investments in new technology will be made in Canada and a new production line for lighter packaging will be installed in Mexico. According to plans, geographical expansion will also continue in Mexico.

FACTS

Number of production units: 12

Number of employees: 580

Service units: 2

Packaging engineers: 15

New areas opening up for further growth

Revenue compared with 2010[1]

+22%

Restructuring was carried out in 2011 in order to increase market share within new, strategically important areas. Sales within the segment increased from SEK 699 m to SEK 856 m.

TELECOM

More than 50 years' experience of packaging within the telecoms industry

Local and global service platform

Complete solutions for mobile infrastructure

[1] Adjusted for acquisitions and expressed at comparable exchange rates

Nefab was among the first suppliers to the telecom industry and customer relations within the Market Segment have developed strongly over the years. Nefab has a unique insight into the industry's needs, and is able to quickly meet and take advantage of structural changes in the industry. In light of technological developments, Nefab has redefined the area during 2011 and is now focusing on mobile infrastructure in its entirety. The existing operations, directed toward providers of mobile networks, have been supplemented with a new group of customers as providers of servers, routers and fiber. Mobile technology has become increasingly dependent on data transfer, which has opened the doors to a completely new market. Potential customers include major international hardware suppliers.

Nefab delivers packaging solutions to Original Equipment Manufacturers (OEMs) as well as to contract suppliers and subcontractors. As telecom products use increasingly advanced technology they become more sensitive, increasing the need for complete, customized packaging solutions in large volumes. These can include inner and outer packaging, plus protection against vibration, corrosion and electrostatic discharge. Few competitors are able to offer the same qualified solutions at a global level.

Trends

OEMs demand more services in direct connection with their development centers, favoring Nefab which has the skills and capacity to provide design resources. OEMs also tend to outsource major parts of production to contract manufacturers who want to avoid tying up capital. This means an increased market for Nefab's supplier managed inventory and leasing services.

Market 2011

The Telecom Business Segment had sales of SEK 856 m in 2011 compared with SEK 699 m in 2010. For 2011, customers reported a strong upshift but production lost momentum during the year, mainly due to a global shortage of electronics components. The market has also displayed an increased focus on high-speed products, which has resulted in greater competition and further pressure on margins in terms of packaging. Business in Asia, and particularly in China, has grown very strongly.

Future outlooks

The dramatic rise of smartphones and tablets that connect to the Internet has greatly increased the need for computing power in mobile networks. This means that capacity must be expanded, with more antennas and better IT infrastructure. It is expected that the level of investment will continue to increase in the coming five years. In combination with a new focus on suppliers of computers and IT technology, this is expected to mean a sharp increase in sales in the segment through 2014. The acquisition of the Mexican packaging company, PDS Global Packaging Services, also opens up new possibilities to introduce Nefab's concept, complete packaging solutions, on a wider scale in the US and Mexico. In the future, expansion of the communications network in the USA is expected to make telecom the number one growth market.

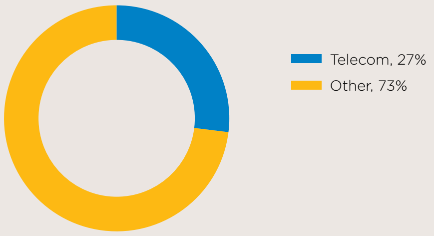
37% LOWER COST
PACKAGING REVIEW LED TO STREAMLINED LOGISTICS

Nefab has undertaken a highly successful packaging review on behalf of a major sub-contractor with a presence in Europe, Asia and the US. Initially, electronic panels were packed in traditional corrugated packaging that were placed on wooden pallets, stretch filmed and transported by air from Shanghai to Europe.

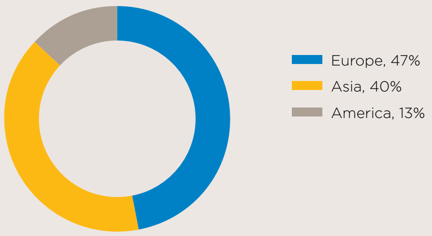
"The packages were not optimally filled and the pallets could not be stacked. This resulted in heavy and therefore expensive shipping weights, and was bad for the environment. It also took a long time to unwrap the panels when they arrived. Nefab's project group analyzed the flow and developed a lidded container that allowed 90 units per pallet, instead of 60 previously. The pallets could now be stacked three high, while also eliminating the need for stretch film and lengthy unwrapping. A new lightweight pallet also helped to lower the shipping weight considerably. The final outcome was an annual cost saving of 37 percent!"

Anders Mörk,
Executive Vice President Market Segment Telecom

% OF SALES



TELECOM SALES BROKEN DOWN BY REGION



Strategy for global growth with major customers

Sales compared with 2010[1]

+22%

The ever-increasing worldwide demand for energy makes this area a future market, and in 2011, strategic work began to launch Nefab's offering globally. Sales within the Market Segment increased from SEK 157 m to SEK 265 m.

ENERGY

Complete solutions for the Energy industry

FEM - analysis and test labs to guarantee packaging solutions

Customized solutions for individual packaging as well as large series

[1]) Adjusted for acquisitions and expressed at comparable exchange rates

In the energy industry, product protection and delivery performance are crucial. Valuable, sensitive and often bulky technology must be transported to sometimes remote places. Interruptions and delays are not an option.

Nefab's customers are active within three areas, power production (using generators and equipment for power plants), power transmission (components in all weight classes) and renewable energy sources that include equipment for wind power. Packaging solutions therefore include everything from single packages for large and heavy products to mass produced solutions. Often, it is about complete solutions with inner and outer packaging for highly sensitive goods. Nefab is one of the few packaging suppliers that can offer such versatility across the world.

Customers include a number of world-leaders and Nefab has built a global team in order to develop business with these companies. Nefab can thereby cooperate with customers at local and strategic levels – right alongside the customer's headquarters and development centers.

Trends

Globalization is a clear trend even in the energy industry, where the major providers are choosing to locate their production near to customers. This is particularly true for the BRIC countries (Brazil, Russia, India, China) where the need is substantial. Evaluations and changes to packaging systems are seen as effective and quick ways to make savings and there is growing interest in reviewing total costs and designs. Customer involvement in environmental issues has also increased significantly.

Market 2011

Growth in the energy industry continues to be hampered by the volatile global economy. Many manufacturers are therefore looking for cost savings, opening the door to Nefab's expertise in packaging reviews and streamlining. The new segment has developed satisfactorily during 2011 and sales for the full year were SEK 265 m.

Future outlooks

Nefab's focus on the energy segment is thought to have great potential, and the objective is to grow Nefab's global market share substantially. Work has begun to consolidate and develop existing customer relationships and to equip the organization for future growth. In Europe and America, the market is expected to remain almost level during the next year. The demand for energy should increase slightly, but it may also accelerate strongly if the global economy picks up. Asia is the region where energy production is increasing the most, with high demand for products within power generation and power supply. Asia is also expected to increase exports of energy-related products. The result may be that manufacturers are squeezed by high volumes and demands for price reductions.

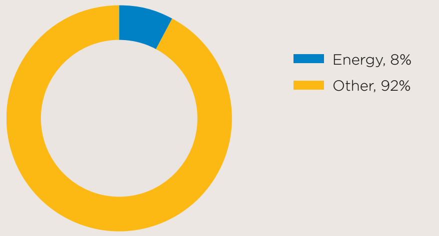
RACE AGAINST THE CLOCK
LARGE FORMAT CALLED FOR SMART SOLUTIONS

A major power outage in Spain, caused by a broken power generator, put enormous pressure on one of Nefab's power generation customers. 13 new generator cores had to be quickly shipped from the US to Spain so that the generator could be rebuilt on-site. Each part weighed 5.4 tons and measured 3.3 meters in diameter. The parts also had to fit in the hold of an aircraft and be loaded horizontally.

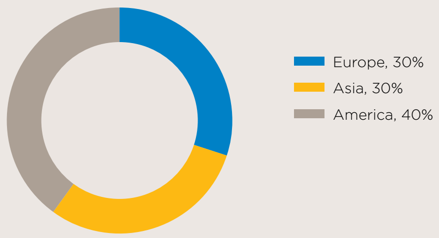
"We had 60 days, which was very short for such a large project. We formed a project team consisting of employees from Nefab and from the customer. To distribute the weight and provide good support for the modules, we built a platform out of plywood and timber for the actual packaging process. Since the generator cores could only be loaded horizontally, we constructed two lifting cradles, one for the outbound shipping, and one in Spain. The project was completed and the parts in place after only 47 days."

Rui Garrido
Executive Vice President Market Segment Energy

% OF SALES



ENERGY SALES BROKEN DOWN BY REGION



Broad customer base under continous development

Sales compared with 2010[1]

+7%

Operations in 2011 were positively affected by the global recovery and sales increased from SEK 1,641 m to SEK 2,029 m. A strategic initiative was also introduced during the year, focusing on three growth industries: aerospace, vehicles and healthcare equipment.

INDUSTRY

Leading packaging supplier for the manufacturing industry

Packaging engineers on three continents

Dedicated team for the automotive, aerospace and healthcare equipment industries

1) Adjusted for acquisitions and expressed at comparable exchange rates

Nefab has a long tradition of providing packaging to exporting manufacturers and is today one of the world's leading suppliers in the field. The Industry Market Segment is Nefab's broadest Market Segment and includes packaging solutions for products in all sizes and weight classes for a number of customers. These customers include the market's leading manufacturers of steel products, engineering, technical instruments and appliances. Packaging solutions mainly include export packaging and reusable packaging that is designed based on the customer's supply chain. The competition is primarily made up of international manufacturers of corrugated packaging as well as local packaging suppliers that specialize in individual materials. Nefab, however, has the strength to offer customized packaging solutions from a wide range of materials, ensuring the optimization of packaging in relation to the total cost. In addition, Nefab can offer a global service to those stakeholders operating in several markets. During the year, focus was put on three market segments with growth potential.

Aerospace

Forecasts indicate that the number of aircraft in the world will double in the next 20 years. The trend is being driven by increased passenger and freight transport, as well as other developments in the industry. Expensive jet fuel is stimulating demand for fuel-efficient engines and passengers are demanding ever greater comfort, leading to the premature replacement of aircraft. In future, the classic aircraft manufacturers will face competition from new players in countries such as China, India, Brazil and Russia.

Nefab is targeting both commercial and military aircraft. The market is divided into the two fields of activity: supply and maintenance. Supply includes the inflow of components to aircraft manufacturers – from the fuselage and wings to instrument panels, seats and other components. The packaging solutions vary from large expendable packaging to packaging for small and medium components in small series, with a focus on the protection of valuable and complex products. Nefab's customers include major aircraft manufacturers and a number of customers in the fragmented supplier market. Maintenance includes the airlines' maintenance of their fleets and, frequently, other airlines' fleets. Nefab's services include entire packaging systems with inventory management and the delivery of specially designed packaging for spare parts to hangars throughout the world. In an industry where safety and punctuality are critical to the customer's business, Nefab competes with speed and high delivery accuracy. Nefab currently has airline customers in Europe, Asia and North America.

Healthcare Equipment

As the global population increases, so does the share of older people. The production of healthcare equipment is therefore a future market. Nefab's customers are active in two areas: medical diagnostics and treatment equipment. MRI and CT scanners and X-ray equipment belong to the former group, while the latter includes machines for dialysis and cardiopulmonary resuscitation. The field exclusively contains high-value products and sensitive electronics, placing high demands on product protection. Formats are generally large and since the products are often assembled and put into operation while still in their protective transport containers, the packaging must be made to fit into elevators and through doorways until it reaches the treatment room. The market is also governed largely by the rules of the U.S. Food and Drug Administration, which also takes the packaging into account with regards to quality assurance. Packaging suppliers must therefore be involved in the product development process and for this reason, the market demands sustainable processing. However once trust has been established, there are frequently opportunities for developing long-term customer relationships. Nefab's customers include three of the largest suppliers in this market.

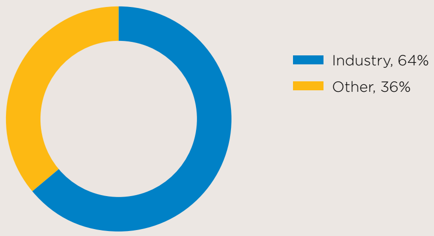
Vehicles

The vehicle industry is a powerful engine in the world market for packaging products. It is estimated that the vehicle industry accounts for about 40 percent of all industrial and transport packaging. Nefab's cooperation with the vehicle industry goes back more than 60 years.

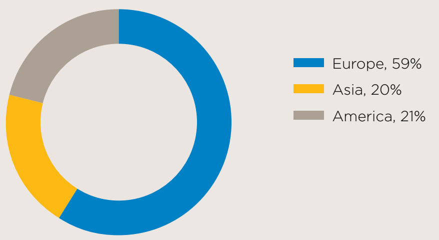
Today's vehicle industry is global, with advanced development, manufacturing and transport flows. Nefab's customers are to be found in all branches – from the large European and Asian car and truck manufacturers to Original Equipment Manufacturers (OEMs) and suppliers. Packaging solutions cover various flows: between suppliers and OEMs as well as vehicle manufacturers' internal handling of components. "Knock Down Units" are becoming increasingly common and mean that all vehicles are transported in parts for assembly at a factory in a different part of the world. The after-market is also an important part of the packaging potential within the Market Segment.

The complexity of the automotive industry demands a large number of materials and the

% OF SALES



INDUSTRY SALES BROKEN DOWN BY REGION



ability to design customized solutions. Packaging generally has to cope with stresses over long distances, and includes everything from expendable packaging to returnable packaging. Nefab stands out from the competition as a global, materially diverse packaging company that offers efficient complete packaging solutions. The competition consists of international packaging companies with limited material choices, or suppliers that are tied to certain places.

Trends

Increased globalization is evident in industries where international companies are engaged in worldwide production. The sub-segments within the market segment Industry within the Business Segment reflect a structural redistribution, with increased production and growth in the so-called BRIC countries: Brazil, Russia, India and China.

Market 2011

The Market Segment Industry has grown strongly in 2011.

Invoicing amounted to SEK 2,029 m (1,641), which is an increase of 7 percent.

Future outlooks

In light of the uncertain international financial market, it is difficult to predict the development for 2012. Continued investments in the aerospace and healthcare equipment segments will be applied. The aim is to triple sales within aerospace and to double sales within the healthcare equipment industry. Trends within the Market Segment are following Nefab's overall vision to focus on complete packaging solutions that includes value added services.

ALWAYS IN THE AIR
FULL CONTROL OF THE PACKAGING FLOW

Nefab has completed a packaging logistics efficiency project for a major European airline, which includes a packaging review and a new supply arrangement. Nefab is responsible for the computer systems plus the storage and delivery of spare-parts packaging to the airline's maintenance hangars.

"The system means that the airline has been able to improve the quality and reliability of supply in their spare-parts chain. The system also means reduced packaging costs. By going from 20 or so suppliers to one has substantially reduced the overabundance of packaging."

Olivier de Guitaut,
Executive Vice President Market
Segment Industry

Sustainability report

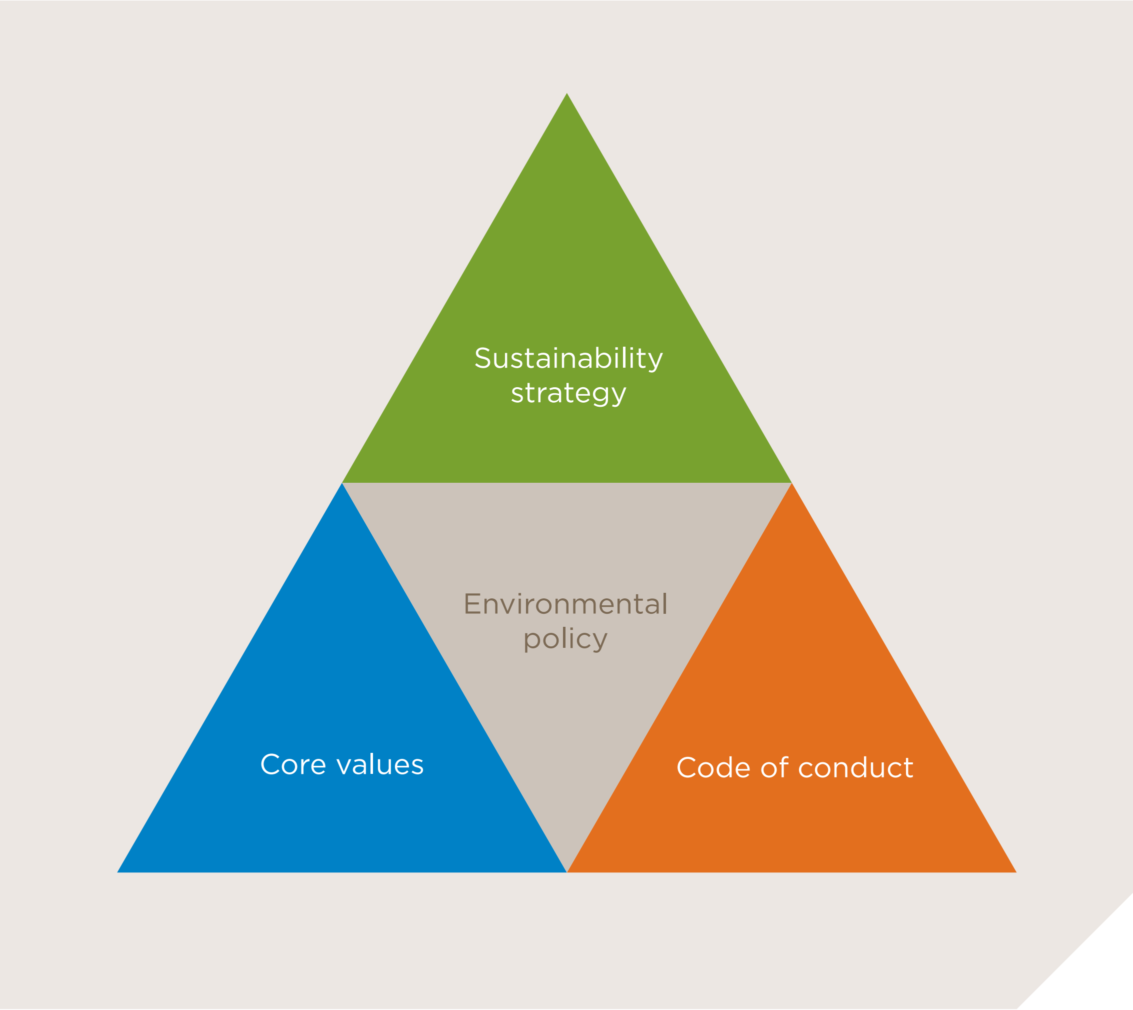
Nefab wants to secure a place in a sustainable future society. To do that, we are actively working in our operations to achieve sustainable development and manage our stakeholders' requirements and expectations. This is the first sustainability report that Nefab has prepared in accordance with GRI (Global Reporting Initiative G3 Guidelines), level C, which is reported once a year in conjunction with the annual report. (GRI profile can be found on pages 107–108)

Nefab's sustainability report covers the key aspects of the company's social and environmental impact and the content is based on Nefab's ongoing stakeholder dialogue and the strategic importance of each area for the company.

The report includes all Group companies in terms of all key ratios. With regards to environmental impact indicators, particular focus has been placed on the production units and for some smaller sales companies, simplified templates were used as a basis for the measurements. Products sold by Nefab but not manufactured by us are not included in our measurements, nor are activities that are outside Nefab's control area, such as the activities of sub-contractors.

A part of Nefab's customer offering

As a global supplier with operations in more than 30 countries, Nefab has an inspiring opportunity to work with sustainability issues from an overall perspective. Sustainability work is broad, including support for human rights and environmental issues as well as fighting corruption. Naturally, the Group also has an obligation to meet these requirements in its own operations and to continuously develop procedures, processes and reporting within this area.



Nefab prepares its sustainability reporting in accordance with GRI's (Global Reporting Initiative) Sustainability Reporting Guidelines 3.0, with Nefab reporting at Level C - Self-Declared.

Sustainability work is an important and integrated part of Nefab's customer offering. A structured process leads to a favorable business climate that attracts skills, provides more efficient control and strengthens the brand. Sustainability work also play a key role in Nefab's competitiveness, paving the way for doing business with new customers who share the same values. The sustainability work is governed by Nefab's vision, core values and code of conduct as well as the policies established in relation to laws and regulations. In 2011, Nefab's sustainability work has entered a new phase in which many practical measures have been implemented, while new strategies have been drawn up for future work.

Nefab's core values

In 2011, Nefab's values were simplified and clarified in order to create optimal conditions for implementation and understanding throughout the Group. During the year, the values "Simplicity", "Respect" and "Empowerment" have been introduced for employees in every part of the Group. These words can be summarized to say that Nefab offers simple solutions to complex processes. Customers and the world at large will encounter humble people who show respect for their own and others' cultures, and who are committed to their work. An enthusiasm that is built on Nefab being an open and honest company with room for personal initiative and responsibility.

Vision and strategy for sustainability

In 2011 strategies were established for Nefab sustainability work, with measurable objectives for the next three years. The overall goal is to position Nefab as a leading "green" company within industrial packaging. Nefab uses the term "green" to communicate its sustainability work from a broad perspective. For this to be achievable, three basic strategies have been developed:

- Nefab will ensure sustainability throughout the *supply chain*.
- Sustainability shall be more clearly instilled into Nefab's own operations and *internal processes*.
- Sustainability will be an integrated part of Nefab's *customer offering*.

Targets and action plans have been developed for each of these areas. Nefab should be seen as the first choice among global packaging companies in terms of sustainability, and will build a strong employer brand through its sustainability work. As an employer Nefab must be recognized as a company that cares about people, the environment and society.

Nefab's combined approach regarding sustainability, along with the overall objectives, strategies and organization, was decided by the Board of Directors in December 2011.

Organization

Nefab has selected a network organization for its sustainability work with Nefab's "Green Team" at the heart of this network. The "Green Team" manages and coordinates the sustainability work, for example by initiating new concepts and tools that can enhance the environmental work within the framework of Nefab's concept of complete packaging solutions. The group includes employees with various skills and roles who work under the guidance of a coordinator. In 2011, the decision was taken to invest in a new full-time position to lead the work.

Global Compact

Since 2008, Nefab has been involved in Global Compact,the UN's efforts regarding sustainability. Global Compact is a strategic initiative for companies that have pledged to adapt their operations and strategies in accordance with ten principles in the areas of human rights, labor law, environment and anti-corruption. The initiative for the Global Compact was taken in 1999 by the then UN Secretary General Kofi Annan and aims to create a more sustainability-oriented global economy. In the project, the UN works with business and society on an international level. Nefab reports its development work each year and the latest report was completed in autumn 2011. The complete report is available at www.nefab.com

Economic value creation

Sustainability work affects both revenues and costs and is part of Nefab's long-term value creation, which is of vital importance not only for the company but also for society as a whole.

Created and distributed economic value, SEK m	Stakeholders	2011
Directly creates economic value		
Revenues	Customers	3,150
Distributed economic value		
Operating costs	Suppliers	2,263
Personnel costs	Employees	641
Financial net	Owners/ Banks	185
Tax	Society	14
Investments		
Net investments	Suppliers	140

You will never know unless you ask

Successful sustainability work is based on continuous dialogue with the outside world. Nefab's global operations mean that we work under many different circumstances where laws and expectations of the company may be very different. In a constantly changing world, communication with all company stakeholders is key to further development.

Nefab's stakeholders include employees, customers, suppliers, owners, environment and society as a whole (such as government agencies and various associations). The company maintains continuous communication and conducts hands-on work with stakeholders on multiple levels.

Employees and customers

Every year, employees and customers are given the opportunity to express their views and wishes in comprehensive surveys. The employee survey addresses issues relating to health, leadership, job satisfaction and working conditions, while customers express how Nefab meets their requirements in terms of quality, product safety and corporate responsibility.

EMPLOYEE SATISFACTION INDEX (ESI)

Response rate for both years 84%.

Suppliers

Continuous dialog with suppliers takes place through daily contact as well as through work regarding the code of conduct and controls. These issues mainly concern human rights, health and safety, social responsibility, environment and quality. The Group's purchasing organization also conducts an ongoing review of the supplier base in accordance with established criteria and processes.

Owners

An overall perspective is important for Nefab owners, and the organization is always ready to respond to individual questions. The goal, however, is to provide as much complete information as possible from the start. Issues emanating from the owners often revolve around the Nefab business model with a focus on long-term value creation.

Environment and society

Government agencies in Nefab's various markets are primarily interested in safety, working conditions and health. The dialogue occurs mainly through advice, inspections and meetings with representatives of various government agencies. Through its support of Global Compact, Nefab indirectly contributes to a comprehensive global stakeholder dialogue with a broad perspective.


NEFAB'S STAKEHOLDERS
CUSTOMERS
OWNERS
EMPLOYEES
SUPPLIERS
ENVIRONMENT
SOCIETY
Securing
a place for Nefab
in a sustainable future
society
SUSTAINABILITY – STRATEGY

Packaging as a way of influencing

Nefab's greatest contribution to the environment is directly linked to its business offering, which encourages the customer to choose the most environmentally-efficient solution. In the work to develop new optimal packaging concepts, Nefab is finding new, sustainable solutions that make a global impact through its customers.

Nefab's packaging is always optimized to give maximum protection with minimal material consumption. In this way, resources can be saved in the packaging supply chain, while also reducing losses due to damage and discarded products. Designing the packaging properly leads to more efficient loads in trucks and containers, which means that customers carry less air and can reduce CO_2 emissions. As far as possible, all packaging solutions from Nefab are also designed with consideration to recycling.. The customer offering includes a range of smart returnable packaging and rental systems that increase utilization and reduce the consumption of materials and energy. Today, Nefab has two established tools that are used to control the packaging solution's environmental impact and to drive customer motivation. The first is life cycle analysis (LCA), which takes into account the packaging's environmental impact throughout its life cycle. RECO analyses are also performed, showing how a packaging review, with investment in new, more environmentally-friendly packaging, can improve the customer's profitability.

Environmental policy

Nefab's environmental policy is based on the principle that with our complete packaging solutions, we can avoid wasting resources both in the packaging itself and in terms of damages. The goal is that the packaging products should have low environmental impact throughout their life cycles. The minimum requirement in our own production is to to comply with current laws and regulations and the aim is to surpass them. Today, eleven of Nefab's facilities are certified in accordance with ISO 14001 with the aim of all production facilities becoming certified – a process that will take a few years. The intention is to use natural resources as carefully as possible and to encourage suppliers to do the same. Nefab's procurement organization is actively working to ensure that suppliers conform to Nefab's code of conduct and accept their own responsibilities toward the environment. All suppliers must follow the environmental laws and regulations applicable in each country. Nefab's procurement organization conducts an ongoing evaluation and development of the supplier base. Nefab's operations are also affected by a number of laws and regulations covering the entire packaging industry. For instance, packaging must not be contaminated by harmful insects nor may they be manufactured using hazardous chemicals that could ultimately harm the environment.

Future initiatives

A number of different improvement projects are being pursued within the framework of ISO14001, with continuous improvement as an overriding theme. Such initiatives include energy efficiency and emission reductions (CO_2) for our own vehicle fleet. In 2011, we also began working to take better and more accurate measurements of CO_2 and other relevant emissions from manufacturing units.

Key ratios	2011	2010
Plywood consumption (m^3)	104,181	93,091
Steel consumption (tons)	9,810	8,932
Consumption of paint and coatings (tons)	45	38
Water consumption (m^3)	80,932	67,594
Direct and indirect emissions of greenhouse gases (tons) 1)	878	-

1) Emissions from our own production, excluding inbound and outbound transportation.

INFORMATION ABOUT THE ENVIRONMENTAL IMPACT OF DIFFERENT PACKAGING SOLUTIONS

Question: The proportion of respondents from the customer survey who want information about the environmental impact of various packaging solutions.

IMPLEMENTATION OF SUSTAINABLE RETURNABLE PACKAGING SYSTEMS

Question: The proportion of respondents who want support with the implementation of sustainable returnable packaging systems.

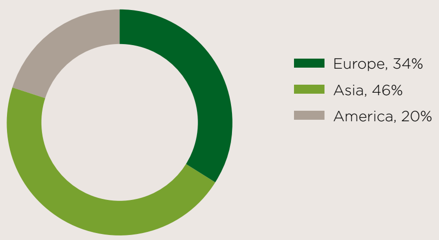
Knowledge, commitment and diversity

Nefab's employees naturally play a key role in our sustainability work through various initiatives throughout the value chain.

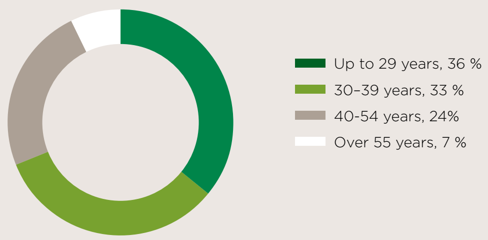
Employees
Nefab is a knowledge-based company and its market-leading position is maintained by focusing on the individual employee's development. Nefab will offer attractive opportunities to ensure that employees choose to remain while allowing valuable new skills to be recruited. Nefab is characterized by a customer-oriented corporate culture where employees are encouraged to develop a proactive approach. Nefab's values and code of conduct form the basis for the corporate culture to reflect the Group's global expertise and diversity. Every year, all employees are invited to participate in an employee survey in which they respond to a number of questions concerning health, job satisfaction, leadership, physical and psychological working conditions, etc. In connection with the 2010 survey the concept was developed to include a comprehensive employee index, simplifying comparisons and targets from one year to another. Units that scored the lowest index are subject to improvement measures. A second measure was to include the organizational structures of the operations in the survey. This makes it easier to follow the development in each organization, while still maintaining individual integrity. The employee survey is conducted by an external partner to ensure the methodology and integrity in every aspect.

Internal training – Web Academy & Pakademy
WebAcademy is Nefab's intranet-based skills portal. As part of WebAcademy, employees are offered a variety of basic tutorials on the company's packaging solutions and sales processes, as well as courses dealing with the company's social responsibility, environment and human rights. Pakademy started in China in 2008 to address the need to educate the large number of newly recruited engineers and salespeople. The five-week training program includes theory and practice regarding packaging materials, sales processes and testing methods. In 2011, the program was attended for the first time by participants from countries outside Asia. Nefab's ambition is to use Pakademy as a global training program for employees from all regions.

EMPLOYEES BY REGION



EMPLOYEES BY AGE GROUP



Code of Conduct

Nefab's code of conduct was last updated in 2007 and is based on the principles in the UN's Global Compact and other international policy documents.

Nefab supports and respects human rights and ensures that the company is not complicit in any breaches against them.

With regard to labor issues, employees have full freedom of association and there is no form of forced labor. Nefab is not involved in any form of child labor, nobody is employed below the age of 15 and hazardous work is never performed by employees under the age of 18. Nefab also undertakes to provide all employees with a safe and healthy working environment in accordance with international standards and local laws. Discrimination based on race, skin color, gender, sexual orientation, nationality, marital status, pregnancy, political opinion, ethnic or social background, age, disability or trade union membership is prohibited. Physical and mental harassment or intimidation is naturally prohibited.

Nefab also works actively against all types of corruption. The company's integrity, responsibility and reputation must be upheld in all circumstances and the company must not be associated with any type of bribery, extortion or other corrupt activities.

Environmental work must be conducted in accordance with local laws and regulations and the aim is to take the initiative for positive development – work that is described in greater detail on the facing page.

Naturally, the customer is also included in Nefab's code of conduct. In every meeting with Nefab, customers and suppliers must feel that they encounter absolute professionalism. Marketing and advertising should reflect reality and Nefab also assures its customers that the products and services meet legal requirements and agreements regarding quality.

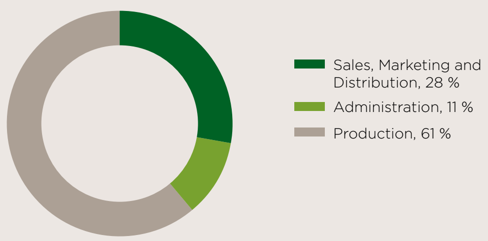
In 2011, one violation of Nefab's code of conduct and a serious workplace accident were reported. Appropriate measures have been taken to prevent this from happening again.

Key ratios – Employees	2011	2010
Percentage of employees who have union agreements	19%	19%
Hours of training per employee	12.2	13.4
Percentage of employees who have regular development talks	28%	29%
Board members for the Group, gender breakdown	5% female 95% male	5% female 95% male
Presidents and other senior executives[1]	20% female 80% male	16% female 84% male
Percentage of employees trained in anti-corruption policies	7%	5%

[1] Management team members and similar.

EMPLOYEES BY GENDER

EMPLOYEES BY FUNCTION



Code of Conduct

Comparison UN Global Compact and Nefab Code of Conduct

Code of Conduct

UNGC Principles	Nefab Code of Conduct
Human Rights	**Human Rights**
1. Businesses should support and respect the protection of internationally proclaimed Human Rights.	Nefab supports and respects the protection of internationally proclaimed human rights and ensures that the company is not complicit in human rights abuses.
2. Businesses should make sure that they are not complicit in human rights abuses.	
Labour	**Labour standards**
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	*Freedom of association* As local or relevant laws allows, all employees are free to form, join or not to join unions and have the right to collective bargaining when employed by Nefab.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	*Forced and compulsory labour* No form of forced or compulsory labour is tolerated by Nefab and all employees have the right to leave their employment as stated by contracts or local laws.
5. Businesses should uphold the effective abolition of child labour.	*Child labour* Nefab shall not be complicit in any form of child labour or other forms of child exploitation. No one is employed below the completion of compulsory school or under the age of 15 and no one under the age of 18 is employed for hazardous work within Nefab.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	*Workplace* Nefab shall provide a working environment that is healthy, safe and in accordance with international standards and local laws for all employees *Discrimination* Diversity among Nefab employees is a positive attribute and no one regardless of race, color, sex, sexual orientation, nationality, parental status, marital status, pregnancy, religion, political opinion, ethnic background, social origin, social status, age, union membership or disability shall be discriminated. Harassments in the form of physical or psychological abuse are strongly prohibited within Nefab as are any kinds of intimidation or other threats.
Environment	**Environment**
7. Businesses should support a precautionary approach to environmental challenges.	*Precautionary approach* Sustainable development is a key concept for Nefab and finite resources is avoided as often as possible. Nefab also has a precautionary approach towards environmental challenges whereby dangerous materials are avoided when suitable and more environmentally friendly alternatives are available.
8. Businesses should undertake initiatives to promote greater environmental responsibility.	*Environmental responsibility* Innovative developments in products and services that offer environmental and social benefits as well as greater environmental responsibility are promoted and supported by Nefab.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-corruption	**Anti-corruption**
10. Businesses should work against corruption in all its forms, including extortion and bribery.	Nefab's reputation of honesty, integrity and responsibility must be upheld and any involvement in bribery, extortion or corruption is not tolerated by Nefab in any form. *Consumer interest* When dealing with consumers, Nefab acts in accordance with fair business, marketing and advertising practices. Nefab also ensures that the goods or services it supplies meet all agreed and legal standards.

Annual report and consolidated financial statements for the financial year 01-01-2011 to 12-31-2011

The Board of Directors and President of Nefab Holding AB (corporate identification number 556734-6050) present the following annual report and consolidated financial statements.
Unless otherwise indicated, all amounts are in SEK thousands.

Five years in summary

SEK m	2011	2010	2009	2008	2007
INCOME STATEMENT					(3 months)
Net sales	3,150	2,497	2,105	2,595	644
Cost of goods sold	-2,333	-1,809	-1,471	-1,837	-465
Gross profit	**817**	**688**	**634**	**758**	**179**
Selling expenses	-380	-337	-324	-323	-82
Administrative expenses	-202	-186	-174	-173	-45
Other income and expenses	10	1	-1	-1	-2
Operating profit	**245**	**165**	**135**	**261**	**50**
Net financial income excluding interest on shareholder loans	-45	-101	-50	-95	-14
Interest on shareholder loans	-140	-124	-112	-93	-21
Profit after financial items	**60**	**-60**	**-27**	**73**	**15**
Tax	-14	-25	-18	-44	-10
Minority	0	0	0	0	0
Net profit	**46**	**-85**	**-45**	**29**	**4**
EBITDA	342	268	233	337	68
EBITA	280	209	168	284	55
BALANCE SHEET					
Intangible fixed assets	2,456	2,417	2,348	2,491	2,225
Tangible fixed assets	367	344	372	392	311
Financial fixed assets	62	52	38	31	34
Inventories	280	221	193	259	252
Accounts receivable	630	593	410	582	534
Other current assets	53	57	54	56	44
Cash and bank balances	108	118	193	181	203
Total assets	**3,956**	**3,803**	**3,608**	**3,992**	**3,602**
Equity	820	758	716	856	507
Shareholder loans	1,311	1,171	1,047	935	741
Interest-bearing liabilities	1,108	1,179	1,319	1,535	1,466
Other long-term liabilities	182	172	164	179	167
Accounts payable	322	345	236	285	294
Other current liabilities	213	178	126	202	428
Total equity and liabilities	**3,956**	**3,803**	**3,608**	**3,992**	**3,602**
Adjusted capital employed	818	712	670	794	663
KEY RATIOS					
Gross margin, %	25.9%	27.6%	30.1%	29.2%	27.8%
Operating margin, %	7.8%	6.6%	6.4%	10.1%	7.7%
EBITDA margin	10.9%	10.7%	11.1%	13.0%	10.5%
EBITA margin	8.9%	8.4%	8.0%	11.0%	8.6%
Return on equity, %	5.8%	-11.5%	-5.7%	4.2%	–
Return on total capital, %	6.4%	4.5%	3.6%	7.0%	–
Return on adjusted capital employed, %	36.6%	30.2%	22.9%	39.0%	–
Interest-bearing net debt external creditors	1,000	1,061	1,126	1,354	1,264
Equity ratio, %	20.7%	19.9%	19.8%	21.4%	14.1%
Adjusted equity ratio, %	53.9%	50.7%	48.9%	44.9%	34.6%
Adjusted debt/equity ratio, times	0.5	0.6	0.7	0.9	1.2
Quick ratio, %	106.1%	94.1%	109.8%	81.2%	76.7%
Average number of employees	2,934	2,442	2,231	2,343	2,163
Invoicing per employee (SEK 000s)	1.1	1.0	0.9	1.1	1.2
Net investments, SEK m	140	320	56	100	–

Definitions can be found on page 106.

Board of Directors' report

The Board of Directors and President of Nefab Holding AB, with corporate identification number 556734-6050, hereby present the annual report and consolidated financial statements for the financial year 2011.

Information about the business and ownership

Nefab's business concept is to deliver complete packaging solutions to international industrial groups, notably within the telecom and energy industries. Nefab has subsidiaries in Europe, North and South America and Asia.

Nefab Holding AB is the parent company of the Nefab Group. Operations are conducted based in Jönköping and consist of the management of shares in the Nefab Group and the preparation of consolidated financial statements.

Group

The Group's revenues for the financial year amounted to SEK 3,150 m. The share of commercial products and services amounted to 48% (47) of revenues. Revenues by geographical markets are as follows:

Region	Revenues	%	Pro forma revenues	%
Europe	1,676	53%	1,748	54%
North and South America	642	20%	646	20%
Asia	830	26%	830	26%
Other	2	0%	2	0%
Group total	3,150	100%	3,224	100%

Pro forma revenues include revenues from acquired units as if they had been acquired from 1 January.

Invoicing increased by 8% in 2011 to SEK 3,150 m (2,929 last year pro forma including Chick). Acquisitions completed in 2011 are included with SEK 57 m in invoicing for the year. Changes in exchange rates have meant that sales for 2011 were SEK 194 m lower than they would have been had translation been made using 2010 exchange rates. Excluding acquisitions and currency movements, invoicing grew by 12% compared to the company's target of at least 8.5% organic growth.

Operating profit for the Group before depreciation and amortization of acquired intangible assets (EBITA) for the year amounted to SEK 280 m (209), corresponding to 8.9% of invoicing (8.4), compared with the company's target EBITA margin of at least 10%.

In the spring of 2011 a reorganization of the company was undertaken, at which a special unit was established to work with global customers and customer segments. At the same time, the three former regional market areas in Europe were merged to form one region.

During the year, a change was made in the company's financing by replacing the former main bank with two new partner banks. This has increased the company's financial capacity by about SEK 300 m while annual repayments have fallen. The change represents a significant improvement in the company's ability to generate continued growth, while also creating greater flexibility in the financing structure.

In June 2011, the decision was taken to appoint a new President for the company. David Mörk, who had previously been responsible for the company's operations in Asia, was appointed President while departing President, Stefan Ekqvist, assumed responsibility for Asia. Implementation of the new management occurred at the start of 2012. Since then, a minor adjustment was made to the reorganization of the company that took place during the spring of 2011, resulting in a clarification of its global customer processing through the introduction of market segments and account managers for customers in the company's market segments, Telecom, Energy and Industry. The change is expected to be fully implemented by 1 April 2012.

Europe

Invoicing in markets in Europe for the year amounted to SEK 1,676 m (1,465), an increase of 14%. Acquisitions completed in 2011 have affected invoicing by SEK 47 m. Moreover Chick, the group of companies acquired in 2010, is included for the whole of 2011, having only belonged to the Group for approximately three months of 2010. Converted using the same average exchange rates that applied during 2010 and excluding acquisitions, the total revenues for 2011 amounted to SEK 1,703 m, compared with SEK 1,532 m for the previous year including Chick for the full year, an increase of 11%.

Operating profit for the region before depreciation and amortization of acquired intangible assets (EBITA) for the year amounted to SEK 176 m (127), corresponding to 10.5% of total invoicing (8.7).

In the spring of 2011, a reorganization was undertaken in which the three former market areas in Europe were merged into a single unit. In 2010, the acquisition of Chick Companies Inc. was completed in the US, including three companies with operations in Germany. In 2011, these three companies have been integrated with Nefab's existing operations in Germany and are now being run under joint management.

In 2010 it was decided to expand Nefab operations in Estonia and in 2011, work commenced to expand the company's wholly owned real estate. The expanded production facility is expected to be fully operational in early Q2, 2012.

Peinetti SAS in France was acquired in August 2011. The company supplies customers in French industry with wooden outer packaging and related packaging services. In 2011, invoicing amounted to SEK 117 m, of which SEK 46 m relates to areas of operations that were divested in December 2011. For Nefab's holding period, invoicing amounts to SEK 47 m, of which SEK 19 m refers to subsequently divested operations. The purchase price for the shares amounted to € 3.3 m. The surplus value that arose in conjunction with the acquisition has largely been allocated to amortizable intangible assets. Only one minor goodwill item has been recorded.

In September 2011, operations were acquired in Woodybox, a company in southern Sweden that includes the production of packaging for long-term storage, similar to those at Nefab marketed under the product name NEFAB Long-term Packaging. Operations comprise annual invoicing of about SEK 10 m. Following the acquisition, production has been transferred to Nefab's facility in Estonia and retail to Nefab's Swedish sales company Nefab Packaging Sweden AB. The purchase price was SEK 9.8 m for assets and liabilities, of which the value of inventories held on the completion date was SEK 0.8 m. The surplus value has been allocated to amortizable intangible assets.

At the end of 2011, a decision was made to establish a sales company in Turkey. The decision was prompted by a request from one of Nefab's global customers for services in the market in western Turkey. The company is expected to be complete and operational by the end of the first quarter of 2012.

A decision was also taken regarding the establishment of operations in Russia. For a number of years, Nefab has supplied the market in Russia with deliveries from the unit in Estonia. An increase in demand now means that it is considered better to supply the market through a presence inside the country. Initially, a sales company will be started in Moscow. In parallel with this, a preliminary study will begin to look at establishing a production unit in the country.

North and South America

Invoicing in North and South American markets for the year amounted to SEK 642 m (307), an increase of 109%. Acquisitions completed in 2011 have affected invoicing by SEK 10 m. Chick is included for the whole of 2011, having only belonged to the Group for approximately three months in 2010. Converted using the same average exchange rates that applied during 2010 and excluding acquisitions, the total revenues for 2011 amounted to SEK 694 m, compared with SEK 672 m for the previous year including Chick for the full year, an increase of 3%.

Operating profit for the region before depreciation and amortization of acquired intangible assets (EBITA) for the year amounted to SEK 10 m (2), corresponding to 1.6% of total invoicing (0.7). The result for 2011 includes one-off costs totaling SEK 7 m.

Shares were acquired in PDS Global, Mexico, in August 2011. The company manufactures and sells industrial packaging in different materials to customers in the Mexican market. The company employs 70 people and in 2011, invoicing amounted to around SEK 30 m. For Nefab's holding period, invoicing amounted to SEK 10 m. The purchase price for the shares amounted to $ 1.8 m at a fixed price, plus an additional payment of up to $ 600 k. The surplus value that arose in conjunction with the acquisition has been allocated to amortizable intangible assets.

During the year, a production unit was established in Dallas in the US. The capacity at the facility is considered to be equal to sales of around SEK 50 m and the investment, totaling about SEK 12 m, has partly been made through the transfer of equipment from other facilities in the Group. In conjunction with the start of production in Dallas, the company has moved to larger more suitable premises. The old premises have been partly sublet for the period until the lease expires and a provision of approximately SEK 3 m has been charged against profit for the third quarter for the unused part of the buildings not covered by the future rental income from subleasing.

In September, one of the American units was affected by a bad debt loss due to bankruptcy of one of the company's major customers. The bad debt loss has also resulted in a one-off cost of approximately SEK 4 m in the third quarter, plus loss of sales volumes.

At the end of the year, a merger of legal entities commenced, with the intention of eventually reducing the number of legal entities in the US from around 20 units to three.

Asia

Invoicing in markets in Asia for the year amounted to SEK 830 m (721), an increase of 15%. Converted using the same average exchange rates that applied during 2010, total invoicing for 2011 amounted to SEK 884 m, an increase of 23%.

Operating profit for the region before depreciation and amortization of acquired intangible assets (EBITA) for the year amounted to SEK 67 m (52), corresponding to 7.9% of total invoicing (7.1).

During the year, the decision was made to establish two new units in China: a facility in Chengdu in western China, and a unit in Shenyang in northern China. The establishment in Chengdu is a result of a growing industrial presence in the Chinese inland. The distance and the conditions for transport from Nefab's other manufacturing units is such that a local presence is needed in order to provide a reasonable level of service to the company's customers. With regards to the establishment in Shenyang, this is an area where Nefab today has several large customers that were previously supplied from the factory in Langfang outside Beijing. In this case, the establishment is also driven by a desire to improve service levels for the company's customers. In conjunction with these two start-ups, it has been decided to phase out production at Nefab's unit in Xiamen in eastern China.

A decision was also taken regarding the establishment of a production unit in Malaysia. As production costs increase in China, major establishments are taking place in the countries of Southeast Asia, including Thailand and Malaysia. Until now, the markets have been supplied by products manufactured in Nefab's units in southern China. The establishment of processing in Malaysia means a reduction in logistics costs as well as shortened lead times to the company's customers in the area.

The establishment of a third unit in India, decided in 2010, has been delayed and will be completed in early 2012. The official opening will take place in May 2012. Nefab then has three facilities in India, one outside Delhi, one in Chennai and one outside Mumbai.

Market segments

Telecom

Invoicing to customers within telecom for the year amounted to SEK 856 m (699), an increase of 22%. The acquisition of Chick, which was completed in the third quarter of 2010, has a relatively small proportion of invoicing within the Telecom segment. Converted using the same average exchange rates that applied during 2010 and excluding acquisitions, total invoicing for 2011 amounted to SEK 897 m, an increase of 22%.

Energy

Invoicing to customers within the energy industry for the year amounted to SEK 265 m (157), an increase of 69%. The major increase is due to the fact that Chick – acquired in the third quarter of 2010 – has a relatively large proportion of invoicing to customers within the Energy segment. Converted using the same average exchange rates that applied during 2010 and excluding acquisitions, total invoicing for 2011 amounted to SEK 262 m, an increase of 22%.

Industry

Invoicing to customers within other industries for the year amounted to SEK 2,029 m (1,641), an increase of 24%. The increase includes SEK 275 m following the acquisition of Chick in the US. Converted using the same average exchange rates that applied during 2010 and excluding acquisitions, total invoicing for 2011 amounted to SEK 2,125 m, an increase of 7%.

Consolidated results of operations

The Group's operating profit for the year amounted to SEK 245 m (165). The operating profit has been charged with amortization on acquisition-related intangible and tangible values of surplus values of SEK -35 m (-30) and items affecting comparability of SEK 0 m (-14). Last year's items affecting comparability were related to the restructuring process in the Nordic region of SEK 6 m plus SEK 8 m in costs associated with the acquisition of Chick Companies in the US.

The Group's profit after financial items for the year amounted to SEK 60 m (-60). This result has been charged with SEK 140 m (124) interest on subordinated shareholder loans. Interest on the shareholder loan has not been paid in cash but added to the debt, in line with the credit agreement with Nefab's principal creditors.

Return on capital employed for 2011 amounted to 7.8% (5.8). Return on total capital amounted to 6.3% (4.9).

The results of the Group and Parent Company's operations and the financial position at the year-end is otherwise shown in the following income statement and balance sheet with notes.

Financial position

At 31 December 2011, the Group had interest-bearing net debt to external creditors of SEK 1,000 m (1,061). Liquidity, including unut-ilized bank advances amounted to SEK 321 m (304).

Investments

The Group's operating investments during the year amounted to SEK 140 m (320).
These include:
SEK 55 k (272) investments in acquisitions and
SEK 85 m (48) material investments in operations.

Employees

At the end of the year, the Group had 3,048 employees (2,864). The average number of employees during the year was 2,934 (2,442). Here, the number of employees in newly acquired units has only been included for the portion of the year during which they were included in the Nefab Group.

Parent company

The Group management, financing and coordination of marketing, production, purchasing and business development is conducted in part under the parent company Nefab Holding AB, but primarily within the wholly owned subsidiary Nefab AB. The parent company's revenues for the year amounted to SEK 1 m (1). Revenues consist of invoiced services to subsidiaries. Operating profit amounted to SEK –3 m (–3). The profit after financial items amounted to SEK –25 m (–21).

Risks

Nefab conducts work on risk management based on a structure in which the Group and the largest units in the Group regularly analyze the risks that exist and how a change or event might affect the company. Preventive measures to reduce the risks are also considered. Nefab's assessed risks are described more fully in Note 3.

Research and development

The Group conducts continuous extensive product development in cooperation with customers. In addition to this, the subsidiary Nefab Teknik AB undertakes Group-wide product and material development projects. The development of production technology takes place here in addition to the manufacture of the Group's production machinery.

The development of methods and tools for marketing and skills training is carried out in network form and is coordinated through the subsidiary Nefab AB.

Environmental information

In Sweden, the Group has a duty of notification for its operations in accordance with the Swedish Environmental Code. The duty of notification applies to Nefab Production Runemo AB and covers the use of more than 5 tons of solvents, in machining operations where more than 1 m^3 of cutting oil is used, plus burning facilities with a total installed output of 500 kW. For the financial year, the amount of cutting oil consumed amounted to 1,960 (2,940) liters. The operations with a duty of notification correspond to 5 percent (6) of the company's net sales.

No significant injunctions, accidents or incidents have taken place during the year.

Ethical rules

Nefab's Corporate Social Responsibility (CSR) is based on Nefab's core values, OECD guidelines and the UN Global Compacts ten principles in the areas of human rights, working conditions, environment and anti-corruption. For further information about CSR, visit www.nefab.com/Corporate_Social_Responsibility.aspx

Significant events after the year end

In January 2012, a merger took place in the US in order to reduce the number of legal entities, see note 34.

Future development

Group order books have a short life. On average, the time between an order being received and delivery is around 3 weeks. This means that the company has limited information about deliveries more than one month ahead. Relevant information about the future is difficult to determine, which is why Nefab chooses not to report such estimates.

The Group's objective however is that volume growth should outpace growth in the underlying market.

Accounting principles

Since 2008, Nefab Holding AB has reported in accordance with IFRS (International Financial Reporting Standards). See also note 2.

Proposed appropriation of profit

The following funds are at the disposal of the Annual General Meeting (SEK k):

Share premium reserve	468,515
Profit/loss brought forward	0
Net loss	-25,163
Total	**443,352**

The Board of Directors and President propose that the profit is appropriated so that the loss of SEK –25,163 k is fully offset against the share premium reserve and that the remaining share premium reserve of SEK 443,352 k be carried forward.

Corporate governance report

Nefab is a Swedish stock corporation, which from 2011 applies the Swedish Code of Corporate Governance. Nefab hereby submits the 2011 corporate governance report which has been prepared by the company's Board of Directors and reviewed by the auditors.

Nefab's corporate governance is based on the Swedish Code of Corporate Governance, the Articles of Incorporation of Nefab Holding AB, the Swedish Companies Act, other applicable Swedish and foreign laws and regulations, plus internal codes, policies and guidelines.

Since Nefab's shares are not quoted on a regulated market, no explanation is given for any deviations from the Swedish Code of Corporate Governance.

Nefab's owners

Shares and shareholders

The Nefab Group comprises the parent company Nefab Holding AB (556734-6050), the wholly owned subsidiary Nefab AB (556226-8143) and more than 70 wholly owned subsidiaries in 30 countries.

Nefab Holding AB was founded in 2007 before the takeover by Nefab AB in the fall of 2007. Until the takeover, Nefab AB had been quoted on the Stockholm Stock Exchange since May 1996. Prior to that, Nefab AB had been privately owned since its foundation in 1949.

At the end of 2011, Nefab Holding AB had a share capital of SEK 272 k, divided into 6,465,874 shares where the shares represent one vote each. According to the Articles of Incorporation, shares can be either ordinary or preferred shares. All issued shares are ordinary shares. The largest shareholder in the company at the year-end was Cidron Diego Sarl (Nordic Capital) with 58.8% of shares/votes and Kiddo Ltd (family Nordgren/Pihl) with 39.2% of shares/votes. The remaining 2% is owned by 15 Board members and senior executives in the company. Therefore at the year end, there were 17 shareholders in the company.

Annual General Meeting 2011

The Annual General Meeting is Nefab's highest decision-making body. The Annual General Meeting is held each year in Stockholm.

Nomination Committee

Nefab currently has two main shareholders who together represent 98% of capital/votes and these two owners together comprise the Nomination Committee.

Board of Directors

The Board of Directors decides on matters concerning the Group's strategic direction, financing, investments, acquisitions, divestments, organizational issues plus rules and policies. The Board of Directors is kept regularly informed of activities through monthly reports from Group management.

Board Members

Nefab's Articles of Incorporation state that the Board shall, to the extent elected by the General Meeting, comprise a minimum of one and a maximum of ten Board members, with up to ten deputies. If the Board of Directors consists of one or two Board members, at least one deputy shall be elected.

Nefab's Board of Directors currently consists of six members elected by the Annual General Meeting and two members and two deputies elected by the trade unions. Four members of the Board represent the company's two main shareholders, while other members are independent owners. Nobody from the company or any of its subsidiaries' management are included in the Board of Directors.

The Company's President and Chief Financial Officer attend Board meetings as rapporteur where the Chief Financial Officer also serves as the Board secretary. Other employees in the Group participate at Board meetings to report on specific issues.

The independence of the Board

The Board's assessment regarding the members' independence in relation to the company and the shareholders is shown in the attached table. Chairman of the Board Lars-Åke Rydh was President of the company until the spring of 2008 and is therefore considered as a dependent of the company.

Work of the Board - rules of procedure

The work of the Board is regulated by the Swedish Companies Act, the Articles of Incorporation and the rules of procedure decided by the Board for their work.

The Board's rules of procedure include rules for the number of meetings held per financial year, what is to be discussed, plus the allocation of duties between the Board and President.

In addition to the rules of procedure, the Board annually decides a financial policy with the rules for financing, currency management and customer credit.

The Board of Directors normally holds seven Board meetings each year. Four of these meetings are to discuss interim reports and the annual financial statements. One meeting per year is more extensive in time, where particular attention is devoted to strategic issues. The company's auditors attend Board meetings as needed, but at least once a year.

The notice to attend and supporting documents for the decisions and reports are sent to the Board one week prior to each meeting. For matters that are intended for a decision, the Board usually receives detailed supporting documents before the meeting.

The work of the Board in 2011

In 2011, the Board of Directors has held 15 meetings, seven of which were regular meetings plus eight additional Board meetings. Of this year's meetings, there were five physical meetings, eight telephone conferences and two per capsulam meetings, where the material and draft resolutions were circulated and approved, after which the minutes were signed by all Board members.

Additional meetings during 2011 were prompted in particular by changes to the company's financing, as well as to reach agreement and make decisions in relation to acquisitions.

Evaluation of the Board's work

The Board shall ensure that its work is evaluated annually using a systematic and structured process. This evaluation is initiated by the Chairman of the Board in advance of the Board meeting held in December, when the evaluation is discussed and improvements are suggested.

The assessments conducted in recent years show that the expertise of the constituent Board members as well as the quality of the meetings is very good. No noteworthy observations have been made.

The Audit Committee

The Board annually appoints an Audit Committee, where some of the Board's work is prepared and then submitted to the Board in summary.

The Audit Committee's main task is to oversee the accounting and financial reporting for the Group, to maintain regular contact with the auditors and review their work plan and remuneration. The Committee shall also assist the Nomination Committee in the selection of auditors and their remuneration ahead of Annual General Meetings at which new auditors are elected.

The Audit Committee is governed by written rules of procedure. The rules of procedure include the issues to be discussed. The Audit Committee normally meets three times during the year – in February, June and October.

In 2011, the Audit Committee consisted of Lars-Åke Rydh and Adam Samuelsson, with Samuelsson as Committee Chairman. The company's auditors and the Chief Financial Officer have attended all three of this year's meetings. Minutes from the Committee meetings are written by the company's Chief Financial Officer.

Remuneration Committee

The Board annually appoints a Remuneration Committee, where some of the Board's work is prepared and then submitted to the Board in summary.

The task of the Remuneration Committee is to develop proposals to the Board regarding salary and other remuneration of the President and approve the President's proposals for salaries and remuneration of other members of Group management. This task also includes reviewing remuneration of Board members when they are appointed as consultants by the executive management.

The Committee also deals with any Group-wide bonus systems and option programs. The Committee usually meets twice a year in connection with salary reviews around the year-end.

In 2011, the Remuneration Committee consisted of Ulf Rosberg, Jochum Pihl and Lars-Åke Rydh, with Rydh as Committee Chairman.

Remuneration of the Board of Directors

Remuneration of Board members is decided annually by the Annual General Meeting. There are no Board fees for Board members who are employed by the Company. Union representatives shall receive a study fee. For committee work, there is no special remuneration in addition to the regular Board fee.

Remuneration of the Board in 2011 amounted to SEK 1,250,000, of which SEK 500,000 was paid to the Chairman of the Board, Lars-Åke Rydh, SEK 250,000 to the Board member Sune Karlsson and SEK 125,000 to the other four members, Ing-Marie Nordgren, Jochum Pihl, Ulf Rosberg and Adam Samuelsson.

The company's President for the period until the end of 2011, Stefan Ekqvist, was a member of the Board up to 28 December 2011. He received no Board fee. The company's President from 28 December 2011, David Mörk, is not a member of the Board.

Auditors

At the Annual General Meeting in May 2007, Bertel Enlund, authorized public accountant at Ernst & Young, was elected auditor of the company. Bertel Enlund has been the company's auditor since then. In connection with Bertel Enlund leaving Ernst & Young in the spring of 2012, the Nomination Committee proposes that Björn Grundvall and Joakim Falck be elected the company's auditors at the Annual General Meeting in May 2012. Two deputies will also be appointed.

Examination of the Group's companies around the world is coordinated by Ernst & Young. For all significantly large companies, operations are examined by Ernst & Young in the country in question. For a small number of companies on a smaller scale, operations are examined by other local accounting firms.

Nefab's operational control

President

The President leads Nefab's current business. The framework consists of written instructions for the President that are established annually by the Board of Directors. This includes rules about which decisions can be made by the President and which ones require the Board's decision. There are also limits to what investments can be made under the President's authority.

The President is responsible for the necessary information and documentation as a basis for the Board's work and for the Board to be able to make well informed decisions. The Board presents Presidential issues and justifies the proposed decisions. The President is also responsible for regular reporting to the Board with regard to the company's performance.

Group management

The President is assisted by Group management made up of Executive Vice Presidents for geographical areas, market areas and staff positions. Besides the President – the Group management consists of three Executive Vice Presidents for the different geographical areas, three Executive Vice Presidents for the market segments, and the company's CFO.

Group management has monthly meetings to review the previous month's results, the state of operations and current strategic and operational issues. Two to three meetings per year are more substantial, at which the operations and strategy are discussed in greater detail.

For information about remuneration of senior executives, see note 10 on page 83.

Organization

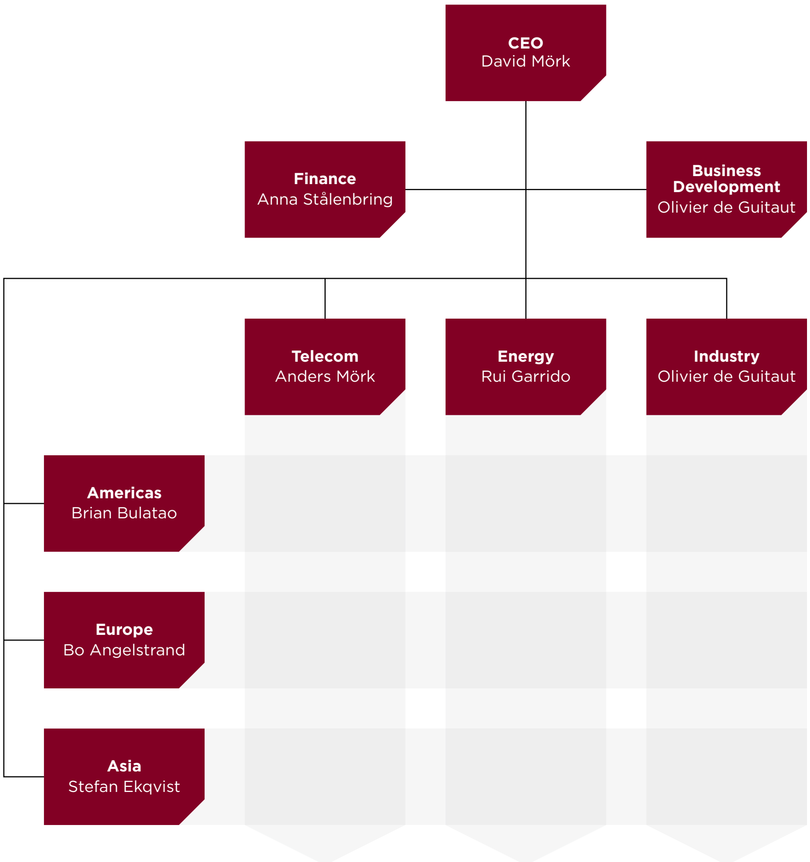
- Geographical areas
  Nefab's operating subsidiaries are divided into three geographical areas – Europe, America and Asia.
- Market segments
  Nefab's customers are divided into a number of market segments (customer categories). At present these are Telecom, Energy and Industry.

Management of geographical areas

For each region there is an operating board that includes the parent company's President, CFO and the head of the Industry market segment, along with the regional Executive Vice President.

For each region, rules of procedure are established every year in which responsibilities and powers as well as approaches for the regional board are governed.

Nefab's organization



Management of subsidiaries within the geographical areas

The activities of the subsidiaries are managed by the boards. The subsidiaries' board consists of the manager responsible for the subsidiary, the regional Executive Vice President (who normally chairs the company's board) and usually one or two additional representatives from other operations or staff areas.

For each subsidiary, rules of procedure are established every year in which responsibilities and powers as well as approaches for the subsidiary board are governed.

Management of market segments

The operations in the different market segments are controlled by the President and the work of the steering committee is conducted within the framework of the Group management team.

Staff functions

The subsidiary Nefab AB contains the Group management plus staff functions for the coordination of Finance, HR, IT, Marketing, Procurement and Production.

Trainee operations are also conducted under Nefab AB. Recent graduates from various countries are recruited regularly to the company, where they receive training and participate in various projects within the various staff functions. Thereafter, they are recruited internally to different positions within the Group's various companies.

Financial targets

Nefab's Board of Directors has established financial targets for the company's operations. These are as follows:

- *Growth*
  Nefab shall organically grow faster than the underlying market. In addition, Nefab will generate growth through acquisitions. The target for the organic share of growth is currently 8.5% annually.
- *Profitability*
  Nefab will generate an annual operating profit (after depreciation but before amortization of intangible surplus value – EBITA) of at least 10%.
- *Cash flow*
  Nefab shall generate a strong and stable cash flow. Growth in invoicing will tie up no more than 20% in working capital and investments over time must not exceed the company's depreciation.
- *Financial stability*
  The company's equity ratio, i.e. equity (including shareholder loans) in relation to total capital, shall not be less than 40%.

Nefab's core values

Nefab has its roots in Hälsingland, Sweden. The company has its origins in a carpentry workshop, which was founded in 1923 by Sigurd Nordgren, grandfather of one of today's majority owners. In 1949, Sigurd's two eldest sons started a company in their father's workshop. The foundations of today's Nefab were laid at the end of the 1960s. From that time, there emerged a strong entrepreneurial spirit based on sensitivity, humility, honesty and patience with regard to the customer's needs. The company has continued to grow on the basis of these values, which are expressed in the following three key words:

- *Simplicity*
  This includes trying to find simple and effective solutions to problems and issues that we face, but also that we striveto act simply and naturally in our dealings with everyone.
- *Respect*
  Nefab will be characterized by responsiveness, not just to customers but also to our employees, suppliers and other people we meet. We shall also keep an open mind and show respect for all individuals we encounter.
- *Empowerment*
  Nefab's organization is flat, transparent and clearly focused on growth and profit. Responsibility is delegated as far as possible, and individual initiative is encouraged. The goal is to achieve balance between personal freedom and personal responsibility.

Code of conduct

Nefab's Board has adopted a code of conduct that has its origins in recommendations issued by global organizations such as the UN and the OECD. The code of conduct aims to protect Nefab's good name and trusted brand.

The code of conduct contains rules in the following areas (see also the more comprehensive information on page 43):

- Human rights
- Working conditions
- Environment
- Corruption
- Consumer interests
- Competition
- Violation of the code of conduct

Risk management

Nefab's work with risk management is based on the overall framework for risk management that has been established. The overall structure includes risk analyses and risk assessments at Group level plus risk seminars and risk reporting at the company level in accordance with established models (see more detailed information on risk management in the section Risk assessment in the Board's report on internal control).

The Board's report on internal control

Under the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for the company's internal control.

Nefab's handbook for internal control

In support of its work with internal control, Nefab has developed a handbook for internal control that describes how internal control within the Nefab Group shall function. The handbook is based on COSO's framework for internal control and includes general control rules as well as how these controls shall work at Nefab.

Control environment

The company culture forms the basis for internal control within Nefab. Fundamental to the culture of Nefab are the core values that have been formulated to describe Nefab's values – simplicity, respect and empowerment. These values will be instilled into all activities, from the work of the Board to local work conducted by the subsidiaries. The fact that the family that founded the Nefab is still a major shareholder in the company helps to maintain the strong corporate culture.

The model for the company's operational control as described above on page 56, means that operations are comprehensively managed through board work at different levels. Each board has established rules of procedure in which responsibilities and authorities are established and working methods are described.

For work in different areas, there are a number of Group-wide rules and guidelines formulated to ensure that the company is run properly. In addition to templates for rules of procedure for boards, there is also the Finance Policy, Transfer Pricing Policy, IT Policy and Information Policy.

Within each legal entity at Nefab, there are also local rules and guidelines. For example, each company has jurisdictional rules and limits for various financial transactions. These state who is responsible for approving invoices to customers and from suppliers, for payroll calculations and payroll payments as well as for cash payments etc.

For many years, Nefab has had a web-based training portal, containing more than 30 courses in different areas. There are a number of courses in areas that have a bearing on the company's control environment, such as courses in CSR, business plans, board work and business economics. Training plans are set individually for each employee.

Risk assessments

Nefab's work with risk management is based on the overall framework for risk management that has been established. The overall structure includes risk analyses and risk assessments at Group level plus risk seminars and risk reporting at the company level in accordance with established models.

In the case of Nefab, a risk seminar is when a company's management team meets for two half days to inventory and analyze the risks in the operations. Initially, the risks are inventoried and then evaluated and ranked, following which a consequence and response analysis is conducted for each risk. The measures are divided into risk reduction and damage reduction measures and a responsible party is appointed for each measure. After completion of the risk workshop, the management has a good tool to continue using within their local risk management process.

The risk reviews outlined above have been conducted for the Group as a whole as well as for the Group's larger companies and are repeated every three years.

Each year, the risks identified are reported by all subsidiaries to staff functions for Risk Management at the parent company. Risks are classified as follows:

- Business climate (competition, laws and regulations, market conditions, etc.)
- Operational risks (risks for stoppages, health risks, raw material supply, etc.)
- IT risks
- Personnel issues
- Integrity risks (including risks for fraud, illegal acts and confidence risks)
- Financial risks

Control activities

The control activities that are established in Nefab can be divided into two groups:

- Annual self-assessments regarding internal controls
- The procedures and regulations that exist within the company and where compliance is controlled in different ways

For the past couple of years Nefab has implemented a procedure for annual self-assessment where each legal entity responds to a fairly comprehensive list of questions and statements. This list is sent to the Group staff for Finance where they are all collected. Moreover, the list forms the basis for the auditors review of each unit. After the internal and external audit, a summary of areas for improvement is sent to each company for action to be taken. Feedback is also provided to the Board. The process is repeated every fall.

The second group of control activities are the procedures contained within the company to ensure the internal control. These consist of multiple, partially overlapping, activities of varying degrees. Some of these activities are given below:

- Monitoring compliance with rules and guidelines, such as annual reporting by company of compliance with the company's core values and its code of ethics.
- Procedures and rules for monthly financial statements and other reports. There is a financial manual that specifies rules for the reporting of monthly financial statements in terms of frequency and content. The Group has a common IT system for Group reporting and the system environment contains reconciliations and checks to ensure that reporting is done correctly. The financial handbook contains rules for handling anticipated losses in accounts receivable and inventories based on age analysis. It also includes rules for inventories.
- Analytical checks are carried out monthly by the company's controllers. Any discrepancies

are analyzed with regard to the amounts and key ratios, after which explanations are requested and measures are taken.
- Every company in the Group has authorization and attestation procedures. For the Group as a whole, no invoice shall be registered nor payments made by the company without the approval of at least two people for the invoice/payment. As for payroll procedures, a so-called "grandfather principle" is applied, in which no payment can be established without approval from the immediate supervisor.
- In addition to the Group's overall financial policy are local credit policies, where rules for credit and collection can be found. For the majority of the Group companies, credit limits are managed in the company's business system, allowing for a stop to be put on new orders when the customer exceeds their credit limit.
- There are general IT controls including authorization with regard to access to separate subsystems and the rules and procedures for back-up.

Information and communication

Information and communication are key components of internal control, since they allow all individuals to receive instructions and feedback in order to fulfill their respective areas of responsibility.

Within Nefab, the area complies through the following framework:

Intranet

For a number of years, Nefab has had an intranet called "Aranea", which is located in a Web-based environment to which employees are granted access via appropriate password management. The following information is available via the intranet:
- Information about employees with addresses and telephone numbers
- Calendar for the Group
- News in the form of current news, internal ads and notices, plus access to the company's quarterly newsletter/magazine.
- Company information such as organization, presentations, history, rules and guidelines
- Customer-related information such as product information, reference materials, templates for contracts, customer database, etc.
- Production related information
- Finance-oriented information: for each local unit, for example, there is a page where all company-specific material can be found, such as monthly reports, forecasts, board minutes, registration forms, etc. Group-wide rules and guidelines are available here as well.
- IT has a specific area on the intranet where all related information can be found.
- Purchasing related information is available and includes information about Group-wide suppliers.
- Human Resources (HR) has its own designated area on the intranet that contains the Group training portal (Web Academy). Here, employees can find out about the 36 company-specific training courses plus they can take exams and receive diplomas online.
- The intranet also provides access to Group-wide tools including those for customer work, pricing, IT, etc.

Important rules and guidelines

As mentioned earlier, Nefab has a number of important regulations. They consist of Group-wide frameworks plus local applications of these. The following regulations are included:
- Risk management policy
- Rules of procedure for boards
- The Grandfather principle
- Finance policy
- Transfer pricing policy
- HR policy

Shared business system

In 2005, Nefab began implementation of a Group-wide business system – Microsoft Dynamics AX. At present, the shared business system is used in most of the European companies, the Canadian operations, and parts of the American and Chinese operations. It is estimated that about 60% of the Group's invoicing is done through the shared business system. Implementation is currently under way in China, which will mean that about 80% of the company's operations will be integrated within a couple of years.

Website

Information about the company is also collected and updated regularly via the company's official website, www.nefab.com.

Monitoring

Two key elements of the monitoring efforts within the framework of internal control are the company's own annual self-evaluation in which checklists are completed for reporting to staff functions, and the annual external audit.

In addition to these two key monitoring activities, there is a responsibility on the boards for each subsidiary and regional steering group to continuously ensure compliance with the company's rules and procedures.

From time to time, visits are also made by the Group's staff Finance personnel to the various subsidiaries, where the procedures and rules are reviewed. These visits are documented in separate reports that are distributed to the company's board for discussion and decisions regarding any actions.

Group management team

David Mörk

President and CEO

Born: 1973

Nationality: Swedish

Education: Master of Business Administration

Previous experience: Executive Vice President Nefab Asia 2006–2011, Director of Operations Nefab 2003–2006, Group IT Manager Nefab 2001–2003, Consultancy business 1998–2000

Holding: 5,250 shares (0.1%), 46,470 share warrants

Commenced employment at Nefab: 2000

Assumed present role: 2012

Bo Angelstrand

Executive Vice President Europe

Born: 1962

Nationality: Swedish

Education: Bachelor of Business Administration

Previous experience: Sales Director Nefab Group 2001–2011, Business Area Manager 1998–2001, Controller 1995–1998, Controller STORA Building Products 1990–1995, Controller Mölnlycke Toiletries 1988–1990, Auditor 1986–1988

Holding: 2,625 shares (0.0%), 23,235 share warrants

Commenced employment at Nefab: 1995

Assumed present role: 2011

Brian Bulatao

Executive Vice President Americas

Born: 1964

Nationality: American

Education: BS-Engineering, MBA

Previous experience: President Chick Packaging 2007–2010, President Founder-Thayer Aerospace 1998–2006, Consultant McKinsey & Co 1994–1997

Holding: 25,961 shares (0.4%),

Commenced employment at Nefab: 2010

Assumed present role: 2010

Stefan Ekqvist

Executive Vice President Asia

Born: 1960

Nationality: Swedish

Education: MSc Industrial Engineering and Management

Previous experience: CEO Nefab AB 2008–2011, Director of Operations Nefab AB 2006–2008, Head of Nordic Region Nefab 2001–2006, Group IT Manager Nefab 1999–2001, ERP Project Manager Nefab 1997–1999, Controller Nefab PlyPak AB 1995–1997, Administration Manager B&W Stormarknader AB 1991–1995, Materials Manager Scandmec Plast AB 1990, Head of Marketing Supply Husqvarna AB 1987–1989, Materials management Electrolux Motor AB 1985–1986

Holding: 5,250 shares (0.1%), 46,470 share warrants

Commenced employment at Nefab: 1995

Assumed present role: 2012

Anna Stålenbring

CFO

Born: 1961

Nationality: Swedish

Education: Bachelor of Business Administration

Previous experience: Group Chief Accountant Nefab 1994–2000, Controller Itab 1988–1994, Auditor SpaRev 1982–1988

Holding: 3,937 shares (0.1%), 34,852 share warrants

Commenced employment at Nefab: 1994

Assumed present role: 2000

Olivier de Guitaut

Executive Vice President Business Development

Born: 1966

Nationality: French

Education: Bachelor of Business Administration

Previous experience: President Western Europe Region Nefab 2007–2011, MD Nefab France 2005–2007, VP marketing and sales Nefab North America 2000–2004, Sale Mgr Nefab France 1996–2000, Sales manager Curt 1993–1996, Business controller Eurocopter 1989–1992

Holding: 5,250 shares (0.1%), 46,470 share warrants

Commenced employment at Nefab: 1996

Assumed present role: 2011

Rui Garrido

Executive Vice President Energy

Born: 1972

Nationality: Portuguese

Education: Master of Business Administration

Previous experience: Sales Director Nefab Europe 2011–2012, MD Nefab Netherlands 2006–2011, MD Nefab Portugal 2003–2006, Sales Manager RA Embalagem 1996–2003, Controller RA Embalagem 1992–1996

Holding: –

Commenced employment at Nefab: 2003

Assumed present role: 2012

Anders Mörk

Executive Vice President Telecom

Born: 1975

Nationality: Swedish

Education: Master of Business Administration

Previous experience: Sales & Marketing Director Nefab Asia 2009–2011, MD Nefab Dongguan and Nefab Shenzhen 2008–2009, Key Account Unit Director 2005–2007, Business Dev Mgr China 2004–2005, Group Telecom Coordinator Nefab 2002–2004, Trainee Nefab 2001–2002, Telia Nära – Sales 2000–2001

Holding: –

Commenced employment at Nefab: 2001

Assumed present role: 2012

Board of Directors

Lars-Åke Rydh

Chairman of the Board

Born: 1953

Elected: 1994

Education: MSc Industrial Engineering and Management

Other appointments: Chairman of the Board at OEM International, SanSac, Plastprint, CombiQ and Schuchardt Maskin. Board member at Nolato, HL Display, Arla Plast plus Olja ek. för.

Dependence: Dependent in relation to the company

Holding: 10,500 shares (0.2%), 92,940 share warrants

Committee member: Remuneration Committee, Audit Committee

Presence at Board meetings: 15 (15)

Presence at Audit Committee: 3 (3)

Presence at Remuneration Committee: 2 (2)

Board fee: SEK 500,000

Other payments: SEK 435,000 for consultancy work via the company

Ing-Marie Nordgren

Board member

Born: 1952

Elected: 1983

Education: Bachelor of Business Administration

Other appointments: Board member at Leoron Group, Dubai

Dependence: Dependent in relation to major shareholder

Holding: 2,536,134 shares (39.2%), 74,353 share warrants via family/company

Committee member: –

Presence at Board meetings: 15 (15)

Presence at Audit Committee: –

Presence at Remuneration Committee: –

Board fee: SEK 125,000

Other payments: SEK 231,798 via company

Jochum Pihl

Board member

Born: 1952

Elected: 1982

Education: MSc Industrial Engineering and Management

Other appointments: Board member at Edsbyn Senab AB, Handelsbanken, Alfta and Leoron Group, Dubai

Dependence: Dependent in relation to major shareholder

Holding: 2,536,134 shares (39.2%), 74,353 share warrants via family/company

Committee member: Remuneration Committee

Presence at Board meetings: 15 (15)

Presence at Audit Committee: –

Presence at Remuneration Committee: 2 (2)

Board fee: SEK 125,000

Other payments: SEK 231,798 via company

Ulf Rosberg

Board member

Born: 1965

Elected: 2007

Education: MSc Economics, major in Finance

Other appointments: Senior Advisor Nordic Capital. Board member at Bufab Holding AB, FinnvedenBulten AB

Dependence: Dependent in relation to major shareholder

Holding: –

Committee member: Remuneration Committee

Presence at Board meetings: 15 (15)

Presence at Audit Committee: –

Presence at Remuneration Committee: 2 (2)

Board fee: SEK 125,000

Other payments: –

Adam Samuelsson

Board member

Born: 1972

Elected: 2007

Education: MBA from Harvard Business School and MSc Economics

Other appointments: Director Nordic Capital. Board member at FinnvedenBulten AB and Bufab Holding AB

Dependence: Dependent in relation to major shareholder

Holding: –

Committee member: Audit Committee

Presence at Board meetings: 15 (15)

Presence at Audit Committee: 3 (3)

Presence at Remuneration Committee: –

Board fee: SEK 125,000

Other payments: –

Sune Karlsson

Board member

Born: 1946

Elected: 2005

Education: MSc Industrial Engineering, MBA

Other appointments: Chairman of the Board at Eldon Group. Board member at New Russian Generation Ltd and SAG GmbH

Dependence: Independent of company or major shareholder

Holding: 19,805 shares (0.3%), 15,000 share warrants

Committee member: –

Presence at Board meetings: 14 (15)

Presence at Audit Committee: –

Presence at Remuneration Committee: –

Board fee: SEK 250,000

Other payments: –

Ove Jonsson

Employee representative

Born: 1961

Elected: 2002

Education: –

Other appointments: –

Dependence: –

Holding: –

Committee member: –

Presence at Board meetings: 13 (15)

Presence at Audit Committee: –

Presence at Remuneration Committee: –

Board fee: –

Other payments: –

Per Östling

Employee representative

Born: 1959

Elected: 2006

Education: –

Other appointments: –

Dependence: –

Holding: –

Committee member: –

Presence at Board meetings: 15 (15)

Presence at Audit Committee: –

Presence at Remuneration Committee: –

Board fee: –

Other payments: –

Income statements Group

SEK k	Note	2011	2010
Revenues	5	3,149,658	2,497,164
Cost of goods sold	8, 9, 10, 12	-2,333,001	-1,809,099
Gross profit		**816,657**	**688,065**
Selling expenses	8, 9, 10, 11, 12	-379,879	-337,483
Administrative expenses	8, 9, 10, 11, 12	-202,113	-185,799
Other operating income		10,277	601
Other operating expenses		0	-20
Operating profit	7, 25	**244,942**	**165,364**
Profit from financial items			
Interest income and similar profit/loss items	13	1,624	1,648
Interest expenses and similar profit/loss items	13	-187,034	-226,704
Profit after financial items		**59,532**	**-59,692**
Tax on profit for the year, current	14	-28,999	-35,016
Tax on profit for the year, deferred	14	15,062	9,828
Profit/loss for the year		**45,595**	**-84,880**

Statement of comprehensive income Group

SEK k	Note	2011	2010
Profit/loss for the year		**45,595**	**-84,880**
Other comprehensive income			
Translation differences	25	16,906	-40,002
Other comprehensive income for the year		**16,906**	**-40,002**
Comprehensive income for the year		**62,501**	**-124,882**

Statement of financial position Group

SEK k	Note	12-31-2011	12-31-2010
ASSETS			
Fixed assets			
Tangible fixed assets	15		
Lands and buildings		116,898	120,703
Plant and machinery		182,354	179,167
Equipment, tools, fixtures and fittings		28,527	23,836
Construction in progress and advance payments for property, plant and equipment		38,721	20,184
Total tangible fixed assets		**366,500**	**343,890**
Intangible assets	16		
Goodwill		1,931,076	1,903,305
Other intangible assets		524,836	514,121
Total intangible assets		**2,455,912**	**2,417,426**
Other fixed assets			
Deferred tax assets	14	50,805	42,135
Other securities held as non-current assets		216	123
Other long-term receivables		11,085	9,649
Total other fixed assets		**62,106**	**51,907**
Total fixed assets		**2,884,518**	**2,813,223**
Current assets			
Inventories etc.	19		
Raw materials and consumables		101,607	79,939
Work-in-progress		10,228	10,362
Finished goods and goods for resale		164,575	130,165
Advance payments to suppliers		3,553	975
Total inventories etc.		**279,963**	**221,441**
Current receivables			
Accounts receivable	20	629,991	593,234
Other receivables	22, 23	33,805	25,745
Current tax assets		2,469	9,355
Prepayments and accrued income	21	17,073	21,451
Total current receivables		**683,338**	**649,785**
Cash and cash equivalents	27	108,417	118,214
Total current assets		**1,071,718**	**989,440**
TOTAL ASSETS		**3,956,236**	**3,802,663**

Statement of financial position Group

SEK k	Note	12-31-2011	12-31-2010
EQUITY AND LIABILITIES			
EQUITY	24		
Equity attributable to parent company shareholders			
Share capital		272	272
Additional paid in capital		468,515	489,772
Other provisions		216,795	199,889
Retained earnings including profit/loss for the year		134,788	67,936
Total equity for parent company shareholders		**820,370**	**757,869**
LIABILITIES			
Long-term liabilities			
Shareholder loans	26	1,311,250	1,170,761
Long-term interest bearing liabilities	26	889,779	879,763
Provisions for pensions	28	7,025	5,797
Deferred tax liabilities	14	150,568	144,999
Other provisions	29	31,168	27,100
Total long-term liabilities		**2,389,790**	**2,228,420**
Current liabilities			
Current interest bearing liabilities	26	211,186	293,346
Accounts payable		322,354	345,117
Current tax liabilities		14,625	20,586
Other liabilities	23, 30	57,284	44,010
Accrued expenses and deferred income	31	131,142	100,380
Other provisions	29	9,485	12,935
Total current liabilities		**746,076**	**816,374**
TOTAL EQUITY AND LIABILITIES		**3,956,236**	**3,802,663**
MEMORANDUM ITEMS			
Pledged assets	32	3,313,602	3,222,845
Contingent liabilities	33	17,428	3,673

Statement of cash flows Group

SEK k	Note	2011	2010
Operating activities			
Operating profit		244,942	165,364
Adjustments for items not affecting cash flow			
Depreciation/amortization		96,902	90,151
Change in provisions		437	5,955
Disposals of fixed assets		3,873	2,654
Other items not affecting liquidity		-6,799	3,956
Interest received		1,624	1,648
Interest paid		-41,765	-40,517
Tax paid		-28,074	-35,390
Cash flow from operating activities before changes in working capital		**271,140**	**193,821**
Cash flow from changes in working capital			
Decrease (+)/increase (–) in inventories		-49,131	-133
Decrease (+)/increase (–) in current receivables		-2,656	-75,161
Decrease (-)/increase (+) in current liabilities		-20,773	36,777
Cash flow from operating activities		**198,580**	**155,304**
Investing activities			
Acquisition of subsidiary	18	-50,891	-143,087
Purchase of fixed assets		-92,287	-41,884
Sale of fixed assets		13,824	–
Decrease (+)/increase (–) in long-term receivables		-599	-1,937
Cash flow from investing activities		**-129,953**	**-186,908**
Financing activities			
New capital issue		–	166,744
Repayment of debt		-822,933	-289,070
Borrowings		817,382	75,000
Decrease (-)/increase (+) in current financial liabilities		-72,188	12,835
Repayment of debt attributable to finance leases		-1,752	-372
Cash flow from financing activities		**-79,491**	**-34,863**
Cash flow for the year		-10,864	-66,467
Cash and cash equivalents at the beginning of the year		118,214	192,532
Exchange rate differences in cash and cash equivalents		1,067	-7,851
Cash and cash equivalents at the end of the year		**108,417**	**118,214**

Changes in equity Group

	Attributable to parent company shareholders				
SEK k	Share capital	Additional paid in capital	Translation reserve	Retained earnings incl. profit/loss for the year	Total equity
Equity at 1 January 2010	**203**	**418,522**	**239,891**	**57,391**	**716,007**
Profit/loss for the year according to the income statement				-84,880	-84,880
Other comprehensive income			-40,002		-40,002
Total comprehensive income			**-40,002**	**-84,880**	**-124,882**
Appropriation of profits according to the Annual General Meeting		-95,425		95,425	0
Option program		2,738			2,738
New capital issue	69	163,937			164,006
Total transactions with shareholders	**69**	**71,250**		**95,425**	**166,744**
Equity at 31 December 2010	**272**	**489,772**	**199,889**	**67,936**	**757,869**
Equity at 1 January 2011	**272**	**489,772**	**199,889**	**67,936**	**757,869**
Profit/loss for the year according to the income statement				45,595	45,595
Other comprehensive income			16,906		16,906
Total comprehensive income			**16,906**	**45,595**	**62,501**
Appropriation of profits according to the Annual General Meeting		-21,257		21,257	0
Total transactions with shareholders		**-21,257**		**21,257**	**0**
Equity at 31 December 2011	**272**	**468,515**	**216,795**	**134,788**	**820,370**

Income statements Parent company

SEK k	Note	2011	2010
Revenues	5, 6	1,269	1,131
Gross profit		**1,269**	**1,131**
Administrative expenses	6, 8, 9, 10, 11	-4,707	-4,341
Other operating expenses		-3	-15
Operating profit		**-3,441**	**-3,225**
Profit from financial items	13		
Profit from shares in Group companies		157,000	60,000
Interest expenses, Group companies		-1	0
Interest expenses and similar profit/loss items		-178,721	-78,032
Profit after financial items		**-25,163**	**-21,257**
Tax on profit for the year	14	0	0
Profit/loss for the year		**-25,163**	**-21,257**

Statement of comprehensive income Parent company

SEK k	Note	2011	2010
Profit/loss for the year		-25,163	-21,257
Other comprehensive income for the year		0	0
Comprehensive income for the year		**-25,163**	**-21,257**

Statement of financial position Parent company

SEK k	Note	12-31-2011	12-31-2010
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in Group companies	17	2,612,714	2,612,714
Total fixed assets		**2,612,714**	**2,612,714**
Current assets			
Current receivables			
Receivables from Group companies			0
Other receivables	22	183	613
Prepayments and accrued income	21	364	0
Total current receivables		*547*	*613*
Cash and cash equivalents	27	430	2,375
Total current assets		**977**	**2,988**
TOTAL ASSETS		**2,613,691**	**2,615,702**

SEK k	Note	12-31-2011	12-31-2010
EQUITY AND LIABILITIES			
Equity	24		
Restricted equity			
Share capital		272	272
Total restricted equity		**272**	**272**
Non-restricted equity			
Share premium reserve		468,515	487,034
Profit/loss brought forward		0	2,738
Profit/loss for the year		-25,163	-21,257
Total non-restricted equity		*443,352*	*468,515*
Total equity		**443,624**	**468,787**
Long-term liabilities			
Shareholder loans	26	1,311,250	1,170,761
Long-term interest bearing liabilities	26	724,448	737,736
Total long-term liabilities		**2,035,698**	**1,908,497**
Current liabilities			
Current interest bearing liabilities	26	80,000	150,000
Accounts payable		859	2
Liabilities to Group companies		44,199	83,727
Other liabilities	30	4,041	1,513
Accrued expenses and deferred income	31	5,270	3,176
Total current liabilities		**134,369**	**238,418**
TOTAL EQUITY AND LIABILITIES		**2,613,691**	**2,615,702**
MEMORANDUM ITEMS			
Pledged assets	32	2,612,714	2,612,714
Contingent liabilities	33	0	0

Statement of cash flows Parent company

SEK k	Note	2011	2010
Operating activities			
Operating profit		-3,441	-3,225
Dividends received		157,000	60,000
Interest paid		-34,559	-33,309
Cash flow from operating activities before changes in working capital		**119,000**	**23,466**
Cash flow from changes in working capital			
Decrease (+)/increase (–) in current receivables		66	467
Decrease (-)/increase (+) in current liabilities		-34,049	-39,208
Cash flow from operating activities		**85,017**	**-15,275**
Investing activities			
Acquisition of subsidiary	18	0	0
Cash flow from investing activities		**0**	**0**
Financing activities			
New capital issue		0	166,744
Borrowings		807,073	0
Repayment of loans		-894,035	-150,000
Cash flow from financing activities		**-86,962**	**16,744**
Cash flow for the year		-1,945	1,469
Cash and cash equivalents at the beginning of the year		2,375	906
Cash and cash equivalents at the end of the year		**430**	**2,375**

Changes in equity Parent company

SEK k	Share capital	Share premium reserve	Other non-restricted equity	Total equity
Equity at 1 January 2010	**203**	**418,522**	**-95,425**	**323,300**
Profit/loss for the year according to the income statement			-21,257	-21,257
Total comprehensive income			**-21,257**	**-21,257**
Appropriation of profits according to the Annual General Meeting		-95,425	95,425	0
Option program			2,738	2,738
New capital issue	69	163,937		164,006
Total transactions with shareholders		**68,512**	**98,163**	**166,744**
Equity at 31 December 2010	**272**	**487,034**	**-18,519**	**468,787**
Equity at 1 January 2011	**272**	**487,034**	**-18,519**	**468,787**
Profit/loss for the year according to the income statement			-25,163	-25,163
Total comprehensive income			**-25,163**	**-25,163**
Appropriation of profits according to the Annual General Meeting		-18,519	18,519	0
Option program				0
New capital issue				0
Total transactions with shareholders	**0**	**-18,519**	**18,519**	**0**
Equity at 31 December 2011	**272**	**468,515**	**-25,163**	**443,624**

Notes to the consolidated financial statements

NOTE 1 General information

Nefab Holding AB and its subsidiaries deliver complete packaging solutions to international industrial groups.

The parent company is a stock corporation registered in Sweden and based in the municipality of Stockholm. The address of the head office is Slottsgatan 14, Jönköping, Sweden.

The main shareholder (58.8%) in Nefab Holding AB is Cidron Diego S.a.r.l., corp. id. no. 20072426895 based in Luxembourg.

NOTE 2 Summary of important accounting principles

The most important accounting principles that have been applied in these consolidated financial statements are presented below. These principles have been applied consistently to all years presented, unless otherwise indicated.

2.1 Basis of preparation of the statements

The consolidated financial statements have been prepared in accordance with IFRS (the EU-approved International Financial Reporting Standards (IFRS) as well as interpretations of the International Financial Reporting Interpretations Committee (IFRIC) at 31 December 2011) plus RFR 1 and RFR 2.

In the annual report, items have been valued at cost except for certain financial derivative instruments, which have been evaluated at fair value through profit or loss. The more significant accounting policies that have been applied are described below.

Preparing financial statements in conformity with IFRS requires the executive management to make assessments and estimates, and to make assumptions that affect the application of accounting principles and the reported amounts for assets, liabilities, revenues and expenses. The estimates and assumptions are based on historical experience and a number of other factors that seem reasonable under the prevailing conditions. Actual results may differ from these estimates and assessments.

Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period when the change is made. For more information about estimates and assumptions, see note 4.1.

2.2 Consolidated financial statements

The statements for the Nefab Holding Group comprise the parent company and the companies in which Nefab Holding AB owns more than 50% of the voting rights, or otherwise has a controlling interest.

The consolidated financial statements have been prepared using the purchase method, which means that shareholder equity includes the parent company's equity and the share of subsidiaries' equity earned following the acquisition date. According to the purchase method, assets and liabilities in the subsidiary's statements are valued through an acquisition analysis at an estimated fair value in accordance with Group's accounting principles (IFRS). In this context, other unrecognized assets such as intangible assets in subsidiaries are also identified and evaluated. All these calculations of fair value include elements of estimates and assessments. If the acquisition value exceeds the estimated fair value of the company's net assets, the difference is reported as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, a review is made of the assets identified and evaluated surplus values. Once this has been done, any remaining difference is reported directly in the income statement. For acquired companies, the company's profit is included in the consolidated financial statements from the acquisition date. Proceeds from divestments of subsidiaries are included in the consolidated financial statement up to and including the divestment date.

The translation of Nefab's subsidiaries has been made using the current method. For further information about the translation of foreign currency, see note 2.4.

2.3 Changes in accounting principles and disclosures

New and revised standards from IASB and IFRIC statements.

During the year, IASB and IFRIC have introduced new standards and interpretations and made other changes as follows:

- *IAS 24 Related party disclosures – amendment*
  The amendment in IAS 24 clarifies the definition of related parties to facilitate the identification of such relationships and eliminate inconsistencies in the application. The revised standard also allows certain exemption for disclosures regarding related national agencies, state enterprises or corresponding local, national or international public bodies.
- *IAS 32 Financial instruments: Classification – amendment*
  The definition of debt has been changed, meaning that e.g. warrants issued by a company where the subscription amount is determined in a currency other than the company's functional currency will be an equity instrument if they are issued pro rata to existing shareholders.
- *IFRIC 14 Prepayments of a Minimum Funding Requirement – amendment*
  The amendment offers guidance for assessing the recoverable amount of a "net pension asset". The amendment allows a company to report the prepayment of a minimum funding requirement as an asset.
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*
  The interpretation explains how a company should report renegotiated terms for a financial liability that results in the company issuing equity instruments to a creditor and which fully or partially extinguishes the financial liability.

None of the above new or amended standards and statements in 2011 have had a material effect on the consolidated financial statements.

New and amended accounting principles applicable from 2012.

The new or amended standards and interpretations that come into force during the financial year 2012 are presented below. Nefab has chosen not to apply any of these standards early and has not yet evaluated the full impact on the consolidated financial statements.

- *IFRS 7, Financial Instruments: Disclosures – amendment*
  The amendment is aimed at increasing transparency in disclosures regarding the transfer of financial assets and to increase the user's understanding of the risk exposure related to the transfer of financial assets and how these transfers can affect a company's financial statements, particularly transfers of financial assets involving securitization. Early application is permitted.
- *IFRS 9 Financial Instruments: Recognition and Measurement*

NOTE 2 | cont.

IFRS 9 is the first published standard in the major project to replace IAS 39. IFRS 9 retains but simplifies the model with multiple evaluation criteria based on two primary valuation categories: amortized cost and fair value. Classification is based on the company's business model and the characteristics in the contractual cash flows. The guidance in IAS 39 regarding impairment testing of financial assets and hedge accounting continues to apply.

- *IAS 12, Income Taxes – amendment*
  Currently, IAS 12 requires that deferred tax attributable to an asset is valued differently depending on whether the asset's carrying amount will be recovered by using it in operations or through sale. This creates significant difficulties when the asset is valued at fair value under IAS 40, Investment Property. Therefore, an exemption is now being introduced in the existing principle for the valuation of deferred tax assets or liabilities that arise in accounting for investment properties at fair value. The change means that SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets no longer applies to investment property measured at fair value. The remainder of SIC 21 is transferred to IAS 12 and SIC 21 is withdrawn.
- *IFRS 10, Consolidated financial statements*
  The purpose of IFRS 10 is to establish principles for the creation and presentation of consolidated financial statements when a company controls one or more other companies. The standard defines the concept of control and establishes control as a basis for consolidation. The standard provides guidance for determining whether one company controls another and will thereby consolidate this company in the consolidated financial statements. The standard also specifies how consolidated financial statements are to be prepared.
- *IAS 27 Separate financial statements – amendment*
  IAS 27 (revised 2011) contains the rules regarding separate financial statements that remain following inclusion of control rules in IFRS 10.
- *IFRS 11 Joint arrangements*
  IFRS 11 provides a more realistic picture of joint arrangements by focusing on the rights and obligations rather than on the legal form of an arrangement. There are two types of joint arrangements: joint operations and joint ventures. A joint operation occurs when a joint operator is directly entitled to the assets and commitments for the liabilities in a joint arrangement. In such an arrangement, assets, liabilities, revenues and expenses are reported based on the holder's share of these. A joint venture occurs when a joint operator is entitled to the net assets in a joint arrangement. In such an arrangement, the holder shall report its share according to the equity method. The proportional method is no longer permitted.
- *IAS 28 Investments in Associates and Joint Ventures*
  IAS 28 (revised 2011) includes requirements to report joint ventures and associates using the equity method in accordance with IFRS 11.
- *IFRS 12 Disclosures of interest in other entities*
  IFRS 12 includes disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- *IFRS 13 Fair value measurement*
  IFRS 13 Fair value measurement intends to make evaluation at fair value more consistent and less complex by including a precise definition and a common source in IFRS for fair value valuations and related disclosures. The requirements, which are essentially the same between IFRS and US GAAP, do not increase the scope for when fair value shall be applied, but provides guidance on how it should be applied when other IFRS already require or permit fair value measurements.
- *IAS 1 Presentation of Financial Statements – amendment*
  The most significant change in the revised IAS 1 is the requirement that items reported in "other comprehensive income" be presented in two groups. The distribution is because the items may or may not be reclassified for the income statement (reclassification adjustments). The amendment does not address the question of which items shall be included in "other comprehensive income".
- *IAS 19 Employee benefits – amendment*
  The amendments to IAS 19 include significant changes regarding the reporting of defined benefit pension plans. The possibility to defer actuarial gains and losses as part of the "corridor" may not be applied, but must be continuously recognized in other comprehensive income. In the income statement, items are reported that are attributable to earnings of defined benefit pensions plus gains and losses arising due to the settlement of a pension liability and net financial items for the defined benefit plan. The changes include additional changes that do not focus on accounting for pensions but other forms of employee benefits. Termination benefits shall be recorded at the earlier of the following: at the time when the offer of remuneration cannot be withdrawn or in accordance with IAS 37 as part of e.g. the restructuring of the business.

2.4 Revenues

Revenues are recorded as the significant risks and benefits associated with the Group's products are transferred to the buyer.

The sale of goods is recognized upon delivery of products to customers. Sales are reported net of VAT, discounts and exchange differences on foreign currency sales. In the consolidated financial statements, intra-group sales are eliminated.

Revenues from services within packaging logistics, e.g. pool operations and consulting services, are reported in the period the service relates to. Most of the Group's services are charged on an ongoing basis.

2.5 Translation of foreign currency

Functional currency and reporting currency

Items included in the financial statements for the various units in the Group are measured using the currency used in the economic environment in which the unit operates (functional currency). In the consolidated financial statements SEK (Swedish kronor) is used as the parent company's functional and reporting currency.

Transactions and balance items

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of transaction. Receivables and liabilities denominated in foreign currencies are valued at the rate on the reporting date. Exchange rate differences relating to ongoing operations are recognized in operating profit, while exchange rate differences attributable to the Group's financing is recognized under financial income and expenses.

Group companies

The profit and financial position for all Group companies with functional currencies other than the reporting currency (SEK), are translated into the reporting currency as follows:

- assets and liabilities for each balance sheet are translated at the closing rate,
- goodwill and other consolidated surpluses and deficits are translated at the closing rate,

NOTE 2 | cont.

– revenues and expenses for each income statement are translated at average exchange rates, and
– all exchange differences arising from the translation of the Group's net assets are recognized as translation differences in other comprehensive income.
– exchange rate differences related to hedging of net investments are also recognized as a translation difference in other comprehensive income.

2.6 Employee benefits

Pension obligations

Group companies have different pension plans. The pension plans are generally funded through payments from Group companies to insurance companies according to periodic calculations.

The Group mainly has defined contribution plans, but also some defined benefit plans. A defined benefit pension plan is a pension plan that indicates an amount for the pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, period of service or salary. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity.

One of the defined benefit plans has plan assets in a special foundation. An independent actuary calculates the size of the obligations for each defined benefit plan, and reassesses the pension plans annually. The pension liability for defined benefit plans is calculated according to the Projected Unit Credit Method, which distributes the cost over the duration of the employee's service. These obligations are valued at the present value of expected future payments using a discount rate equal to the interest rate on government bonds with a maturity that approximates the actual commitments. For funded plans, pension obligations are recorded in the consolidated financial statements net following deductions for plan assets. If a funded plan has plan assets in excess of commitments, this is recorded as financial fixed assets. Actuarial gains and losses arising from experience-based adjustments and actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation, are distributed over the employees' expected average remaining working lives. Costs relating to services performed in earlier periods are recognized directly in the income statement.

For defined contribution plans, the Group has no further payment obligations once the contributions are paid. The contributions are recognized as expenses in the period when the employees render the services to which the contributions pertain.

Commitments for retirement pensions and family pensions for salaried employees in Sweden are secured through insurance with Alecta. These pension plans are defined benefit plans but are handled as defined contribution plans in accordance with the exceptions rule stated in IAS 19. The Swedish Financial Reporting Board's statement UFR 3 applies until Alecta can report basic data for the calculation of defined benefit pension obligations. UFR 3 means that the pension solution with Alecta is classified as a defined contribution plan until further notice. At the end of 2011, Alecta's collective consolidation level amounted to 113 percent (146).

Besides pension obligations, there are no other significant post-employment benefits.

Short-term employee remuneration

Short-term remuneration such as salaries, paid short-term absences (such as paid vacation and paid sick leave) etc. are recorded when the services eligible for remuneration are carried out.

Termination payment

The Group recognizes provisions for severance pay when it is committed to either terminating the contract with the employee according to a detailed formal plan without the possibility of withdrawal, or to providing termination payment as a result of an offer made to encourage voluntary redundancy.

Profit sharing and bonus plans

The Group recognizes a provision when there is a legal obligation or an informal obligation according to previous practice.

Share-related benefits

There are no share benefits within the Group.
See note 24.

2.7 Leases

When lease agreements mean that the Group, as the lessee, essentially enjoys the financial benefits and bears the financial risks attributable to the leased object, the object is reported as a fixed asset in the statement of financial position. Corresponding obligations to pay lease fees in the future are recognized as liabilities. Each lease payment is split between amortization of debt and financial costs, which are recognized in the income statement over the lease term. Fixed assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant share of the risks and benefits of ownership are retained by the lessor are classified as operating leases. For such leased items, lease payments are recorded linearly over the lease period.

For the parent company all leases are classified as operating leases.

The Group acts in certain cases as the lessor. This refers almost exclusively to operating leases for the rental of packaging products via pool systems. Rental income is accrued and recognized as income linearly in the period to which the service pertains. Costs associated with leasing revenues are recognized when they occur. Usually there are no notice periods within the operations, so future minimum lease payments are marginal.

2.8 Current and deferred income tax

Current tax for the period is based on profit for the period adjusted for non-tax-deductible expenses and non-taxable revenues plus tax adjustments relating to earlier periods. The current tax is based on enacted tax rates at the reporting date.

Deferred tax is recognized on differences arising between the fiscal value and the carrying amount of assets and liabilities, temporary differences, as well as on tax loss carry forwards. Deferred tax liabilities are normally recognized for all taxable temporary differences while deferred tax assets are recognized to the extent that it is probable that the amounts can be offset against future taxable surpluses.

Deferred tax is calculated using the tax rates expected to apply in the period in which the tax is realized.

Deferred tax is also calculated on temporary differences arising on shares in subsidiaries, except in cases where the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Untaxed reserves in the individual companies are divided between deferred tax liabilities and retained earnings in the consolidated balance sheet. Untaxed reserves mainly exist in the Swedish companies.

NOTE 2 | cont.

2.9 Tangible fixed assets and intangible assets

Tangible fixed assets and intangible assets, excluding goodwill and brands, are reported net at cost less planned depreciation and possible impairment losses. If there is an indication that an asset has decreased in value, a calculation is made of the asset's recoverable amount. In cases where an asset's carrying amount exceeds its estimated recoverable amount, the asset is immediately written down to its recoverable amount.

Expenditure to improve the performance of tangible assets beyond the original level increases the asset's carrying amount and is activated with costs incurred. Expenditure for repairs and maintenance is recorded as costs.

Brands are recognized at fair value at the acquisition date. Brands regarded as having an indefinite useful life, and therefore no annual depreciation is made.

Goodwill represents the excess of the cost over the fair value of the Group's share of the acquired subsidiary's identifiable net assets or the assets and liabilities at the acquisition date. Goodwill is tested annually for impairment and is reported at cost less accumulated impairment losses. Depreciation and amortization according to plan are not reported for goodwill.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The cash-generating units comprise the segments in the Group, which represents the lowest level where there are separately identifiable cash flows.

Research and development

Costs for product and process development have been continuously charged to profit, as the criteria for taking up an intangible asset in the statement of financial position is not fulfilled. As the costs for the largest part relate to specific customer orders, these are reported under cost of goods sold.

Depreciation methods

Tangible and intangible fixed assets are amortized systematically over the asset's estimated useful life. Straight-line depreciation is used for all types of tangible and intangible fixed assets. Depreciation has been performed by the following percentages per year:

Goodwill and brand	No depreciation
Customer relations	12.5–20%
Other intangible assets	12.5-33%
Plant and machinery	6–20%
Equipment, tools, fixtures and fittings	12.5–20%
Computers	20-33%
Lands and	2-5%
Land improvements	3.75%

2.10 Financial instruments

The Group classifies its financial instruments into two categories: financial assets at fair value through the income statement plus loans receivable, other receivables and other financial liabilities. The classification depends on the purpose for which the instrument was acquired. The management determines the classification of the instrument on initial recognition and re-evaluates this decision at every reporting date.

Financial assets are evaluated at fair value via the income statement.

This category consists of financial derivatives, currency forward agreements and currency option agreements held in order to reduce the uncertainty of future purchase and sales values. Assets and liabilities within this category are classified as current assets and current liabilities and are recognized in the balance sheet item as other current assets or liabilities. After the acquisition date these assets and liabilities are recognized at fair value. Realized and unrealized gains and losses arising from changes in fair value for this category are included in the income statement as financial income or expenses if the hedge relates to financing activities and as other operating income or expenses if the hedge relates to operating activities, and are reported in the period in which they occur because the Group does not apply hedge accounting in accordance with IAS 39. Fair value is based on market values, obtained from banks or institutions that deal with forward agreements and options.

Financial assets held for sale

Financial assets held for sale are non-derivative assets where the assets have been identified as available for sale or they have not been classified in any other category. They are included in current assets unless management intends to dispose of the asset within 12 months of the reporting period.

Loans receivable, other receivables and other financial liabilities

Loans receivable, other receivables and other financial liabilities are non-derivative assets and liabilities. They are included in current assets and current liabilities except for items that have a maturity date more than 12 months after the reporting date, which are classified as fixed assets and long-term liabilities. Loans receivable, other receivables and other financial liabilities are reported at amortized cost using the effective interest method.

Purchases and sales of financial instruments are recognized at the settlement date – the date on which an asset is delivered to or by the Group.

Financial instruments are derecognized from the statement of financial position when the right to receive cash flows from the instrument has expired or been transferred and the Group has substantially transferred all risks and benefits associated with ownership.

As for last year, provisions for risk of loss occurred following individual consideration. Consideration of the risk of loss is primarily based on age structures.

Borrowing costs

Borrowing costs are normally charged to the profit in the period to which they relate. Borrowing costs attributable to purchases or the construction of so-called qualifying assets shall be capitalized as part of the asset's cost. A qualifying asset is an asset that takes considerable time to complete.

2.11 Inventories

Inventories have been valued using a method that is based on the weighted average prices at the lower of acquisition cost and manufacturing cost and net realizable value. For manufactured and finished goods, cost comprises direct production costs and a reasonable proportion of indirect costs.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and current investments with a maturity of up to 3 months.

NOTE 2 | cont.

2.13 Provisions and contingent liabilities

A provision is recognized when the company has a legal or informal obligation as a result of a past event and it is probable that an outflow of resources will be required in order to settle the obligation and a reliable estimate of the amount can be made. Present value calculations are made to take into account the time effect for significant future payments. Contingent liabilities are recognized in cases where the requirements have been met for recognition as a liability or not.

2.14 Government support

Government support is recognized at fair value when there is reasonable assurance that the support will be received and that the Group will comply with the conditions attached. Government support attributable to costs is deferred and recognized as revenue in the period when the costs arise for which the Government support is intended to compensate. Government support for the acquisition of tangible fixed assets reduces the asset's carrying amount.

2.15 Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow only includes transactions that involve cash payments.

2.16 Events after the reporting date

For events after the reporting date, refer to the Director's report, and note 34.

2.17 The parent company's accounting principles

The annual report for the parent company has been prepared in accordance with RFR 2 and the Annual Accounts Act.

Group contributions are reported in accordance with RFR2 in the income statement, both paid and received.

Shareholders' contributions are recognized as an increase in the item, shares in Group companies. In cases where contributions refer to the covering of losses, an impairment assessment of the shares' value is required.

NOTE 3 Financial risks and other risk factors

3.1 Risk management process

Nefab's work with risk management is based on the overall framework for risk management that has been established. The overall structure includes risk analyses and risk assessments at Group level, risk seminars and risk reporting at the company level in accordance with established models.

3.2 Financial risks

The Group's is exposed to financial risks through its international operations. Financial risk is the change in consolidated cash flow that can be explained by changes in exchange rates, interest rates as well as liquidity, funding and credit risks.

The goal is to minimize the financial risk in a cost effective manner to ensure the Group's liquidity needs and to optimize the cost for raising capital.

The Group's financial policy forms a framework of guidelines and rules for managing the financial risks and financial activities in general.

3.3 Currency risk

Both the consolidated income statement and statement of financial position are affected by currency fluctuations and the Group's operations are therefore exposed to currency risks primarily in the following three areas:

- Transaction risk
- Risk when translating foreign subsidiaries' income statements
- Risk when translating foreign subsidiaries' statements of financial position

Transaction risk

Transaction risk arises as a result of the Group's commercial payment flows that are made in currencies other than each subsidiary's local currency. The Group's policy is to hedge known flows and forecast flows within three months. Longer option and forward contracts exist but require approval from the Group management.

Most of the Group's products are sold in the same country they are produced in. The main exceptions concern deliveries made from the Swedish production units to foreign end users, from manufacturing units in Canada to the US as well as deliveries from manufacturing units in Estonia and Slovakia to European markets.

Risk when translating foreign subsidiaries' income statements and statements of financial position

Foreign subsidiaries' income statements are translated to Swedish kronor using the average exchange rate. The subsidiaries' statements of financial position are translated at the rate on the reporting date. Translation risks in the statements of financial position refer to changes caused by exchange rate changes to net assets in foreign currencies that are translated into SEK.

3.4 Interest rate risk

Interest rate risk is the risk that changes in interest rates negatively affect the Group's profit through increased borrowing costs. Financing occurs through borrowing from banks and shareholders.

3.5 Liquidity and financing risk

Liquidity and financing risk is the risk of being unable to meet payment obligations due to insufficient liquidity or difficulties in raising external loans. Nefab seeks to achieve a high level of financial preparedness and effective fund raising by building strong relationships with a few selected banks.

3.6 Business risks

The Group is exposed to risks to varying degrees in different markets. For the Group as a whole, two main risk areas are identified: risks associated with the procurement of raw materials and customer dependence on the telecom industry.

3.7 Commodity risk

The Group's own production is dependent on a number of raw materials, particularly steel and plywood. Rising prices and lack of supply for these raw materials may negatively affect the Group's profit. The price of plywood may also affect the material's competitiveness relative to other materials.

3.8 Customer dependence

The Group's position as a leading packaging supplier to major telecom providers is a strength for the Group, while it also carries a risk. A simultaneous decrease in volume for all businesses in the telecom industry would adversely affect the Group. The large geographical spread of invoicing partly mitigates such effects.

NOTE 4 Key estimates and assumptions for accounting purposes

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Key estimates and assumptions for accounting purposes

The Group makes estimates and assumptions about the future. The accounting estimates that result from these will, by definition, rarely correspond to the actual results. The estimates and assumptions that involve a significant risk for material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment assessment of fixed assets

The Group annually tests for any impairment of goodwill and brands, in accordance with the accounting policy described in the section Tangible and intangible assets. For all fixed assets, impairment is also tested in the event that any indication of this exists. The recoverable amounts for cash generating units are determined by calculating the value in use. These calculations require some estimates to be used. (Note 16 Intangible assets)

Income taxes

The Group has fiscal deficits in some companies. These deficits may in future be offset against future profits. Deferred tax is recognized to the extent it is deemed likely that the fiscal deficit can be offset against surpluses in the coming years' tax assessments, when the companies in question are expected to generate profits. This is described further in note 14.

In some cases, tax audits are taking place in Group companies. The Group recognizes any liability based on estimates of whether additional taxes will be due. In cases where the final tax differs from the assessed tax, this is reported in the period when the tax is determined.

Identification and measurement of intangible assets upon acquisition

For company acquisitions, the executive management identifies and evaluates the surplus value that exists and makes an assessment of the expected useful life. Identified surplus values will then be recognized as an intangible asset in accordance with this. In connection with the evaluation, the executive management makes estimates and assumptions regarding, for example, future growth and the identification of a discount rate.

Provisions

Provisions are defined as liabilities that are uncertain with respect to the time of settlement or amount. It follows that some estimates and assumptions are always made when provisions are reported. Within the Group, provisions include those for expected return of packaging material from customers. The size of the provision is assessed based on previous returns. Other provisions, such as warranty provisions are made on the basis of assessed results. For pension provisions, assumptions are made about inflation, discount rate and return on plan assets.

4.2 Significant assessments in application of the company's accounting principles

With regard to property, there is a lease with the option to purchase the property. The assessment has been made that this is not going to occur. Classification is made in accordance with this and other factors as operating leases.

NOTE 5 Segment information

The Group's operations are managed and reported by geographical areas, which therefore forms the basis for the Group's segmentation. All types of the Group's products are available in the various geographical markets and to all customer segments.

	Europe		Asia		America		Other		Elimination		Total	
SEK k	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenues												
External sales	1,676,394	1,464,791	829,979	721,421	641,320	307,499	1,965	3,453			3,149,658	2,497,164
Internal sales	2,975	2,276	12,743	7,416	0	7	163,041	113,787	-178,759	-123,486	–	–
Total revenues	**1,679,369**	**1,467,067**	**842,722**	**728,837**	**641,320**	**307,506**	**165,006**	**117,240**	**-178,759**	**-123,486**	**3,149,658**	**2,497,164**
Profit												
Operating profit (EBITDA)	208,366	158,457	84,058	70,617	19,308	8,355	30,111	18,086			341,843	255,515
Depreciation/amortization	-32,827	-32,150	-17,380	-18,947	-9,000	-6,227	-2,697	-3,245			-61,904	-60,569
Operating profit (EBITA)	**175,539**	**126,307**	**66,678**	**51,670**	**10,308**	**2,128**	**27,414**	**14,841**			**279,939**	**194,946**
Depreciation/amortization of surplus value on intangible assets	-14,879	-13,550	-11,069	-12,402	-9,049	-3,630	0	0			-34,997	-29,582
Operating profit	**160,660**	**112,757**	**55,609**	**39,268**	**1,259**	**-1,502**	**27,414**	**14,841**	**0**	**0**	**244,942**	**165,364**
Net financial income											-185,410	-225,056
Profit after financial items											**59,532**	**-59,692**
Tax on profit for the year											-13,937	-25,188
Profit/loss for the year											**45,595**	**-84,880**
Other disclosures												
Fixed assets	1,170,449	1,137,124	1,239,355	1,234,566	383,665	358,827	28,943	30,799			2,822,412	2,761,316
Inventories	170,988	130,284	55,334	52,262	43,113	31,450	10,528	7,445			279,963	221,441
Other assets	322,062	305,196	263,108	231,165	99,809	103,074	116,796	80,855	-120,906	-79,860	680,869	640,430
Non-allocatable assets											172,992	179,476
Total assets	**1,663,499**	**1,572,604**	**1,557,797**	**1,517,993**	**526,587**	**493,351**	**156,267**	**119,099**	**-120,906**	**-79,860**	**3,956,236**	**3,802,663**
Equity											820,370	757,869
Other liabilities	294,982	267,692	223,694	203,889	105,267	88,493	48,421	22,274	-120,931	-79,906	551,433	502,442
Non-allocatable liabilities											2,584,433	2,542,352
Total liabilities	**294,982**	**267,692**	**223,694**	**203,889**	**105,267**	**88,493**	**48,421**	**22,274**	**-120,931**	**-79,906**	**3,956,236**	**3,802,663**
Investments	85,442	49,547	14,605	4,046	38,618	261,931	934	4,067			139,599	319,591

Unallocated costs relate to shared costs. The geographical segments' assets consist primarily of tangible fixed assets, intangible fixed assets, inventories and receivables but exclude financial assets. Liabilities consist of operating liabilities but not by items such as tax liabilities and financial items. Investments consist of purchases of tangible fixed assets and intangible assets, including increases that have resulted from acquisitions. No income statement items other than operating profit are allocated to the regions. Market conditions and pricing prevails between Group companies and when trading between different geographical markets.

NOTE 5 | cont.

Geographical information

Revenue from external customers (based on domicile)

Below are the external sales revenues for Nefab's largest markets based on the customer's location.

SEK k	2011		2010	
Sweden	302,424	10%	317,037	13%
China	700,846	22%	620,780	25%
USA	492,761	16%	216,064	8%
Germany	218,271	7%	170,994	7%
France	202,767	6%	148,679	6%
Other	1,232,589	39%	1,023,610	41%
Total	**3,149,658**	**100%**	**2,497,164**	**100%**

Fixed assets by Country

Fixed assets are distributed for individually significant countries with respect to production capacity.

Much of the Group's goodwill and intangible assets from acquisitions have been allocated to the Group's segments Europe, America and Asia and are reported below in the item other.

SEK k	2011		2010	
Sweden	39,594	1%	42,140	2%
USA	258,584	9%	254,907	9%
France	60,000	2%	57,779	2%
China	56,798	2%	35,267	1%
Estonia	53,034	2%	30,428	1%
Slovakia	45,395	2%	45,559	2%
Spain	37,372	1%	39,158	1%
Other	2,271,635	81%	2,256,078	82%
Total	**2,822,412**	**100%**	**2,761,316**	**100%**

Revenue breakdown by type of income:

	Group		Parent company	
SEK k	2011	2010	2011	2010
In-house manufactured products	1,636,941	1,321,842	–	–
Commercial products	1,235,688	1,046,158	–	–
Official services	277,029	129,164	1,269	1,131
Total	**3,149,658**	**2,497,164**	**1,269**	**1,131**

Group revenues to some extent consist of services. In addition to the official services specified above, services are also performed relating to the sale of goods. This is an integral part of the invoicing that takes place for the sale of goods.

NOTE 6 Intra-group transactions

The entire parent company's net sales relates to invoicing to subsidiaries. Of the total operating cost, 0 percent (0) represents invoicing from subsidiaries.

NOTE 7 Items affecting comparability

In 2010 restructuring continued for the production structure in northern Europe that began in 2009. The restructuring mainly related to the relocation of the production plant in Sweden, which was closed down and moved to Estonia. The Group's operating profit for 2010 was charged with SEK 5,857 k in connection with this restructuring. The bulk of this amount consisted of costs for personnel, both in the project and for redundancy payments. In addition, operating profit for 2010 was charged with acquisition costs of SEK 7,885 k.

NOTE 8 Wages, other remuneration and social security expenses

	2011		2010	
SEK k	Wages and remuneration	Pension expenses	Wages and remuneration	Pension expenses
Parent company (Sweden)				
Boards and President	1,208	0	1,150	–
(of which variable remuneration)	0		–	
Other employees	631	90	653	93
Subsidiary (Sweden)				
Boards and Presidents	5,981	1,371	5,011	1,227
(of which variable remuneration)	(1,032)		932)	
Other employees	74,936	7,577	74,424	6,319
Subsidiary (abroad)				
Boards and Presidents	24,415	772	23,991	985
(of which variable remuneration)	(1,527)		(995)	
Other employees	393,116	9,834	302,087	9,371
Total	**500,287**	**19,644**	**407,316**	**17,995**
(of which variable remuneration to Boards and Presidents)	**(2,559)**		**(1,927)**	

NOTE 8 | cont.

The following applies by country:	2011 Board of Directors and President	2011 Other employees	2010 Board of Directors and President	2010 Other employees
Sweden	7,189	75,271	6,161	75,077
Norway	957	8,374	891	8,243
Denmark	983	935	975	947
Finland	0	1,039	–	1,412
Estonia	912	13,677	1,060	10,048
Russia	0	296	0	298
Netherlands	1,265	8,392	1,088	7,156
Belgium	1,220	7,200	1,097	6,641
Germany	3,641	31,328	2,087	23,728
Austria	1,147	3,207	1,069	3,521
Poland	852	1,986	631	1,672
Hungary	518	4,638	550	4,002
Romania	0	654	–	539
Slovakia	488	15,267	964	14,808
United Kingdom	583	1,707	723	1,513
France	1,465	34,761	1,517	22,403
Spain	1,093	28,989	1,088	31,161
Italy	0	2,412	–	2,376
Portugal	388	2,791	305	2,948
Canada	1,024	25,902	1,091	24,212
USA	1,787	116,191	2,154	43,206
China	3,395	68,028	3,901	78,300
Singapore	0	2,227	–	1,808
Czech Republic	0	688	–	574
Mexico	0	603	–	651
India	798	5,247	807	3,641
Brazil	1,899	6,873	1,993	6,577
Total	**31,604**	**468,683**	**30,152**	**377,164**

Social security expenses, SEK k	2011	2010
Parent company	599	590
Subsidiary, Sweden	27,832	27,701
Subsidiary, abroad	92,890	69,586
Total	**121,321**	**97,877**

Pension expenses for pension plans that are treated as defined contribution amount to SEK 19,644 k (17,995) for the Group, and SEK 90 k (93) for the parent company.

NOTE 9 Personnel

Average number of employees by country

	Group				Parent company			
	2011		2010		2011		2010	
	Total	Of which male	Total	Of which male	Total	Of which male	Total	Of which male
Sweden	199	159	193	156	1	1	1	1
Norway	18	12	18	12	–	–	–	–
Denmark	3	2	3	2	–	–	–	–
Finland	3	2	3	2	–	–	–	–
Russia	2	1	2	1	–	–	–	–
Estonia	130	73	93	49	–	–	–	–
Poland	12	7	10	7	–	–	–	–
Czech Republic	4	2	3	2	–	–	–	–
Hungary	36	26	30	21	–	–	–	–
Romania	4	2	3	2				
Slovakia	126	88	135	96	–	–	–	–
Netherlands	28	24	23	18	–	–	–	–
Belgium	26	17	25	16	–	–	–	–
Germany	115	96	61	49	–	–	–	–
Austria	9	6	9	7	–	–	–	–
United Kingdom	4	1	5	3	–	–	–	–
France	115	96	80	66	–	–	–	–
Spain	124	101	126	101	–	–	–	–
Italy	6	4	6	4	–	–	–	–
Portugal	24	16	21	13	–	–	–	–
Canada	93	83	82	70	–	–	–	–
Mexico	35	24	2	2	–	–	–	–
USA	409	360	149	132	–	–	–	–
China	1,269	991	1,225	954	–	–	–	–
India	82	81	72	70	–	–	–	–
Singapore	15	5	14	4	–	–	–	–
Brazil	43	36	49	41	–	–	–	–
Total	**2,934**	**2,315**	**2,442**	**1,900**	**1**	**1**	**1**	**1**

Board members and senior executives

	Group				Parent company			
	12-31-2011		12-31-2010		12-31-2011		12-31-2010	
	Number at reporting date	Of which male	Number at reporting date	Of which male	Number at reporting date	Of which male	Number at reporting date	Of which male
Board Members	63	95%	64	95%	9	89%	9	89%
Presidents and other senior executives	128	85%	118	85%	1	100%	1	100%

NOTE 10 Related party transactions

The Nordgren/Pihl family has received remuneration from the company Sanope S.A. The invoices that Nefab Holding AB received in 2011 from Sanope S.A. have been subsequently invoiced to the subsidiary Nefab AB. Market conditions and pricing prevails between Nefab and the Nordgren/Pihl family with the company.

Lease agreements exist with companies owned by senior executives of the Group's subsidiaries in the two newly acquired companies Peinetti and PDS. These lease expenses are included below in the item purchase of services from other senior executives.

Transactions take place between Group companies relating to the provision of goods and services and the provision of financial and intangible services. Market conditions and pricing are applied to all transactions.

All intra-group transactions are eliminated.

The following transactions have taken place with related parties

Purchase of services

	Group		Parent company	
SEK k	2011	2010	2011	2010
Sanope S.A.	463	484	463	484
Other senior executives/Board	3,585	445	–	–
Total	**4,048**	**929**	**463**	**484**

Closing debt at year end resulting from the purchase of services

	Group		Parent company	
SEK k	2011	2010	2011	2010
Sanope S.A. (principal owner family)	–	–	–	–
Other senior executives/Board	452	–	–	–
Total	**452**	**0**	**0**	**0**

Remuneration to senior executives in 2011

SEK k	Fixed salary/ fees	Variable salary	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board	500	–	–	–	435	**935**
Other Board members	708	–	–	–	463	**1,171**
President and CEO	2,384	416	0	738	–	**3,538**
Other senior executives (9 people)	12,873	1,219	1,063	1,618	221	**16,994**
Total	**16,465**	**1,635**	**1,063**	**2,356**	**1,119**	**22,638**

Remuneration to senior executives in 2010

SEK k	Fixed salary/ fees	Variable salary	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board	500	–	–	–	445	**945**
Other Board members	650	–	–	–	484	**1,134**
President and CEO	2,215	707	32	762	–	**3,716**
Other senior executives (9 people)	11,281	1,955	1,052	1,650	432	**16,370**
Total	**14,646**	**2,662**	**1,084**	**2,412**	**1,361**	**22,165**

All pension expenses in 2011 and 2010 relate to defined contribution plans.

NOTE 10 | cont.

Remuneration of Board members amounts to SEK 1,250 k in accordance with a decision by the Annual General Meeting. SEK 500 k is to the Chairman and SEK 250 k to Mr Karlsson, with members Rosberg, Samuelsson, North Branch and Pihl receiving SEK 125 k each. Recorded Board fees for the financial year 2011 amount to SEK 1,208 k. As in previous years, Board members with permanent employment in the Group have not received any special remuneration. No special fees are payable for committee work. Employee representatives receive a study fee

Chairman Lars-Åke Rydh has additionally received remuneration for consultancy work within his professional field of competence. These fees altogether totaled SEK 435 k.

The owner family Nordgren/Pihl has received remuneration from the company Sanope S.A. SEK 463 k in remuneration was paid and represents payment for work relating to the Group's expansion project, marketing and other development work.

Salary and other remuneration to the President Stefan Ekqvist was expensed during the year totaling SEK 2,384 k. SEK 416 k of the remuneration relates to variable salary. Pension premiums for the President were expensed during the year totaling SEK 738 k.

The variable salary program consists of two parts, the first of which is related to the Group's results and the other is related to the achievement of certain predetermined goals. The variable salary is capped at 40% of the his annual basic salary.

The President's pension plan includes pension provisions amounting to 35% of the base salary. The President's employment conditions include 12 months' notice from the company plus severance pay equal to basic salary for a period of 6 months. A notice period of 12 months applies for termination by the President. Severance pay is not paid in this case.

For the newly appointed President, David Mörk, the same employment conditions apply except for pension contributions, which instead amount to 30% of the basic salary.

For other members of the Group management, remuneration has been received totaling SEK 14,092 k for nine people. SEK 1,219 k of of this amount relates to variable salary. For 2011, the variable salary consists of two parts, the first of which is related to the Group's results and the other is related to the achievement of certain predetermined goals. The variable salary for each executive is capped at around 35% (in one case 145%) of the basic salary. Nine people in the Group management have made salary waivers of benefits, such as car privileges. The total amount for benefits is thereby SEK 1,063 k.

The Employment Protection Act applies for two people in the Group management team, while other members have notice periods ranging between 3 months and 30 months, where a 12 month notice period being the most common from the company.

Pension premiums of SEK 1,618 k have been expensed for other members of the Group management.

The Group has one outstanding option program, see note 24.

The Board of Directors has established a remuneration committee that is tasked with developing proposals to the Board regarding salary and other remuneration to the President. This task also includes reviewing remuneration of Board members when they are appointed as consultants by the executive management. Furthermore, the remuneration of executives closest to the President shall be authorized by the remuneration committee. During the year, the remuneration committee comprised Lars-Åke Rydh, Ulf Rosberg and Jochum Pihl. The President's remuneration is paid from the subsidiary Nefab AB.

NOTE 11 Remuneration of auditors

		Group		Parent company	
		2011	2010	2011	2010
Ernst & Young	Auditing assignments	4,437	5,068	100	100
	Audit activities other than auditing assignments	1,003	54	–	–
	Tax advice	114	229	–	–
	Other services	315	197	–	–
	Total Ernst & Young	**5,869**	**5,548**	**100**	**100**
Other auditors	Auditing assignments	627	848	–	–
	Audit activities other than auditing assignments	0	79	–	–
	Tax advice	108	388	–	–
	Other services	117	5	–	–
	Total other auditors	**852**	**1,320**	**0**	**0**
Total		**6,721**	**6,868**	**100**	**100**

Auditing assignments refer to the auditor's remuneration for the statutory audit, i.e. the work that has been necessary in order to submit the auditors' report. This also includes fees for audit advice given in connection with an auditing assignment.

Auditing services other than auditing assignments refer to reviews of the administrative or financial information in line with the constitution, articles of incorporation, statutes or agreements and which culminate in a report that is intended to provide analytical material, even for someone other than the client, plus advice and other assistance resulting from observations made during an evaluation.

Tax advice is included within this. Other services include advice not attributable to any of the previously listed types of services such as legal services in addition to audit activities concerning matters other than taxes.

NOTE 12 Leases

Assets that the Group leases through finance leases and that are reported as tangible fixed assets consist of:

	Lands and buildings	
SEK k	2011	2010
Acquisition value	23,238	24,053
Accumulated depreciation	-16,163	-16,023
Net book value	**7,075**	**8,030**

Future payment commitments for the Group for leases are as follows:

	Finance leases				Operating leases	
	2011		2010		2011	2010
SEK k	Nominal	Present value	Nominal	Present value	Nominal	Nominal
Payment due within one year	1,881	1,791	1,821	1,735	102,705	90,432
Payable later than one year but within 5 years	481	436	2,386	2,143	158,946	184,430
Payable due later than 5 years	–	–	–	–	60,100	37,011
Lease payments during the year amount to	1,819		1,762		118,517	110,280

Finance leases

Larger leased objects refer to property leases for the production facility in France.

There are no variable lease payments. Nor are there any significant purchase options or restrictions resulting from leases.

Operating leases

Larger leased objects refer to factory and office leases.

There are no variable lease payments. Nor are there any significant or restrictions resulting from leases. There is a purchase option relating to a property in Sweden.

The Group as lessor

The Group acts as lessor in operating leases for the rental of packaging products via pool systems. Leasing revenue for the year amounts to SEK 22,434 k (14,516), excluding handling revenues from these customers. Usually there are no notice periods within the operations, so future minimum lease payments are marginal.

NOTE 13 Profit from financial items

Profit from shares in Group companies

	Group		Parent company	
SEK k	2011	2010	2011	2010
Dividends from subsidiaries	–	–	157,000	60,000
Total	**0**	**0**	**157,000**	**60,000**

Interest income and similar profit/loss items

	Group		Parent company	
SEK k	2011	2010	2011	2010
Interest income, other	1,624	1,648	–	–
Total	**1,624**	**1,648**	**0**	**0**

Interest expenses and similar profit/loss items

	Group		Parent company	
SEK k	2011	2010	2011	2010
Interest expenses, Group companies	–	–	-1	–
Interest expenses, Shareholder loans	-140,489	-123,964	-140,489	-123,964
Interest expenses, other	-38,147	-40,141	-26,816	-30,187
Other financial expenses	-7,322	-1,957	-6,704	-1,581
Exchange rate differences (net)	1,449	-58,313	-2,187	79,051
Fair value gains/losses for financial instruments	-2,525	-2,329	-2,525	-1,351
Total	**-187,034**	**-226,704**	**-178,722**	**-78,032**

NOTE 14 Current/deferred tax

Deferred taxes are reported regarding future tax consequences of events that are reflected in the consolidated financial statements. Among other things, a review has been made of the Group's loss deductions and the tax value has been capitalized to the extent it is deemed likely that the tax loss carry forwards can be offset against surpluses in the next few years' tax assessments, when the subsidiary in question is expected to generate profit.

	12-31-2011		12-31-2010	
SEK k	Losses	Fiscal value	Losses	Fiscal value
Total accumulated fiscal losses	438,637	117,483	355,702	98,334
Deficit for which fiscal value capitalized on the reporting date	122,923	31,769	84,999	24,146
Losses for which the tax value is not capitalized in the financial statements	**315,714**	**85,714**	**270,703**	**74,188**

The above losses are mostly related to operations in Sweden, Brazil and Germany and represent the amount in local currency translated to Swedish kronor at the rate on the reporting date. The increase in the total fiscal deficit is mainly due to new deficits in Sweden. The increase in capitalized losses compared with previous years is largely attributable to tax loss carry forwards in the US and China that are deemed able to be utilized.

Of the total losses of SEK 438,637 k, SEK 122,923 k is assessed as likely to be utilized. The tax value of these is SEK 31,769 k, and this amount has been capitalized as deferred tax assets.

Loss deductions in Brazil and Sweden make up a large part of the total tax loss carry forwards. As a result of the local tax rules in Brazil, which states that only 30% of future taxable income may be offset against losses carried forward, there is therefore uncertainty about the time for the loss carry forward's utilization. Loss carry forwards in Sweden have not been capitalized as they are not considered to be able to be utilized in the coming years.

NOTE 14 | cont.

The Group's tax loss carry forwards have the following maturity dates:

	12-31-2011		
SEK k	Total deficit	Considered deficit	Non-considered deficit
2012–2016	27,057	27,057	–
2017-2021	18,912	18,912	–
2022-2031	32,471	32,471	–
Unlimited	360,197	44,483	315,714
Total	**438,637**	**122,923**	**315,714**

In addition to loss carry forwards, SEK 19,036 k (2,957) has been capitalized, which is equivalent to the tax value of temporary differences. Most of the activated other temporary differences were deemed to be able to be utilized regularly over the next five years.

The tax cost for the Group for 2011 amounted to –23% (–42) of profit.

Difference between reported tax expense and tax expense based on current tax rates

	Group		Parent company	
SEK k	2011	2010	2011	2010
Profit before tax	59,532	-59,692	-25,163	-21,257
Tax according to current tax rates:				
Tax according to current tax rate in Sweden (26.3%)	-15,657	15,699	6,618	5,591
Difference in tax rates for foreign companies	12,615	-8,891	–	–
Non-tax items consolidated depreciation/impairments	-40	-179	–	–
Adjustment of deferred taxes from previous years	9,080	-2,968	–	–
Adjustments for taxes attributable to previous years assessments	–	-3,770	–	–
Non-deductible expenses etc.	-11,258	-13,211	–	–
Adjustment of tax reserves from previous years	1,000	640	–	–
Change in unrecognized temporary differences	1,848	-1,103	–	–
Change in unrecognized tax loss carry forwards	-11,526	-11,405	-6,618	-5,591
Tax expenses for the year	**-13,937**	**-25,188**	**0**	**0**
Effective tax rate	**23.4%**	**-42.2%**	**0.0%**	**0.0%**

Temporary differences

Temporary differences arise when assets or liabilities carrying amounts and fiscal values are different. Temporary differences for the following items have resulted in deferred tax liabilities and deferred tax assets:

Deferred tax liabilities

	Group	
SEK k	12-31-2011	12-31-2010
Tangible fixed assets	1,562	1,439
Intangible assets	139,757	137,161
Estimated dividend from Estonia	8,912	5,762
Other	337	637
Total	**150,568**	**144,999**

Deferred tax assets

	Group	
SEK k	12-31-2011	12-31-2010
Loss carry forwards	31,769	24,146
Tangible fixed assets	1,919	3,171
Intangible assets	5,667	5,126
Other	11,450	9,692
Total	**50,805**	**42,135**

The Group's Estonian subsidiary is not subject to any income tax. However, the company is taxed with a dividend to the parent company. Deferred tax liabilities are reported in relation to this of SEK 8,912 k concerning estimated dividends in the foreseeable future.

No other deferred tax liabilities are judged to exist regarding subsidiaries' undistributed retained earnings.

NOTE 15 Tangible fixed assets

	Group				
	Lands and buildings	Plant and machinery	Equipment, Equipment, tools, fixtures and fittings	Construction in progress	**Total**
Accumulated acquisition value at 1 January 2010					
At the start of the year	249,361	566,736	92,022	10,400	**918,519**
Purchases	1,612	16,743	8,704	9,245	**36,304**
Through acquisition of subsidiary	7,193	9,726	2,218	2,536	**21,673**
Divestments/disposals	-589	-16,622	-4,720	-38	**-21,969**
Reclassifications	2,389	808	569	-2,244	**1,522**
Translation differences for the year	-14,045	-40,491	-7,050	285	**-61,301**
At the year-end	245,921	536,900	91,743	20,184	**894,748**
Accumulated planned depreciation/amortization at 1 January 2010					
At the start of the year	-111,453	-362,978	-69,107	–	**-543,538**
Divestments/disposals	541	14,869	3,923	–	**19,333**
Through acquisition of subsidiary	–	–	–	–	**0**
Reclassifications	-5,295	4,542	546	–	**-207**
Depreciation/amortization for the year	-11,601	-39,093	-8,632	–	**-59,326**
Translation differences for the year	4,262	26,445	5,363	–	**36,070**
At the year-end	-123,546	-356,215	-67,907	0	**-547,668**
Accumulated depreciation/amortization at 1 January 2010					
At the start of the year	-1,672	-1,518	–	–	**-3,190**
Impairment for the year	–	0	–	–	**0**
Translation differences for the year	–	0	–	–	**0**
At the year-end	-1,672	-1,518	0	0	**-3,190**
Closing net book value at 31 December 2010	120,703	179,167	23,836	20,184	**343,890**
Accumulated acquisition value at 1 January 2011					
At the start of the year	245,921	536,900	91,743	20,184	**894,748**
Purchases	4,302	27,119	13,752	46,573	**91,746**
Through acquisition of subsidiary	2,298	16,571	2,222	0	**21,091**
Divestments/disposals	-17,668	-33,543	-6,255	-66	**-57,532**
Reclassifications	7,825	17,342	2,166	-27,469	**-136**
Translation differences for the year	36	974	-586	-501	**-77**
At the year-end	242,714	565,363	103,042	38,721	**949,840**
Accumulated planned depreciation/amortization at 1 January 2011					
At the start of the year	-123,546	-356,215	-67,907	–	**-547,668**
Divestments/disposals	12,022	25,795	4,937	–	**42,754**
Through acquisition of subsidiary	-22	-13,357	-1,265	–	**-14,644**
Reclassifications	-252	1,336	-1,066	–	**18**
Depreciation/amortization for the year	-12,181	-38,371	-9,369	–	**-59,921**
Translation differences for the year	-165	-706	155	–	**-716**
At the year-end	-124,144	-381,518	-74,515	0	**-580,177**
Accumulated depreciation/amortization at 1 January 2011					
At the start of the year	-1,672	-1,518	–	–	**-3,190**
Impairment for the year	–	27	–	–	**27**
Translation differences for the year	–	0	–	–	**0**
At the year-end	-1,672	-1,491	0	0	**-3,163**
Closing net book value at 31 December 2011	116,898	182,354	28,527	38,721	**366,500**

NOTE 15 | cont.

Depreciation by function

	Group	
SEK k	2011	2010
Cost of goods sold	-47,905	-44,024
Selling expenses	-4,297	-6,618
Administrative expenses	-7,719	-8,684
Total depreciation for the year by function	**-59,921**	**-59,326**

Depreciation by asset type

	Group	
SEK k	2011	2010
Lands and buildings	-12,181	-11,601
Plant and machinery	-38,371	-39,093
Equipment, tools, fixtures and fittings	-9,369	-8,632
Total depreciation for the year by asset type	**-59,921**	**-59,326**

NOTE 16 Intangible assets

	Group				
	Goodwill	Brand	Customer relations	Other intangible assets	**Total**
Accumulated acquisition value at 1 January 2010					
At the start of the year	1,863,673	328,043	209,727	12,853	**2,414,296**
Purchases	136,983	–	70,555	2,161	**209,699**
Through acquisition of subsidiary	35,295	–	4,421	584	**40,300**
Divestments/disposals	–	–	–	-46	**-46**
Reclassifications	372	–	–	-1,085	**-713**
Translation differences for the year	-133,559	–	-20,631	-623	**-154,813**
At the year-end	1,902,764	328,043	264,072	13,844	**2,508,723**
Accumulated planned depreciation/amortization at 1 January 2010					
At the start of the year	622	–	-57,792	-9,034	**-66,204**
Divestments/disposals	–	–	–	28	**28**
Reclassifications	–	–	–	257	**257**
Depreciation/amortization for the year	–	–	-28,629	-2,196	**-30,825**
Translation differences for the year	-81	–	4,979	549	**5,447**
At the year-end	541	0	-81,442	-10,396	**-91,297**
Closing net book value at 31 December 2010	1,903,305	328,043	182,630	3,448	**2,417,426**

NOTE 16 | cont.

	Group				
	Goodwill	Brand	Customer relations	Other intangible assets	**Total**
Accumulated acquisition value at 1 January 2011					
At the start of the year	1,902,764	328,043	264,072	13,844	**2,508,723**
Purchases	8,386	–	46,495	1,200	**56,081**
Through acquisition of subsidiary	–	–	–	488	**488**
Divestments/disposals	–	–	–	-606	**-606**
Reclassifications	–	–	–	9	**9**
Translation differences for the year	19,375	–	1,557	-144	**20,788**
At the year-end	1,930,525	328,043	312,124	14,791	**2,585,483**
Accumulated planned depreciation/amortization at 1 January 2011					
At the start of the year	541	–	-81,442	-10,396	**-91,297**
Divestments/disposals	–	–	–	588	**588**
Through acquisition of subsidiary	–	–	–	-443	**-443**
Reclassifications	–	–	–	0	**0**
Depreciation/amortization for the year	–	–	-34,997	-1,984	**-36,981**
Translation differences for the year	10	–	-1,645	197	**-1,438**
At the year-end	551	0	-118,084	-12,038	**-129,571**
Closing net book value at 31 December 2011	**1,931,076**	**328,043**	**194,040**	**2,753**	**2,455,912**

Depreciation by function

	Group	
SEK k	2011	2010
Cost of goods sold	–	–
Selling expenses	-36,981	-30,825
Administrative expenses	–	–
Total	**-36,981**	**-30,825**

Depreciation by asset type

	Group	
SEK k	2011	2010
Goodwill	–	–
Customer relations	-34,997	-28,629
Other intangible assets	-1,984	-2,196
Total	**-36,981**	**-30,825**

In accordance with IFRS 3 there is no amortization of goodwill and brands since these assets are considered to have an indefinite useful life. These assets are instead tested at least annually for impairment.

Amortization of customer relationships usually occurs at 12.5% annually. Shorter amortization periods also exist. Amortization of customer relations is reported as selling expenses. Amortization of other intangible assets, mainly software, is reported as selling expenses.

Costs for product and process development are expensed continuously as they do not meet the requirements for activation. These costs are not measured specifically, but are seen as an integral part of companies' costs.

Intangible assets by segment

Goodwill and brands associated with acquisitions are allocated to cash generating units and consist of identified segments. In Nefab's case, the identified segments are the geographical areas that Nefab operates within, and which also reflects the way Nefab organizes its operations. The three segments consist of Europe, Asia and America.

The goodwill value for Nefab consist primarily of common concepts and methods used within sales, purchasing and production. In order to spread these concepts throughout the organization, continuous training is held in the form of a web-based training system as well as group-wide product and sales training courses in Sweden and China. Nefab's operations are oriented around providing products and services to global clients in a similar way regardless of where the customer is.

Goodwill by segment

	Group	
SEK k	12-31-2011	12-31-2010
Europe	668,438	664,408
Asia	1,026,699	1,008,775
America	235,939	230,122
Total	**1,931,076**	**1,903,305**

Impairment testing for goodwill and brands

For the purpose of impairment testing requirements, Goodwill and brands with indefinite useful lives have been allocated to cash generating units in accordance with Nefab's commercial organization.

The carrying values of all cash generating units are tested annually for impairment. The recoverable amounts (i.e. the higher of value in use and fair value less selling expenses)

NOTE 16 | cont.

has been determined normally based on value in use, developed using discounted cash flow calculations.

At 31 December 2011, the recoverable values based on value in use in all cases exceeded the carrying amount, so the impairment goodwill-related items was not necessary. When testing, the management uses assumptions it considers reasonable based on the best available information at the reporting date.

The key assumptions used in value in use calculations were sales growth, EBITDA margin development, the discount rate (Weighted Average Cost of Capital) and limit values for the growth rate in free cash flow. The calculations were based on management approved 5-year forecasts, which the management believes reflect past experience, forecasts in industry studies, and other information available externally.

Significant assumptions used for calculations of value in use:

SEK k	Europe	Asia	America
Gross margin and other cost levels [1]	In line with 2011	In line with 2011	In line with 2011
Growth rate 2011–2015 [2]	+5.0% – +10.8%	+8.3% – +22.3%	+5.0% – +23.0%
Growth rate after 2015 [2]	2.0%	2.0%	2.0%
Discount rate [3]	10.7%	11.1%	10.2%

[1] Budgeted gross margins and cost levels.
[2] Growth rate used to extrapolate cash flows.
[3] Discount rate before tax applied to estimated future cash flows.

A growth rate of 2% has been used to extrapolate cash flows beyond the 5-year forecasts. In each case, the management believes that even long-term growth rates will exceed the average growth rates for the markets in which the Nefab Group operates, but as a precaution a long-term growth rate of 2% was used.

The assessment outlined above has not indicated and impairment requirement of goodwill.

A sensitivity analysis, where the growth rate for 2012 and later is reduced by 2 percentage points per year for all segments shows no impairment requirement in Europe, Asia and America.

A sensitivity analysis where the WACC is increased by 1 percentage point shows no impairment requirement in any segment.

NOTE 17 Shares in Group companies

Accumulated cost

	Parent company	
SEK k	12-31-2011	12-31-2010
At the start of the year	2,612,714	2,612,714
At the year-end	**2,612,714**	**2,612,714**
Book value at the year-end	**2,612,714**	**2,612,714**

In 2007, the parent company acquired a 90.01% stake in Nefab AB for SEK 2,337,481 k. In 2008, a further 1.35% of the shares in Nefab AB were acquired. The process regarding the compulsory acquisition of the remaining 8.64% stake in Nefab AB was completed in January 2010. The cost for the remaining 8.64% of the shares amounted to SEK 234,617 k. Throughout the consolidated financial statements, Nefab AB has been treated as a wholly owned subsidiary of Nefab Holding AB.

The parent company makes assessments of the subsidiary's book value annually or as needed. In one such assessment in 2011, no impairments were found to exist regarding the book value of the directly owned subsidiary.

Specification of shares in Group companies

	Corporate Id No.	Registered office	Participating interest	Number of shares	Book value	Profit/loss for the year	Equity
Sweden							
Nefab AB	556226-8143	Ovanåker	100%	27,629,480	2,612,714	161,963	1,137,067

NOTE 17 | cont.

Specification of indirectly owned shares in Swedish Group companies

	Corporate Id No.	Registered office	Participating interest	Number of shares
Sweden				
Nefab Production Runemo AB	556139-5103	Ovanåker	100%	25,000
Nefab Packaging Sweden AB	556190-5208	Ovanåker	100%	742,300
Nefab Logistics AB	556239-6977	Ovanåker	100%	1,000
Nefab LogPak AB	556534-9056	Habo	100%	1,000
Nefab Specialemballage AB	556607-7805	Upplands-Bro	100%	1,000
Nefab PlyPak AB	556170-1987	Habo	100%	5,000
Nefab Supply HB [1)]	916952-5566	Ovanåker	100%	10
Nefab Teknik AB	556176-5768	Ovanåker	100%	1,000

Specification of indirectly owned shares in foreign Group companies

	Registered office	Participating interest	Number of shares
Abroad			
Nefab Packaging Belgium N.V. [2)]	Belgium	100%	100
Nefab Embalagens Ltda.	Brazil	100%	11,723,192
Nefab Danmark A/S	Denmark	100%	500
Nefab Packaging UK Ltd	United Kingdom	100%	150,000
Nefab Eesti AS	Estonia	100%	4,000
Nefab Packaging OÜ	Estonia	100%	40
Oy Nefab AB	Finland	100%	200
Nefab SAS	France	100%	22,000
Peinetti Emballages SAS	France	100%	50,000
Nefab Bijl B.V.	Netherlands	100%	400
Chick Packaging and Logistics BV	Netherlands	100%	2
Chick International GmbH	Germany	100%	2
Translog GmbH	Germany	100%	2
GPC Global Packing Center GmbH	Germany	100%	2
Nefab India Private Limited	India	100%	250,000
Nefab Inc. (Canada)	Canada	100%	783,800
Nefab Packaging Engineering (Wuxi) Co., Ltd.	China	100%	1
Langfang Nefab Packaging Engineering Co., Ltd. [3)]	China	100%	1
Xiamen Nefab Packaging Engineering Co., Ltd.	China	100%	1
Nefab Wuhan Packaging Engineering Co., Ltd.	China	100%	1
Nefab Packaging Engineering (Shenzhen) Co., Ltd.	China	100%	1
Nefab Supply Chain Service Co., Ltd.	China	100%	1
Nefab Packaging Engineering Dongguan Co., Ltd.	China	100%	1
Nefab Teknik Wuxi Co., Ltd.	China	100%	1
Nefab Packaging Mexico SA de CV [4)]	Mexico	100%	–
PDS Global Packaging Mexico S.A. de C.V. [5)]	Mexico	100%	110,500
Nefab Packaging Norway AS	Norway	100%	500
Nefab Packaking Poland Sp.zo.o	Poland	100%	100
Nefab Packaging Romania S.R.L.	Romania	100%	8,860
Nefab Singapore Pte Ltd	Singapore	100%	200,000
Nefab Packaging Slovakia s.r.o.	Slovakia	100%	–

NOTE 17 | cont.

	Registered office	Participating interest	Number of shares
Nefab España S.L.	Spain	100%	6,907,012
Nefab S.A.	Spain	100%	1,000,000
Nefab Plywood Pontevedra S.L.	Spain	100%	100,000
Nefab Srl	Italy	100%	–
Nefab RA Produtos de Embalagem Lda	Portugal	100%	300,000
Nefab Packaging Czech Republic SRO	Czech Republic	100%	–
Nefab Packaging Germany GmbH	Germany	100%	13,000
Nefab Packaging Hungary Kft	Hungary	100%	–
Nefab, Inc. (US)	USA	100%	1,000
Nefab Companies Inc	USA	100%	3,000
Chick Companies Inc.	USA	100%	100
Chick Packaging Group Inc.	USA	100%	100
Chick Packaging of New York, Inc.	USA	100%	100
Chick Packaging of California, Inc.	USA	100%	100
Chick Packaging of Mid-South, Inc.	USA	100%	100
Chick Packaging of New England Inc.	USA	100%	100
Chick Packaging of Dallas-Fort Worth, Inc.	USA	100%	100
Bailey Machinery Movers Fabricators, Inc.	USA	100%	100
Chick Packaging of Virginia, Inc.	USA	100%	100
Chick Industrial Services, Inc.	USA	100%	1,000
Chick Packaging of Pennsylvania, Inc.	USA	100%	100
Chick Packaging of Texas, Inc.	USA	100%	100
Chick Packaging of MidWest, Inc.	USA	100%	100
Chick Packaging of Northern California, Inc.	USA	100%	100
Chick Relocation Services, Inc.	USA	100%	100
Chick Packaging of Massachusetts, Inc.	USA	100%	100
Chick Packaging of Atlanta, Inc.	USA	100%	1,000
CP Folding Box Corp.	USA	100%	100
Chick International Inc.	USA	100%	100
Nefab Packaging Austria GmbH	Austria	100%	1
Nefab Eder Verpackungstechnik GmbH	Austria	100%	–

1) 90% of the company is owned by Nefab AB and 10% through the wholly owned subsidiary Nefab Packaging Sweden AB.
2) 99% of the company is owned by Nefab AB and 1% through Nefab Packaging Sweden AB.
3) 25% of the company is owned by Nefab AB and 75% through Nefab Packaging Engineering (Wuxi) Co. Ltd.
4) 99% of the company is owned by Nefab AB and 1% by Nefab Inc (USA).
5) 1% of the company is owned by Nefab AB and 99% by Nefab Packaging Mexico SA DE CV.

NOTE 18 Acquisitions

During the year the following companies were formed and acquisitions completed:

Company	Registered office	Operations	Acquisition date	Proportion of equity	Share of voting power
Peinetti Emballages SAS	France	Packaging solutions	August 2011		
Woodybox i Malmö AB (acquisition of assets and liabilities)	Sweden	Packaging solutions	September 2011	100%	100%
PDS Global Packaging Mexico S.A. de C.V.	Mexico	Packaging solutions	September 2011	100%	100%

All acquired companies are recognized in the consolidated financial statements using the purchase method.

In August 2011, the company acquired 100% of the shares in the French company Peinetti Emballages SAS. The company supplies customers in French industry with wooden outer packaging and related packaging services.

The operations of Woodybox i Malmö AB were acquired in September 2011. Operations are conducted in southern Sweden and comprise the production of packaging for long-term storage.

In September 2011, 100% of the shares were acquired in the company PDS Global Packaging Mexico S.A. de C.V. The company manufactures and sells industrial packaging in different materials to customers in the Mexican market.

Below is information regarding acquired goodwill and net assets for 2011.

Refers to 2011	Peinetti Emballages SAS	PDS Global Packaging Services S.S. DE C.V.	Woodybox
Purchase price			
– Cash paid	-29,458	-11,625	-9,810
– Purchase price not paid	–	-4,200	–
Total purchase price	**-29,458**	**-15,825**	**-9,810**
Fair value of net assets acquired	22,900	13,997	9,810
Goodwill	**-6,558**	**-1,828**	**0**

The 2011 impact on the Group's cash and cash equivalents from the acquired subsidiaries amounts to SEK –41,081 k. All payments relate to acquisitions made in 2011.

For the acquired subsidiaries during the year, the total value of acquired assets and liabilities, purchase prices and the impact on the Group's cash and cash equivalents are as follows:

	Peinetti Emballages SAS		PDS Global Packaging Services S.S. DE C.V.		Woodybox	
Refers to 2011	Fair value	Acquired book value	Fair value	Acquired book value	Fair value	Acquired book value
Intangible assets	25,348	–	12,147	–	9,000	–
Tangible assets	3,884	3,884	2,536	2,536	–	–
Financial assets	930	930	–	–	–	–
Inventories	8,103	8,103	5,437	5,437	810	810
Other current assets	23,704	23,704	1,315	1,315	–	–
Cash and cash equivalents	–	–	3	3	–	–
Provisions	-8,546	-181	-3,644	–	–	–
Other long-term liabilities	-1,463	-1,463	–	–	–	–
Current liabilities	-29,061	-29,061	-3,795	-3,795	–	–
Net assets acquired	**22,900**	**5,917**	**13,997**	**5,494**	**9,810**	**810**
Cash settled purchase price	-29,458		-11,625		-9,810	
Cash and cash equivalents in acquired companies	–		3		–	
Effect on consolidated cash and cash equivalents from acquisitions during the year	**-29,458**		**-11,623**		**-9,810**	
Total cash flow attributable to investments in subsidiaries	**-29,458**		**-11,623**		**-9,810**	

NOTE 18 | cont.

Below is information regarding acquired net assets and goodwill for 2010.

In January 2010 the operations of Sapac Packaging & Recycling NV were acquired in Belgium. The acquired operations include the sale of inner packaging, particularly cushioning materials.

In September 2010, a 100% stake was acquired in the American company Chick Companies, Inc. through a newly formed subsidiary Nefab Companies, Inc.

The Chick group of companies consists of around twenty companies with operations in the U.S. and in Germany and employs about 475 people.

Refers to 2010	Chick Companies, Inc.	Sapac Packaging & Recycling NV
Purchase price		
– Cash paid	-145,429	-5,840
– Purchase price not paid	-7,697	–
Total purchase price	**-153,126**	**-5,840**
Fair value of net assets acquired	16,143	5,840
Goodwill	**-136,983**	**0**

The 2010 impact on the Group's cash and cash equivalents from the acquisition of subsidiaries amounts to SEK –143,086 k.

During 2010, the total value of acquired assets and liabilities, purchase prices and the impact on the Group's cash and cash equivalents from acquired subsidiaries are as follows:

	Chick Packaging Group		Sapac Packaging & Recycling NV	
Refers to 2010	Fair value	Acquired book value	Fair value	Acquired book value
Goodwill	35,295	35,295	–	–
Intangible assets	70,144	3,345	5,022	–
Tangible assets	19,503	19,503	–	–
Financial assets	15,553	15,553	–	–
Inventories	23,808	24,243	818	818
Other current assets	96,260	101,073	–	–
Cash and cash equivalents	8,182	8,182	–	–
Provisions	-29,088	-5,537	–	–
Other long-term liabilities	-174	-174	–	–
Current liabilities	-223,341	-222,102	–	–
Net assets acquired	**16,143**	**-20,619**	**5,840**	**818**
Cash settled purchase price	-145,429		-5,840	
Cash and cash equivalents in acquired companies	8,182		–	
Effect on consolidated cash and cash equivalents from acquisitions during the year	**-137,247**		**-5,840**	
Payment of purchase price for previous years' acquisitions	–		–	
Total cash flow attributable to investments in subsidiaries	**-137,247**		**-5,840**	

NOTE 19 Inventories

	Group	
SEK k	12-31-2011	12-31-2010
Inventories	291,873	233,291
Inventory impairment	-11,910	-11,850
Total	**279,963**	**221,441**
Inventory impairment at the start of the year	-11,850	-12,535
Provision for impairment	-60	685
Total inventory impairment	**-11,910**	**-11,850**

The value of goods provided as security for loans amounts to SEK 279,963 k (221,441). Only marginal parts of the Group's inventories expected to be recovered later are 12 months after the reporting date.

NOTE 20 Accounts receivable

	Group	
SEK k	12-31-2011	12-31-2010
Accounts receivable	635,861	600,469
Provision for doubtful accounts receivable	-5,870	-7,235
Total	**629,991**	**593,234**
Provision for doubtful accounts receivable at start of year	-7,235	-7,662
Reserve for doubtful accounts receivable from acquisitions	0	-1,131
Net change in provisions	1,365	1,558
Total bad debt provisions	**-5,870**	**-7,235**

Accounts receivable are exposed to credit risk. More about credit risks is explained in note 3.

Age analysis of overdue accounts receivable is as follows:

	Group	
SEK k	12-31-2011	12-31-2010
Less than 1 month	98,347	81,528
2 to 3 months	19,982	13,154
Greater than 3 months	5,187	3,444
Total	**123,516**	**98,126**

NOTE 21 Prepayments and accrued income

SEK k	Group 12-31-2011	Group 12-31-2010	Parent company 12-31-2011	Parent company 12-31-2010
Prepaid rent and leasing fees	6,311	5,544	–	–
Prepaid insurance	3,034	4,664	–	–
Prepaid support and consulting fees	2,477	2,460	274	–
Accrued sales revenues	472	3,895	90	–
Accrued interest income	–	–	–	–
Accrued bonus income	93	144	–	–
Other prepayments	3,733	4,023	–	–
Other accrued income	953	721	–	–
Total	**17,073**	**21,451**	**364**	**0**

NOTE 22 Other current receivables

SEK k	Group 12-31-2011	Group 12-31-2010	Parent company 12-31-2011	Parent company 12-31-2010
Financial instruments are evaluated at fair value	0	769	–	–
Receivables are carried at amortized cost	33,805	24,976	183	613
Total	**33,805**	**25,745**	**183**	**613**

NOTE 23 Financial instruments by category

The Group has no financial assets and liabilities held for trading or held to maturity.

Financial instruments at 12-31-2011

Assets SEK k	Loans and accounts receivable	Derivatives used for hedging purposes	Total carrying amount	Fair value	Nominal amount
Financial fixed assets	11,301	–	11,301	11,301	11,301
Total long-term financial assets	**11,301**	**0**	**11,301**	**11,301**	**11,301**
Accounts receivable and other receivables	663,796	–	663,796	663,796	663,796
Cash and cash equivalents	108,417	–	108,417	108,417	108,417
Total current financial assets	**772,213**	**0**	**772,213**	**772,213**	**772,213**
Total financial assets	**783,514**	**0**	**783,514**	**783,514**	**783,514**

Liabilities SEK k	Other liabilities	Derivatives used for hedging purposes	Total carrying amount	Fair value	Nominal amount
Liabilities to credit institutions	889,779	–	889,779	889,779	889,779
Shareholder loans	1,311,250	–	1,311,250	1,311,250	1,311,250
Total long-term financial liabilities	**2,201,029**	**0**	**2,201,029**	**2,201,029**	**2,201,029**
Liabilities to credit institutions	169,161	–	169,161	169,161	169,161
Bank advances	42,025	–	42,025	42,025	42,025
Total current financial interest-bearing liabilities	**211,186**	**0**	**211,186**	**211,186**	**211,186**
Accounts payable and other liabilities	516,059	4,206	520,265	520,265	520,265
Total current financial liabilities	**516,059**	**4,206**	**520,265**	**520,265**	**520,265**
Total financial liabilities	**2,928,274**	**4,206**	**2,932,480**	**2,932,480**	**2,932,480**

NOTE 23 | cont.

Financial instruments at 12-31-2010

Assets SEK k	Loans and accounts receivable	Derivatives used for hedging purposes	Total carrying amount	Fair value	Nominal amount
Financial fixed assets	9,772	–	9,772	9,772	9,772
Total long-term financial assets	**9,772**	**0**	**9,772**	**9,772**	**9,772**
Accounts receivable and other receivables	618,210	769	618,979	618,979	618,979
Cash and cash equivalents	118,214	–	118,214	118,214	118,214
Total current financial assets	**736,424**	**769**	**737,193**	**737,193**	**737,193**
Total financial assets	**746,196**	**769**	**746,965**	**746,965**	**746,965**

Liabilities SEK k	Other liabilities	Derivatives used for hedging purposes	Total carrying amount	Fair value	Nominal amount
Liabilities to credit institutions	879,763	–	879,763	879,763	879,763
Shareholder loans	1,170,761	–	1,170,761	1,170,761	1,170,761
Total long-term financial liabilities	**2,050,524**	**0**	**2,050,524**	**2,050,524**	**2,050,524**
Liabilities to credit institutions	247,826	–	247,826	247,826	247,826
Bank advances	45,520	–	45,520	45,520	45,520
Total current financial interest-bearing liabilities	**293,346**	**0**	**293,346**	**293,346**	**293,346**
Accounts payable and other liabilities	500,945	1,497	502,442	502,442	502,442
Total current financial liabilities	**500,945**	**1,497**	**502,442**	**502,442**	**502,442**
Total financial liabilities	**2,844,815**	**1,497**	**2,846,312**	**2,846,312**	**2,846,312**

NOTE 24 Number of shares

The share capital consists of 6,465,874 shares divided among the following share classes:

Ordinary shares 6,465,874 all shares have equal voting rights.
Share capital SEK 272,190

	Parent company			
	Ordinary shares	Total	Face value per share	Share capital, SEK k
At 1 January 2011	6,465,874	6,465,874	0.04	272
At 31 December 2011	**6,465,874**	**6,465,874**	**0.04**	**272**

Share warrants

In 2008, the owners, directors and management team for the Nefab Holding Group were invited to buy share warrants in Nefab Holding AB. In 2010, the company repurchased all share warrants owned by Board members and the management team. In 2010, a new share warrant program in Nefab Holding AB was offered to Board members and the management team for the Nefab Holding Group. The strike price for the awarded warrants was based on a commercial basis and calculated by an independent party using the Black-Scholes valuation model.

Changes in share warrants and their weighted average strike prices are as follows:

	2011	
SEK k	Average strike price per share in SEK	Share warrants
At 1 January 2011	7.29	1,153,517
At 31 December 2011	**7.29**	**1,153,517**

NOTE 24 | cont.

The strike price for outstanding share warrants from 2008 is based on the subscription price for ordinary shares amounting to SEK 100 per subscription share having increased by 20 percent per year from the implementation date. Warrant holders are entitled to subscribe to shares in Nefab Holding AB between 16 May 2016 and 31 May 2016. In the event of a sell-off by the principal shareholders earlier than May 2016, the warrants holders will be entitled to subscribe to shares at that time.

The strike price for outstanding share warrants from 2010 is based on the subscription price for ordinary shares amounting to SEK 100 per subscription share. Warrant holders are entitled to subscribe to shares in Nefab Holding AB between 1 December 2017 and 31 December 2017. In the event of a sell-off by the principal shareholders earlier than December 2017, the warrants holders will be entitled to subscribe to shares at that time.

Upon redemption of all warrants, there will be some dilutive effect if the subscription price is below the market value at the time of subscription.

NOTE 25 Translation differences

Cumulative translation differences in equity

Translation differences relating to investments in foreign operations shall be recognized as a separate item in other comprehensive income, in accordance with IAS 21. When selling foreign operations, cumulative translation differences shall be recognized as part of the result of divestments.

Cumulative translation differences are recognized through comprehensive income for the year in equity and amount to the following:

SEK k	Group Attributable to parent company shareholders
Opening balance at 1 January 2010	239,891
Translation difference for the year 2010	-40,002
Closing balance at 31 December 2010	199,889
Translation difference for the year 2011	16,906
Closing balance at 31 December 2011	**216,795**

Distribution of translation differences for the year in other comprehensive income:

	Group	
SEK k	2011	2010
Translation difference attributable to surplus values	19,297	-149,292
Translation difference foreign currency loans (hedge accounting)	-2,187	79,051
Other translation differences	-204	30,239
	16,906	**-40,002**

Translation differences in the consolidated income statement

Receivables and liabilities in foreign currencies are translated on the transaction date at the current rate or approximate standard rate. Translation differences arise upon payment or conversion at the rate on the reporting date. Such translation differences are included in the consolidated income statement as follows:

Translation differences that arise in operations are recognized in the income statement and amount to:

	Group	
SEK k	2011	2010
In operating profit	2,480	101
In financial items	1,449	-59,291
Total exchange rate differences in the income statement	**3,929**	**-59,190**

The Group hedges net flows in foreign currency, i.e. flows resulting from sales and purchases in foreign currency. The Group hedges known flows and projected flows for the next 3 months. Longer forward cover exists but requires approval by the Group management. For foreign exchange hedging, forward agreements and currency option agreements are used.

On the reporting date, hedging instruments are made of forward agreements and currency option agreements, which expire within 12 months of the reporting date.

In accordance with IAS 39, hedge accounting is applied for net investments in foreign currency by raising loans in each local currency. Exchange rate fluctuations on these loans are recognized in other comprehensive income. Hedge accounting is not applied to forward and option agreements that are periodically revalued at fair value via the income statement. Reporting at fair value occurs in operating profit with regards to the hedging of items in operation, and in the items financial income or financial expenses in with regards to the hedging of financial items.

At the reporting date, future sales in USD were hedged corresponding to USD 3,100 k using option agreements, equivalent to SEK 21,463 k at the rate on the reporting date. Nefab uses a zero cost option strategy, which means that there are both sales and purchase agreements for this option hedging. As a result, the option agreement at the reporting date amounted to USD 3,100 k for sales agreements, and USD 450 k for purchase agreements. The fair value for options amounted to SEK –183 k at the reporting date.

NOTE 26 Interest-bearing net debt

Long-term liabilities	Group		Parent company	
SEK k	12-31-2011	12-31-2010	12-31-2011	12-31-2010
Shareholder loans				
Maturity after 5 years from the reporting date [1]	1,311,250	1,170,761	1,311,250	1,170,761
Long-term liabilities to credit institutions				
Maturity earlier than 5 years from the reporting date	881,275	879,763	727,073	744,035
Maturity after 5 years from the reporting date	8,504	–	–	–
Total	**2,201,029**	**2,050,524**	**2,038,323**	**1,914,796**

Current liabilities	Group		Parent company	
SEK k	12-31-2011	12-31-2010	12-31-2011	12-31-2010
Current liabilities to credit institutions	169,161	247,826	80,000	150,000
Bank advances	42,025	45,520	–	–
Total	**211,186**	**293,346**	**80,000**	**150,000**
Total liabilities to credit institutions	**1,092,461**	**1,173,109**	**807,073**	**894,035**

[1] Not-capitalized accrued interest of SEK 36,601 k (32,694) is included in shareholder loans.

Bank advances	Group	
SEK k	12-31-2011	12-31-2010
Approved bank advances	255,000	231,171
Utilized bank advances	42,025	45,520
Unutilized bank advances	212,975	185,651

In addition to bank advances, Nefab has a revolver approved for SEK 265,000 k. SEK 105,000 k of this revolver had been utilized at 12-31-2011. Furthermore, Nefab has an expansion credit of SEK 200,000 k, which at 12-31-2011 was completely unutilized.

Security for bank loans consist of real estate mortgages and chattel mortgages. Total amounts are shown in note 32.

Other covenants exist that essentially mean the Group has undertaken to demonstrate a certain level of interest coverage, investments, cash flow relative to interest rates and amortization as well as net debt in relation to EBITDA. These covenants had been fulfilled at 12-31-2011.

Bank advances are shown as current, but will normally be extended continuously. Among current liabilities to credit institutions there are also credits that will be extended. Amortization of liabilities in 2011 is expected to amount to about SEK 170,000 k.

Fair values for interest bearing assets and liabilities differ only marginally against the book value, as fixed-rate loans are relatively small.

Interest-bearing net debt	Group			
SEK k	Interest terms [1] [2]	Maturity date [2]	12-31-2011	12-31-2010
Current liabilities to credit institutions	3.4%	2012	169,161	247,826
Bank advances	3.4%	2012	42,025	45,520
Long-term liabilities to credit institutions	3.4%	2013–2016	889,779	879,763
Shareholder loans	12.0%	2016–	1,274,649	1,138,067
Provisions for pensions	3.8%	2012–	7,025	5,797
Total interest-bearing liabilities			**2,382,639**	**2,316,973**
Cash and cash equivalents			**108,417**	**118,214**
Total interest-bearing net debt			**2,274,222**	**2,198,759**
Shareholder loans (subordinated other creditors)			-1,274,649	-1,138,067
Total interest-bearing net debt, external creditors			**999,573**	**1,060,692**

[1] Interest terms are calculated as weighted average effective interest rate.
[2] Interest terms and maturity dates refer to amounts for 12-31-2011.

NOTE 26 | cont.

Interest-bearing liabilities by currency	Group	
	12-31-2011	12-31-2010
SEK [1]	1,347,516	1,410,410
EUR	645,244	517,319
USD	378,288	378,926
Other currencies	11,591	17,526
Total	**2,382,639**	**2,324,181**

[1] Shareholder loans included totaling SEK 1,274,649 k (1,138,067).

NOTE 27 Financial assets and liabilities

No significant conditions regarding the Group's financial assets and liabilities are expected to have an impact on future cash flows.

The book value of financial assets and liabilities is deemed equivalent to fair value.

NOTE 28 Provisions for pensions

Reconciliation of change in pension liability

	Group	
SEK k	2011	2010
Opening net debt	5,797	6,381
Net pension expenses	2,096	951
Pension payments	-868	-1,535
Closing net debt	**7,025**	**5,797**

Provisions for pensions relate mostly to PRI pensions for salaried employees in Sweden.

One of the Group's defined benefit pension plans contains plan assets. These consist primarily of bank deposits.

NOTE 29 Other provisions

	Group			
SEK k	Claim provisions	Withheld and supplementary purchase prices	Other items	Total
Carrying amount at start of year	13,305	7,285	19,445	**40,035**
New provisions	3,730	3,908	6,060	**13,698**
Reversed unutilized amount	–	–	-5,228	**-5,228**
Amount released	-379	-7,285	-188	**-7,852**
Amount at the year-end	**16,656**	**3,908**	**20,089**	**40,653**

	Group	
SEK k	12-31-2011	12-31-2010
Long-term share	31,168	27,100
Current share	9,485	12,935
Total	**40,653**	**40,035**

NOTE 30 Other current liabilities

	Group		Parent company	
SEK k	12-31-2011	12-31-2010	12-31-2011	12-31-2010
Financial instruments are evaluated at fair value	4,023	1,497	4,023	1,497
Other current liabilities	53,261	42,513	18	16
Total	**57,284**	**44,010**	**4,041**	**1,513**

NOTE 31 Accrued expenses and deferred income

	Group		Parent company	
SEK k	12-31-2011	12-31-2010	12-31-2011	12-31-2010
Accrued payroll expenses and vacation pay	50,909	40,431	450	840
Accrued social security expenses	20,329	16,947	343	300
Other accrued personnel costs	8,136	5,844	–	–
Accrued sales commissions	2,302	3,067	–	–
Other accrued selling expenses	5,402	2,038	–	–
Accrued expenses for services	2,985	3,213	242	275
Accrued freight and material costs	1,074	431	–	–
Accrued interest expenses	4,866	2,345	4,235	1,761
Other accrued expenses and deferred income	35,139	26,064	–	–
Total	**131,142**	**100,380**	**5,270**	**3,176**

NOTE 32 Pledged assets per liability item

All pledged assets comprise liabilities to credit institutions.

	Group		Parent company	
SEK k	12-31-2011	12-31-2010	12-31-2011	12-31-2010
Real estate mortgages	87,855	118,917	–	–
Chattel mortgages	94,206	164,248	–	–
Total mortgages	**182,061**	**283,165**	**0**	**0**
Financial assets pledged as security for liabilities	3,131,541	2,939,680	2,612,714	2,612,714
Total pledged assets	**3,313,602**	**3,222,845**	**2,612,714**	**2,612,714**

NOTE 33 Contingent assets and contingent liabilities

	Group		Parent company	
SEK k	12-31-2011	12-31-2010	12-31-2011	12-31-2010
Other contingent liabilities	17,428	3,673	–	–
Total contingent liabilities	**17,428**	**3,673**	**0**	**0**

The Group has contingent liabilities relating primarily to investment grants, liability to customs authorities, and conversions. No material liabilities are expected to arise from these contingent liabilities. No financial assets are pledged as security for these contingent liabilities. No payments are expected at the date of these financial statements.
The Group does not have any contingent assets.

The parent company's loan terms to the bank (covenants) are described in note 26.

NOTE 34 Events after the reporting date

In January 2012, a merger of the Group's companies took place in the US. The eight operating companies were merged together into Chick Packaging Group Inc., which was renamed following the merger to Nefab Packaging Inc.

Five of the dormant companies were merged together into Chick Packaging of Texas Inc. The other two dormant companies have been liquidated.

Submission of the annual report

The annual report and consolidated financial statements for Nefab Holding AB for 2011 were approved by the Board of Directors on 30 March 2012.

The consolidated income statement and statement of financial position and the parent company's income statement and statement of financial position will be presented to the 2012 Annual General Meeting for approval.

The Board of Directors and the President certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and give a true and fair view of the financial position and results.

The annual report has been prepared in accordance with GAAP and gives a true and fair view of the parent company's financial position and results.

The Directors' report for the Group and parent company provides a fair overview of the operations, position and results for the Group and parent company as well as describing the significant risks and uncertainties facing the parent company and the companies included in the Group.

Stockholm, 30 March 2012

Lars-Åke Rydh
Chairman

David Mörk
President

Ulf Rosberg

Adam Samuelsson

Ing-Marie Nordgren

Jochum Pihl

Sune Karlsson

Ove Jonsson

Per Östling

My audit report was issued on 30 March 2012

Bertel Enlund
Authorized public accountant
Ernst & Young

Auditors' report

To the Annual General Meeting of Nefab Holding AB, corporate identification number 556734-6050

Report on the annual report and the consolidated financial statements

I have audited the annual report and consolidated financial statements for Nefab Holding AB for the year 2011. The company's annual report and consolidated financial statements are included in the printed version of this document on pages 47–104.

The responsibility of the Board of Directors and the President for the annual report and consolidated financial statements

The Board of Directors and the President are responsible for preparing an annual report which gives a true and fair view in accordance with the Annual Accounts Act and consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards IFRS, as adopted by the EU, and the Annual Accounts Act, and for the internal control that the Board of Directors and the President deem necessary for the preparation of an annual report and consolidated financial statements that are free of material misstatement, whether due to fraud or error.

The auditor's responsibility

My responsibility is to express an opinion on the annual report and the consolidated financial statements based on my audit. I have conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report and the consolidated financial statements are free of material misstatement.

An audit includes taking various measures to obtain audit evidence supporting the amounts and other information disclosed in the annual report and the consolidated financial statements. The auditor selects the measures to be performed, including assessing the risks of material misstatements in the annual report and the consolidated financial statements, whether these are due to fraud or error. In this risk assessment, the auditor takes into account the parts of the internal control that are relevant to the way in which the company prepares the annual report and the consolidated financial statements to give a true and fair view 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 principles used and of the reasonableness of the Board of Directors' estimates in the report, as well as assessing the overall presentation of the annual report and the consolidated financial statements.

I believe that the audit evidence I have obtained provides a sufficient and appropriate basis for my opinion.

Opinion

In my opinion, the annual report has been prepared in accordance with the Annual Accounts Act and, in all material respects, gives a true and fair view of the parent company's financial position as at 31 December 2011 and of its financial performance and cash flow for the year in accordance with the Annual Accounts Act, and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and, in all material respects, give a true and fair view of the group's financial position as at 31 December 2011 and of its financial performance and cash flow for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance report has been prepared. The annual report and the corporate governance report are consistent with other parts of the annual report and the consolidated financial statements.

I therefore recommend to the Annual General Meeting that the income statement and the statement of financial position of the parent company and the group be adopted.

Report on other statutory and regulatory requirements

In addition to my audit of the annual report and consolidated financial statements, I have also audited the proposed allocation of the company's profit or loss as well as the administration of Nefab Holding AB by the Board of Directors and President in 2011.

The responsibility of the Board of Directors and the President

The Board of Directors is responsible for the proposed allocation of the company's profit or loss, and the Board of Directors and the President are responsible for the administration in accordance with the Swedish Companies Act.

The auditor's responsibility

My responsibility is to comment with reasonable certainty on the proposed allocation of the company's profit or loss and on the administration based on my audit. I have conducted my audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion on the Board's proposed allocation of the company's profit or loss, I have examined whether the proposal complies with the Swedish Companies Act.

As a basis for my opinion concerning discharge from liability I have, in addition to my audit of the annual report and consolidated financial statement, examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. I have also examined whether any board member or the President has, in any other way, acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

I believe that the audit evidence I have obtained provides a sufficient and appropriate basis for my opinion.

Opinion

I recommend to the Annual General Meeting that the profit be dealt with in accordance with the proposal in the administration report and that the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, 30 March 2012

Bertel Enlund
Authorized Public Accountant

Definitions

Adjusted capital employed
Total capital minus goodwill and intangible assets from acquisitions, cash and cash equivalents and non interest-bearing liabilities excluding deferred tax on intangible assets from acquisitions.

Gross margin
Gross profit as a percentage of net sales.

Operating margin
Operating profit as a percentage of net sales.

EBITDA
Operating profit before items affecting comparability plus depreciation of tangible and intangible assets.

EBITA
Operating profit before items affecting comparability plus depreciation of intangible assets from acquisitions.

Return on equity
Profit for the year expressed as a percentage of average equity.

Return on total capital
Profit after financial items expressed as a percentage of average total capital.

Return on adjusted capital employed
EBITA expressed as a percentage of average adjusted capital employed.

Interest-bearing net debt, external creditors
Interest-bearing liabilities to external creditors (not shareholders), less cash and cash equivalents.

Equity ratio
Equity expressed as a percentage of total capital.

Adjusted equity ratio
Equity and shareholder loans expressed as a percentage of total capital.

Adjusted debt/equity ratio
Interest-bearing liabilities excluding shareholder loans divided by equity including shareholder loans.

Quick ratio
Current assets excluding inventories expressed as a percentage of current liabilities including proposed dividends.

Net investments
Investments in financial, intangible and tangible fixed assets, less completed divestments and disposals.

GRI table

		Ref. page	Reported	Comments
1	**Strategy and Analysis**			
1.1	Statement from Nefab's highest decision-makers.	4-5	Complete	
2	**Organization profile**			
2.1	Organization name.	46	Complete	
2.2	The main brands, products and/or services.	8–15, 28–34	Complete	
2.3	Nefab's organizational structure.	53-54, 92-94	Complete	
2.4	Location of the organization's headquarters.	48	Complete	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	18-27, 92-94	Complete	
2.6	Ownership structure and legal form.	53	Complete	
2.7	Markets that Nefab operates in.	20-27	Complete	
2.8	The reporting organization's size.	47	Complete	
2.9	Significant changes during the reporting period regarding size, structure or ownership.	48-52	Complete	
2.10	Distinctions and awards received during the reporting period.	None	Complete	
3	**Information about the financial statements**			
3.1	The reporting period for the information provided.	2011	Complete	
3.2	Date of most recent previous report.	35	Complete	This is the first sustainability report.
3.3	Reporting (annual, biennial, etc.)	35	Complete	
3.4	Contact for questions regarding the report or its contents.			Head of Corporate HR, Mattias Hörberg +46 771 590000, mattias.horberg@nefab.se
3.5	Process for defining the report content.	35	Complete	
3.6	The report's limits.	35	Complete	
3.7	Specific limitations on the report's scope.	35	Complete	
3.8	Principles for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other units that can materially affect comparability from period to period and/or between organizations.	35	Complete	
3.10	Explanation of the effect of any changes to information provided in earlier reports, and the reasons for such changes.	35	Complete	
3.11	Significant changes from previous reporting periods.	35	Complete	No changes as this is the first sustainability report.
3.12	Contents according to GRI.	107-108	Complete	

		Ref. page	Reported	Comments
4	**Governance, commitments and stakeholder relations**			
4.1	Nefab's corporate governance report.	53-59	Complete	
4.2	Specify whether the Chairman is also the President.	53	Complete	
4.3	If Nefab has just one Board level, state the number of members and who is independent and/or not part of the executive management.	53	Complete	
4.4	Mechanisms for shareholders and employees to provide recommendations or guidance to the Board or executive management.	42, 53	Complete	The employee survey allows for open-ended answers.
4.14	List of stakeholder groups that the company has contact with.	38	Complete	
4.15	Principles for identifying and selecting stakeholders.	38	Partially	
	Performance indicators			
	Economic effects			
EC1	Direct economic value, generated and distributed, including revenues, operating costs, employee benefits, gifts and other community investments, retained earnings and payments to capital providers and governments.	37	Complete	
	Environmental impact			
EN1	Materials used by weight or volume.	40	Complete	
EN8	Total water consumption.	40	Complete	
EN16	Total direct and indirect greenhouse gas emissions by weight.	40	Complete	
	Working conditions and working terms.			
LA1	Total number of employees, by employment type and region.	42–43, 82	Complete	
LA2	Total number of employees and staff turnover by age group, gender and region.	43, 82	Partially	
LA4	Percentage of employees covered by union agreements.	43	Complete	
LA10	Average hours of training per year per employee by employee category.	43	Partially	
LA12	Percentage of employees receiving regular performance evaluation and career development.	43	Complete	
LA13	Composition of the Board and management and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	43, 60–61, 82	Complete	
	Social – Society			
SO3	Percentage of employees trained in organization's anti-corruption practices.	43	Complete	
	Product responsibility			
PR5	Procedures for customer satisfaction, including results from customer surveys.	16-17	Complete	

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