

ANNUAL REPORT
2010/11



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Design and Production Systemair in association with Narva. Photo: Mats Lundqvist
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HISTORY

1970s AND 1980s

1974 The Company was founded as LHG Kanalfläkt, and production began in Skinnskatteberg. More than 50% of production was exported to Norway.

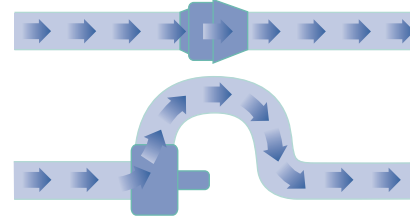
1976 The first sales subsidiary, LHG Kanavapuhallin, was established in Finland.

1985 The German manufacturer of fan motors Ziehl-Abegg and ebmpapst were suppliers from the start, then became partners through their Swedish subsidiary Ziehl-ebm, today ebmpapst AB, the second largest shareholder in Systemair.

1986 Gerald Engström took over as CEO.

1987 Acquisition of 50% of the shares in RB Kanalfäkt, USA and the remaining 50% in 2001/2002.

The circular duct fan.



Earlier solution.

1989 Sales company acquired in Denmark.

1989/91 Norwegian sales company Jolin Produkter A/S acquired in stages.

1990s

1992 Acquisition of then OTC-listed Frico AB, a specialist in air curtains and fan heaters.

1995 Environment Air, Canada, manufacturer of residential air handling units, acquired.

1996 Acquisition of factory in Bouctouche, Canada, a production facility for the North American market.

1997 Own representative office in Moscow, Russia.

Acquisition of SCIE Systemair, previously sales agent in France. The name was later taken by the whole Group.

1998/99 Acquisition of Europair, Södertälje, manufacturer of air terminal devices. LTI Lüftungstechnik, Windischbuch, Germany, now the second largest production unit and central warehouse. LTI's sales companies in the UK, Poland and Singapore became the first subsidiaries to be renamed Systemair.

1999/00 Acquisition of the sales company APF Group, Estonia, with subsidiary in Latvia.

Establishment of representative office in Shanghai, China.

2000s

2000/01 New distribution centre in Skinnskatteberg.

Acquisition of Danvent, Denmark, which produces air handling units, and 75% of the shares in UAB Alitas, Lithuania.

Sales subsidiary in Turkey under the Systemair name.

2001/02 Systemair adopted as the common name for the entire Group.

Acquisition of Veab Heat Tech, Hässleholm, Auranor Aggregator of Eidsvoll, Norway, and sales company Bivent, Austria.

Sales companies founded in Hong Kong, Hungary and Ireland.

2002/03 Acquisition of sales company Meijdijk Ventilatietechnik of the Netherlands, Klockargården in Skinnskatteberg, 26,000 m² of buildings and 30 ha of land.

2003/04 Acquisition of Fans&Spare, UK, Gelu, a German manufacturer of air curtains, Antlia, a distributor in Switzerland, and establishment of a new sales company in Belgium.

2004/2005 Sales companies in Romania and South Africa established. Start-up of production facility in Ukmerge, Lithuania.

2005/06 Acquisition of Marvent, Slovenia, Multiventilacao, a sales company in Portugal and establishment of sales companies in the United Arab Emirates, Spain and India.

Gerald Engström, CEO, Systemair, was named as Entrepreneur of the Year in Sweden.

2006/07 Acquisition of Altexa, Austria and Imos, Slovakia, as well as the assets of Matthews & Yates, United Kingdom.

2007/08 Acquisition of Koolclima, Spain, Climaproduct, Italy and establishment of Systemair Software, India.

Systemair was awarded the Swedish Trade Council's Export Prize.

Systemair was listed on the NASDAQ OMX Stockholm exchange.

2008/09 Acquisition of Megcool Industries, Malaysia, and the assets of Emerson Ventilation Products, United States.

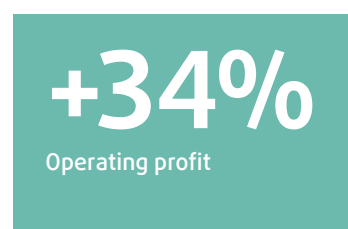
2009/10 Acquisition of Energo Plus, Slovenia, W.C. Wood, Air Humidifier Dept, Canada, and Ravistar, India.



In February 2011, CEO Gerald Engström was awarded H.M. the King's Medal, 12th size with the ribbon of the Order of the Seraphim, for outstanding contributions to Swedish business.

2010/2011

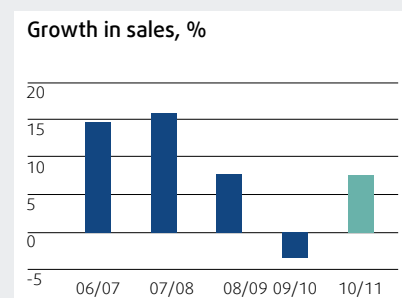
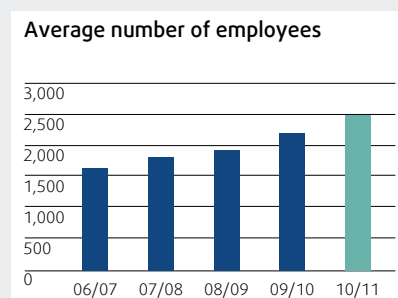
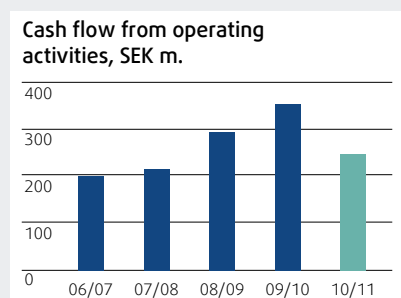
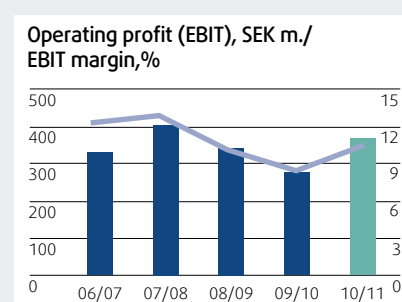
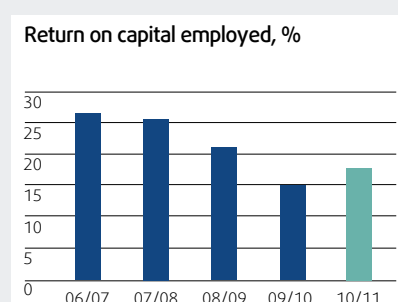
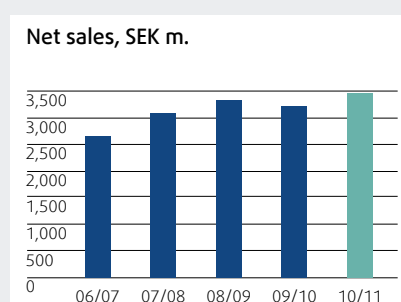
- In April, the Polish sales company FOKO was acquired.
- Establishment of sales company in Chile in March.
- In February, acquisition of the companies in the Aaldering Group that are engaged in the production and sales of air curtains in Germany and the Netherlands was finalised.
- In January, minority stakes in Systemair AS, Estonia, and IMOS-Systemair, Slovakia, were acquired.
- In June, the Dutch ventilation company Rucon was acquired.
- In June, the sales company VKV, of the Czech Republic, was acquired.
- Roland Kasper, Vice President Marketing - Products, was recruited to Group Management.
- A new logotype and graphical profile was presented.
- Investments in new and replacement production equipment in Skinnskatteberg.
- The factory in Ukmergė, Lithuania, was doubled in area during the year.
- Nominated as winner of The Indoor Climate Prize 2010.



KEY RATIOS

	2010/11	2009/10	2008/09	2007/08
Net sales, SEK million	3,467.3	3,218.6	3,333.1	3,091.6
Growth, %	7.7	-3.4	7.8	16.0
Operating profit, SEK million	367.0	274.7	341.0	402.5
Operating margin, %	10.6	8.5	10.2	13.0
Profit margin, %	9.8	7.6	9.0	11.3
Return on capital employed, %	18.0	15.2	21.3	25.9
Earnings per share, SEK	5.3	3.7	4.5	4.7
Equity per share, SEK	24.4	22.2	19.7	15.3
Equity/assets ratio, %	48.6	49.0	43.3	37.3
Dividend per share, SEK	1.75*	1.25	0.75	1.50
Number of employees at year-end	2,506	2,208	1,945	1,827

*Dividend recommended by the Board to the AGM to be held 25 August in Skinnskatteberg.



The tide has turned!

Organic growth has returned, which is a gratifying development. As a result of the continuous strengthening of the Swedish krona, sales denominated in the Swedish currency have not increased to the same extent, but we are content with the improvement in our gross profit during the year. Larger production volumes and efficiency improvements in production have delivered a positive contribution.

“In times when the market consists of many small projects, the capacity to deliver often determines who wins the order.”

The offensive continues

While sales failed to grow as strongly as we had hoped, we increased our market shares in a number of countries. We maintained our investment offensive, partly in the shape of some good corporate acquisitions, for example in the Netherlands and Germany, and we carried out a number of powerful market initiatives. In the first four months of 2011, we took part in eleven major trade fairs, most of them international. At the biggest of these - ISH in Frankfurt, where we had a large, very well-attended stand - we exhibited exclusively new energy-efficient products, which attracted very strong interest.

In spring, we presented a new logotype and graphical profile. Our former logotype reflected the time when Systemair represented a limited range of circular and rectangular duct fans. The new logotype proclaims that today we are a dynamic, international ventilation business offering a broad spectrum of products.

Disappointments during the year

In many markets, building investments have not yet fully come up to speed. Unsurprisingly, the businesses in Spain and Ireland are still having problems. It is unfortunate that our Italian company, too, has been affected by the crisis and has not performed as expected. Developments during the year in India, South Africa, Australia and the USA were also a disappointment. Intensive efforts to improve profitability are in progress in the companies concerned.

The gaining strength of the Swedish krona is having a slightly negative impact on both sales and profits at Group level.

Product development

In 2010/11, we launched more new products than ever before, with the emphasis strongly on continued development of energy-efficient air handling units and fans. We expanded our product range and began marketing the new products. We anticipate that this will contribute to future growth. The use of energy-efficient EC motors plays a key role in product development. Products offering low energy consumption and higher performance characteristics represent an ever-increasing proportion of our product portfolio.

In April 2011, we gained recognition that our product development is at the forefront, when we were awarded the industry's "The Indoor Climate Prize" for a system solution that provides an increase in energy efficiency in existing apartment blocks and ensures a healthy indoor climate (see page 17).

Our business model of keeping the majority of our products in inventory for prompt delivery is continuing to deliver excellent results. Most markets are still largely characterised by a lack of major projects and when the market consists of a large number of small projects, the capacity to deliver mostly determines who wins the order. It is also an advantage to be able to produce series, which creates the scope for lower costs in production.

Investing for the future

We believe that good opportunities exist for growth in the ventilation sector in the years immediately ahead. Our business model and our continued internationalisation will bring us larger volumes and on that basis we have invested for the future in several of our production facilities. The new factory in Lithuania has been expanded by around 8,000 m², where we will produce larger air handling units, complete with con-

trol and regulation equipment, for Russia, Eastern Europe and some Nordic countries. Production in Lithuania offers many advantages; in addition to more cost-efficient production, we also gain in terms of being closer to our markets. Transport distances are shorter, which not only saves money but also reduces our environmental impact.

In Denmark, we are in the process of a major relocation. Up to now, production in Aarhus has been spread over four separate buildings; now, all production is being moved to two connected buildings that replace those formerly used. At the same time, we are investing in a new robotised production line. By consolidating production, we expect to be able to achieve substantial efficiency and production capacity gains.

In Sweden, too, we have carried out major investments in machinery at the Skinnskatteberg facilities. These consist partly of replacement equipment at Industrivägen, and partly of new stamping presses and nibbling machines, as well as edging presses in the Klockargården facility. An additional just over 5,000 m² of industrial facilities have been placed in service there, indicating that we are now fully utilising the existing production area of 50,000 m².

Positive trend for 2011/12

In most markets, we are still a relatively small player, and we see excellent opportunities, with our broad product portfolio and ample capacity to deliver, for us to go on gaining market shares. The new energy-efficient products that we have developed in recent years will help us to grow. In addition, we have further bolstered our sales organisations in many markets by recruiting more sales engineers. We have identified a positive trend over the past year - although the last quarter was a slight disappointment - so it is with optimism that we look ahead to both continued growth and improved operating profit in the 2011/12 financial year.

Warmest thanks

My warmest thanks to all employees in the Group who served with commitment and loyalty to the Company during the year. These efforts will have a great part to play in enabling Systemair to maintain its positive trend. Thanks also to all our customers, suppliers, shareholders and other partners!



Gerald Engström
Chief Executive Officer

“ We are satisfied with sales and earnings for the year and believe our market share has expanded in many countries.”

FACTS GERALD ENGSTRÖM

Chief Executive Officer and one of the founders of Systemair.

In 2005, he was named Entrepreneur of the Year in Sweden. In 2011, he was honoured by the award of H.M. the King's Medal, 12th size with the ribbon of the Order of the Seraphim, for outstanding contributions to Swedish business.



Simple, reliable and effective

Systemair is a leading ventilation company with operations in around 40 countries worldwide. The Company established operations in 1974 with a pioneering product concept - the circular duct fan, a design that makes installation considerably simpler. We adopted the motto "the direct route", which has now developed from a product concept to a business philosophy.

FACTS IN BRIEF:

- Sales for financial year 2010/11 SEK 3.47 billion.
- Established in 1974 by Chief Executive Officer Gerald Engström and others.
- The Company has its registered office and head office in Skinnskatteberg, Sweden.
- Operations in 40 countries in Europe, North and South America, the Middle East, Asia, Africa and Australia.
- The Group comprises about 60 companies with 2,500 employees.
- 15 factories with warehouse and production facilities measuring more than 190,000 m² in area.
- Systemair shares have been quoted on NASDAQ OMX Stockholm (Mid Cap List) since October 2007.

3.47 SEK bn

Sales in 2010/11

40

Own sales companies in 40 countries.





BEST QUALITY FOR THE GIVEN PRICE

Systemair is a familiar brand in the ventilation industry in our local markets. We hold a market-leading position in a few markets, but in most are still a relatively small player.

We see good opportunities for growth for Systemair. We offer the market products with the best quality for the given price. We are at the forefront of product development and have a well-trained and dynamic salesforce around the world.

We listen to our customers and often work with them in developing products and solutions.

RELIABILITY OUR MOST IMPORTANT WATCHWORD

Reliability – trust – is one of our watchwords. Our customers can trust that they will get the right products, with the right performance characteristics, and that they will be delivered on time. We take responsibility for what we promise, that our products are:

- simple to select, install and maintain
- robust, reliable and standardised
- innovative and energy-efficient products available from inventory (standard products), via efficient logistical systems.

GROWTH IS PART OF OUR CULTURE

Systemair aims to be a leading ventilation company in the international arena, and the most reliable in each local market.

We will continue to grow organically and by acquisitions. Credibility and constant product development create the framework for stable growth.

We do not sit and wait; we are proactive and constantly seek out new opportunities, and act on them. Growth is part of our business climate, which makes the organisation pragmatic and offensive.

We are to go our own way; change is not a problem, it is part of everyday life.

“Supplying efficient ventilation products and solutions is what drives us, as does simplifying the fitter’s job.”

Sustainable strategy creates the scope for continued growth

Operating from the core values of simplicity and reliability, our business concept is to develop, manufacture and market high-quality ventilation products.

“ We strive to be the most reliable company where our core values are concerned. ”

VISION

On the basis of our business concept, we will be perceived as a company to trust, with the focus on reliability of delivery, availability and quality.

OVERALL OBJECTIVE

Systemair's overall objective is to become one of the leading players in the global ventilation industry. The goal is to be part of and to influence trends and developments, to have the resources to enter new, attractive markets and to invest in economies of scale in production and product development, logistics and availability.

We strive to be the most reliable company where our core values are concerned.

Our ambition is to acquire or establish at least two new sales companies each year, with the aim of operating owned sales companies in all significant European markets. In addition, operations will be developed in selected markets in Asia, the Middle East and South America.

STRATEGY

The following strategies create major strengths and competitive advantages that help us to achieve our goals.

- Innovative product development and a broad product range with a focus on energy-efficient ventilation products.
- High product availability and fast delivery via an efficient production, logistics and IT organisation.
- Development and expansion of Systemair's own sales organisation.
- Good relationships with ventilation contractors, distributors and consultants, helping to confirm the perception of Systemair as a leading supplier of high-quality ventilation products.
- A highly diversified customer base reduces our vulnerability to fluctuations in the economy.
- Early presence in growth markets.
- Strategy of acquisition and establishment to expand market share.



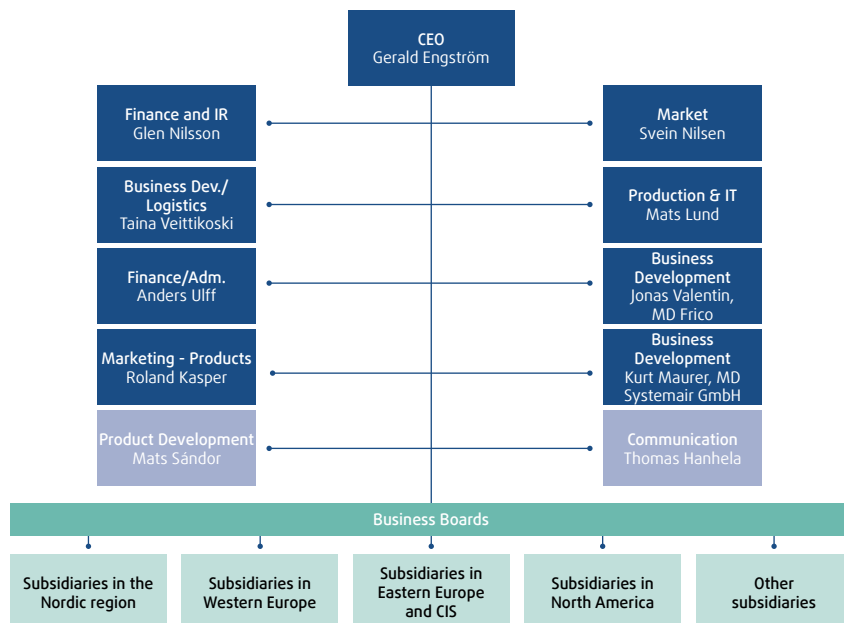
GOAL	DESCRIPTION	ACHIEVEMENT												
<p>Growth</p> <p>To achieve average annual growth of no less than 12% in sales over a business cycle.</p> <p>12%</p>	<p>The goal is to be achieved through organic growth and acquisitions. Sales growth has averaged 11.2% per year over the past ten years. Organic growth is to be achieved through product development and expanded market share. New geographic markets will be entered through acquisitions or the establishment of new ventures.</p>	<p>Net sales for the financial year increased by 7.7% to SEK 3,467 million (3,219) million.</p>												
<p>Profitability</p> <p>To achieve an average operating margin of no less than 10% over a business cycle.</p> <p>10%</p>	<p>The operating margin has averaged 8.9 % during the past ten years and 10.9% over the past five years. The Company deems the conditions for continuing to achieve this goal favourable, given its current structure and product programme.</p>	<p>Operating margin, %</p> <table border="1"> <caption>Operating margin, %</caption> <thead> <tr> <th>Year</th> <th>Operating margin (%)</th> </tr> </thead> <tbody> <tr> <td>06/07</td> <td>~12.5</td> </tr> <tr> <td>07/08</td> <td>~13.5</td> </tr> <tr> <td>08/09</td> <td>~10.5</td> </tr> <tr> <td>09/10</td> <td>~9.5</td> </tr> <tr> <td>10/11</td> <td>~11.5</td> </tr> </tbody> </table>	Year	Operating margin (%)	06/07	~12.5	07/08	~13.5	08/09	~10.5	09/10	~9.5	10/11	~11.5
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<p>Financial position</p> <p>The Group's equity/assets ratio should be no less than 30%.</p> <p>30%</p>	<p>The Group's financial position is sound, and the equity/assets ratio was 48.6% at 30 April 2011. The Company continually evaluates opportunities for strategic acquisitions and our financial position allows scope for acquisitions and investments.</p>	<p>Equity to assets ratio %</p> <table border="1"> <caption>Equity to assets ratio %</caption> <thead> <tr> <th>Year</th> <th>Equity to assets ratio (%)</th> </tr> </thead> <tbody> <tr> <td>06/07</td> <td>~35</td> </tr> <tr> <td>07/08</td> <td>~40</td> </tr> <tr> <td>08/09</td> <td>~45</td> </tr> <tr> <td>09/10</td> <td>~50</td> </tr> <tr> <td>10/11</td> <td>~50</td> </tr> </tbody> </table>	Year	Equity to assets ratio (%)	06/07	~35	07/08	~40	08/09	~45	09/10	~50	10/11	~50
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<p>Dividend policy</p> <p>Based on Systemair's growth objectives, the dividend target is approximately 30% of the Company's profit after tax.</p> <p>30%</p>	<p>The AGM determines the dividend to be paid, having considered the Board's recommendation. The aim is to secure a stable financial position for continued acquisitions, the establishment of sales companies and progressive expansion of production capacity. At the same time, shareholders should receive a reasonable share of the Company's annual earnings.</p>	<p>The Board of Directors has proposed a dividend of SEK 1.75 (1.25) per share, corresponding to 33% of profit after tax.</p>												

We simplify for our customers

Systemair has a broad range of energy-efficient ventilation products and solutions for Comfort and Safety ventilation. Our products are easy to install and use. A substantial proportion of our products are available from inventory and can be delivered with 24 hours from local warehouses, and within 72 hours from our three centralised warehouses.

Carina Hed, warehouse worker, dispatch.





ORGANISATION

Owned sales companies offer effective control and direct communication with the market. Through our local companies, we are familiar with the requirements and trends in various markets and can respond quickly to change.

To ensure smooth information transfer between subsidiaries and head office, we have “business boards”. These are informal boards of directors consisting of the local managing director and one or two more senior individuals representing the Group. We also have Centres of Excellence, for knowledge transfer between product managers and sales staff.

Systemair established operations in 1974 with production of the circular duct fan, a design that makes installation considerably simpler. Since then, the Company’s product portfolio has grown considerably, and today Systemair focuses on developing energy-efficient air handling units with energy recovery and EC-technology fans, which are simple to install and use.

Ventilates, protects and secures

Our product solutions have concentrated above all on improving the indoor climate. Ventilation accounts for a considerable share of energy consumption, in the form of heating and energy losses when heated air is replaced with cold. Energy-efficient products with energy recovery are becoming increasingly important to reducing energy consumption and at the same time creating a healthy indoor climate.

In recent years, our product portfolio has grown to include fire safety, garage and tunnel ventilation. These areas each have a somewhat different emphasis and target group, so we have divided our products into Comfort ventilation and Safety ventilation.

Comfort ventilation

Comfort ventilation comprises fans, air handling units, products for air distribution, air curtains and heating products. The products are used in new building, renovation and conversion projects. Energy consumption is in the spotlight. To save energy, buildings need to have improved insulation, triple- and quadruple-glazing has to be installed and buildings must be made as airtight as possible. Balanced ventilation with energy recovery will then also be necessary for both people and buildings to be healthy.

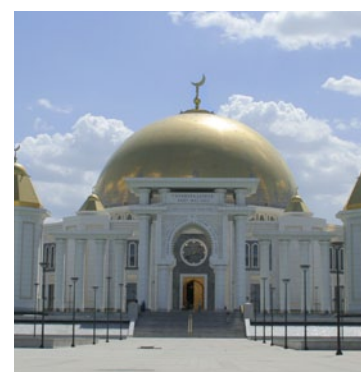
Our customers are chiefly ventilation contractors and distributors of ventilation and electrical products, as well as specification consultants.

Safety ventilation

Safety ventilation comprises Fire safety as well as Garage and tunnel ventilation. Fire safety requires ventilation products capable of quickly evacuating smoke gases generated by fires in buildings. Their purpose is to effectively remove the dangerous gases and be able to handle high temperatures for long periods. Smoke gases often pose a greater threat of personal harm than the fire itself.

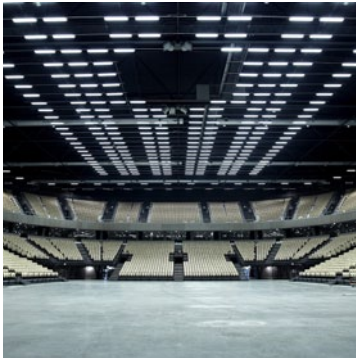
In garages and tunnels, it is important to extract vehicle emissions, especially during traffic jams and fires. Tunnel fans are part of infrastructure projects and our customers are usually large construction companies.

“ The focus is on developing cost-effective energy-efficient, products while still remaining simple and easy to install.”



KIPCHAK MOSQUE, TURKMENISTAN

Systemair delivered 25 large air handling units to Kipchak Mosque, Turkmenistan. The mosque is one of the biggest in Central Asia. Extending over a total area of 18,000 m², the mosque is 55 metres tall. With its four minarets, the total height of the building is 80 metres.



JYSKE BANK BOXEN

The biggest arena in Denmark, located at Herning, Denmark, was designed by Aarstiderne Arkitekter. The arena measures 30,000 m² in area, is 29 metres high and accommodates 15,000 spectators. It has 20 bars and 370 toilets. Systemair Denmark supplied 17 air handling units, which together deliver more than 400,000 m³ of efficiently conditioned air/h.

“Products of high quality that are easy to use and are available for prompt delivery are our most important success factor.”

Our brands

We have a standardised product range, the majority of which was developed in-house. Our ventilation products are marketed under the brands Systemair and Fantech (for the North American market), Frico for air curtains and heating products and Veab for duct heaters, fan heaters and dehumidifiers.

Highest credit rating again

The Parent Company Systemair AB has received the highest credit rating (from AAA Soliditet AB) for the 16th year in a row. We are one of only 432 companies, of approximately 325,000 in Sweden, who have achieved this for so many years.

Business model

Availability is an important parameter in terms of our competitiveness, and we ensure effective control of our flow of goods, with owned production units, centralised warehouse facilities and an efficient ERP system. With modern production plants and our own sales companies around the world, we reach out directly to our customers.

This business model supports stability and development, and today we are a leading producer and supplier of ventilation products, with production in 13 countries and sales companies in 40 countries.

Our strength

We simplify for our customers. Our products are of high quality, easy to install and available for fast delivery. Our aim is to be the first choice for our customers and we have developed a broad, well-balanced product portfolio with standardised quality products. We are at the forefront when it comes to high-efficiency products with low energy consumption.

We deliver the products and solutions that the customer needs and we deliver our standard range directly from inventory. The ventilation system is installed late in a construction process, and the installation contractor needs the products quickly. So to us delivery capacity is an important competitive factor.

The investments in machinery and expansion of production facilities that we make on an ongoing basis make us well equipped for continued growth.

Core values

Systemair’s core values of quality, availability and reliability of delivery focus on the customer.

QUALITY

Systemair makes high-quality standardised products. Our main focus is to develop products that are simple and robust and that supply, extract, transport, heat or distribute air in a building. Our products are easy to select, maintain and use.

AVAILABILITY

We have adopted the strategy of producing much of our product range for inventory. Instead of starting to produce when we receive an order, we can deliver right away, from a central or local warehouse facility. The strategy of producing for inventory, instead of in response to customer orders also translates into higher productivity. Manufacturing takes place in 15 modern production plants in Europe, North America and Asia.

DELIVERY RELIABILITY

Systemair’s products are often delivered to a construction site, and it is particularly important for deliveries to arrive exactly when promised, that is, at the right time for the project. The Group has built up an efficient production and logistics organisation in which the local and central warehouses are integrated with each other via a shared ERP system.

ACQUISITIONS, ESTABLISHMENT AND INTEGRATION

A consistent strategy of acquisition and establishment is a key component in Systemair's growth.

Subsidiary established in South America

Systemair established its first company in South America, choosing Chile as the base for the first step in its South American venture. The climate in Chile is similar to that of Europe and the mains voltage is the same. The country's growth in 2010 was strong and construction projects started up again. The new company was presented to the market at a well-attended reception held at the Swedish Embassy.

Future acquisitions

Our acquisition strategy remains unchanged. We aim to acquire existing or establish at least two new companies per year, and we want to continue growing in southeast Asia via acquisitions. We are also still interested in good acquisitions in the Balkan region and in Western European countries where our market share is small.

Integration of new companies

Systemair expands by combining organic growth and acquisitions. A number of areas are evaluated in each acquired company: corporate culture and fundamental values; customers and suppliers; organisation; and costs and margins.

A shared corporate culture and fundamental values are essential to the successful integration of the new company. We devote substantial resources to this process. For example, Group management reviews the situation with the management and key personnel in the company acquired. This often takes place in the form of seminars and Group-wide activities lasting several days at Systemair headquarters.

When there is an opportunity, all employees are invited to Skinnskatteberg. We see this as an effective means of quickly establishing contacts at different levels of the company. During each of these visits – whether they involve management only or all employees – we review our values, or "stone tablets" as we call them. They describe how each and every employee at Systemair should, may and can act in his or her work (see page 33).

This integration is further reinforced through Systemair Academy, our in-house training programme that offers basic courses and continuing professional development in ventilation technology, products, finance and selling.

ACQUISITIONS 2010/11

- **Poliplevro SA, Greece.** A ventilation distributor that has been hard hit by the Greek crisis, but we see an opportunity to develop sales of the Systemair product range on the basis of Poliplevro's operations.
- **VKV, Czech Republic.** Market leader in air distribution products VKV has been marketing products that were brought into the Group via previous acquisitions. Through this acquisition, Systemair gains control over distribution of its products in the Czech Republic.
- **Rucon, Netherlands.** Rucon has been a well-established supplier of ventilation products in the Dutch market for 40 years. The acquisition makes the Netherlands one of our single biggest markets.
- **Lex, Russia.** This acquisition is intended to strengthen Systemair's presence in the Russian market and offer distributors better service, in the form of deliveries from a local warehouse facility.
- **Aaldering Group, Germany and the Netherlands.** Consists of three companies: LGB, which manufactures air curtains in Germany, and sales companies Tekadoor, of Germany, and LSA, of the Netherlands. By combining our products, we are strengthening Frico's market-leading position in Europe.
- **Systemair AS, Estonia, IMOS-Systemair, Slovakia.** Systemair AB has acquired the minority shareholdings outstanding.
- **FOKO, Poland.** Sells and markets air curtains, along with heating products, via a highly-developed nationwide sales organisation. Is being merged with our Systemair SA subsidiary to strengthen our market position.

THE ACQUISITION PROCESS

Search process	Analysis	Agreement	Integration	Follow-up
<ul style="list-style-type: none"> • Group Management • Subsidiaries/representation office • Collaborative partners • Customers • Suppliers 	<ul style="list-style-type: none"> • Market position • Profitability • Customers • Corporate culture • Competitors • Financial position • History • Management • Product portfolio • Possible improvement • Group integration • Legal due diligence 	<ul style="list-style-type: none"> • Price • Continued support from management • Products 	<ul style="list-style-type: none"> • Seminars in Group-wide values • Management and Business Board • Introduction of: <ul style="list-style-type: none"> – Reporting routines – Common ERP system • Review of <ul style="list-style-type: none"> – Customer and suppliers – Organisation – Costs and margins 	<ul style="list-style-type: none"> • Budget • Key financials • Strategic development • Training • Sales activities



FACTS RUCON

Rucon is a well-established supplier of ventilation products, active in the Dutch market for 40 years. The company has 41 employees and reported sales of EUR 12 million in 2009. The company's majority shareholder and CEO, Henk van der Zande, will continue as CEO.

EUR 12 million
- sales in 2009

ACQUISITION OF RUCON, NETHERLANDS

The Netherlands – now one of Systemair's single biggest markets

Rucon leads the Dutch market in fans. This well-managed company has operated in the Dutch market for 40 years.

"Rucon's specialisation complements Systemair superbly, and we anticipate immediate synergy gains."

In August 2010, the acquisition of the Dutch ventilation company Rucon was completed.

Market leader in the Netherlands

Rucon is a well-established supplier of ventilation products, above all fans, in the Dutch market.

Systemair's subsidiary specialises in air handling units with heat recovery, and sales of these units developed satisfactorily. Rucon leads the Dutch market in extractor fans, with a market share of 18%.

The company stands on four pillars: Maintenance, Marine, Garage ventilation and Comfort ventilation.

One interesting product is an in-house developed demand-led CO₂ ventilation system that is attracting interest

from Systemair customers in other markets too.

In-house assembly

Rucon has no manufacturing facilities of its own. Components are outsourced from two major manufacturers and then assembled by Rucon. The company is high on expertise in this field and has good knowledge of the Dutch market.

Customers consist mainly of ventilation contractors and the company, like Systemair, also deals with specifications consultants.

Not a typical Systemair acquisition

The company's principal owner in recent years, Henk van der Zande, recognised that the company was in need of renewal. Its product portfolio did not include units with heat recovery and low-energy EC fans, areas in which Systemair is at the very forefront.

Rucon is not a typical Systemair acquisition, in that we are already well established in the Dutch market. Rucon is a healthy business operating in new premises measuring 4,500 m² in area. It has been profitable for many years.

After the acquisition, sales in the Netherlands are expected to total about EUR 20 million, making it one of Systemair's single biggest markets.

A loyal and diverse customer base in a global market

Markets remain slow in several areas. Western Europe is our main market, with above all Sweden, Norway and Germany the engines of growth. The situation in Southern Europe remains troubling, other than in France, where the market has been buoyant. Asia is growing strongly, albeit from a low level. The trend is towards energy efficiency; sales of energy-efficient air handling units and fans which are on the increase.

Organic growth has taken off, rising to 8.8%. With an early onset of a cold winter in large areas of Europe, sales of heating products increased. At the same time, sales of ventilation products were adversely affected by delays to building projects and problems with deliveries caused by snow and cold conditions.

We dare to stay the course

Systemair has coped relatively well, despite slowness in several markets. This would not be possible without our committed sales organisation, but it is also because we dare to stick to our strategy. This means, for example, that we make standardised products for inventory, and avoid customised special-purpose solutions that cost time and money. Instead, we use our resources to develop efficient, high-quality products that meet customer needs.

We also have the strength to stay the course and continue until we succeed. As a result, we have the boldness to go into new markets, even during a recession.

New logotype to reflect the Company's growth

We invest substantial resources in marketing, above all by participating in the major trade fairs. ISH, Frankfurt, is the industry's biggest. At this year's event, we presented more new products than ever before, with the focus above all on high-efficiency products with low-energy EC motors.

We also introduced our new logotype and graphical profile. Since the Company was established in 1974, we have step-by-step evolved into an international enterprise with an extremely broad product portfolio. With more than 2,500 employees in 40 countries, Systemair ranks among the more important brands in the ventilation sector. We also felt that this should also be expressed in our logotype.

Growth areas

We identify further good potential for higher growth in residential ventilation. With rising demand for low-energy and passive housing, demand for good ventilation is also increasing. Our compact units with energy recovery and energy-efficient EC fans are showing very strong growth and our product range has been considerably expanded.

Our judgement is that growth in the ventilation industry will be strong over the years ahead. In response to demands for lower energy consumption in buildings, houses that are more airtight will be built. Balanced ventilation with energy recovery will then be necessary to create a healthy indoor climate and prevent damage by damp and mould. We are well equipped to meet a higher level of demand and are maintaining our product development and marketing initiatives.

SVEIN NILSEN VICE PRESIDENT MARKETING

What pleased me most was the enthusiasm in the sales organisation, which, despite slowness in markets, has made sterling efforts.

I had expected that the market would have recovered more than has been the case, but even so we have succeeded in growing and expanding our market share in several countries.

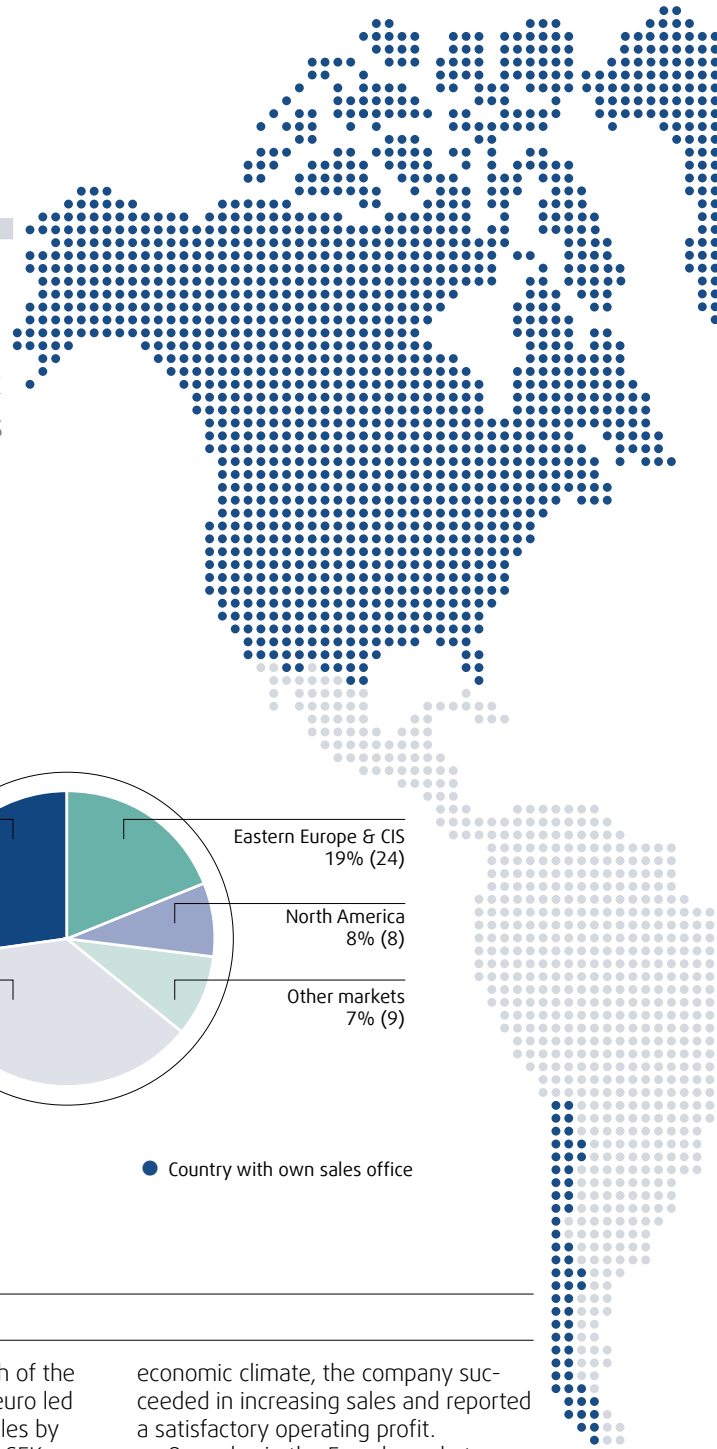
We have an efficient network linking our companies, and it is easy to take the sales organisation with us in implementing strategies and working according to our plans.

During the year, we broke new ground by starting up our first company in South America, in Chile. We kicked off with a well-attended reception held at the Swedish Embassy. The Swedish Trade Council's representatives did an excellent job, and we felt that we were well received by the market.



MARKET AREAS

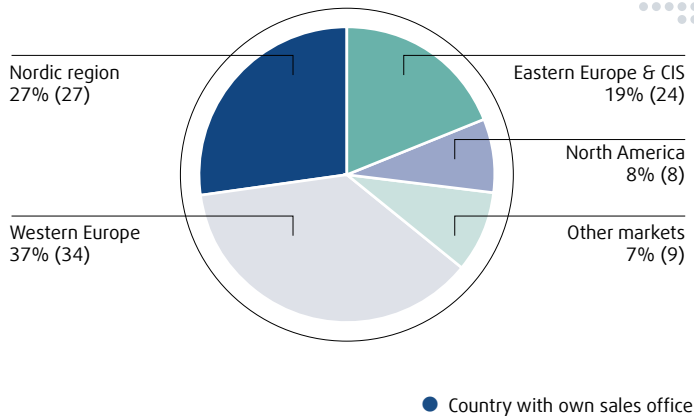
Frico and Systemair to some extent deal with the same customers and as a result have started to work together in several countries by sharing offices. Sales of garage and tunnel ventilation are coordinated via sales teams in Germany, Italy and the UK.



40
Own sales companies
in 40 countries

100
Exports to more than
100 countries

Market share per market area



Nordic region

The Nordic region has recovered well. In Sweden, we made excellent progress by working in a focused way and with our entire range of products. In Norway, our single biggest market, we posted an all time high. Residential sales rose by 25%. Denmark also reported its best-ever year. Sales increased by 22%, with BPR (Basic Product Range) rising by all of 47%. Fire safety products were launched during the year and a healthy market share has already been secured.

In Finland, the market has gradually started to recover after a fairly profound decline. Systemair Finland performed well during the year. The company has recruited new personnel and expects to gain market share in residential ventilation.

Western Europe

In Western Europe, the strength of the Swedish krona relative to the euro led to a 10% fall in the value of sales by subsidiaries after translation to SEK. Despite the slowdown of the markets, income nevertheless rose in all by 3.7%. The acquisition of Rucon in the Netherlands contributed 7% to sales in the region.

The German market is buoyant and is powering our growth, along with Sweden and Norway.

Garage and tunnel ventilation requires specialist knowledge and is a separate customer segment. Against the background, sales since 1 May this year have been conducted by separate sales teams in Germany, Italy and the UK.

The UK market is still stretched, but Systemair Fans&Spares performed well in its new constellation as a company comprising both project-based sales to consultants and distribution/sales via its 12 branches. Despite the harsh

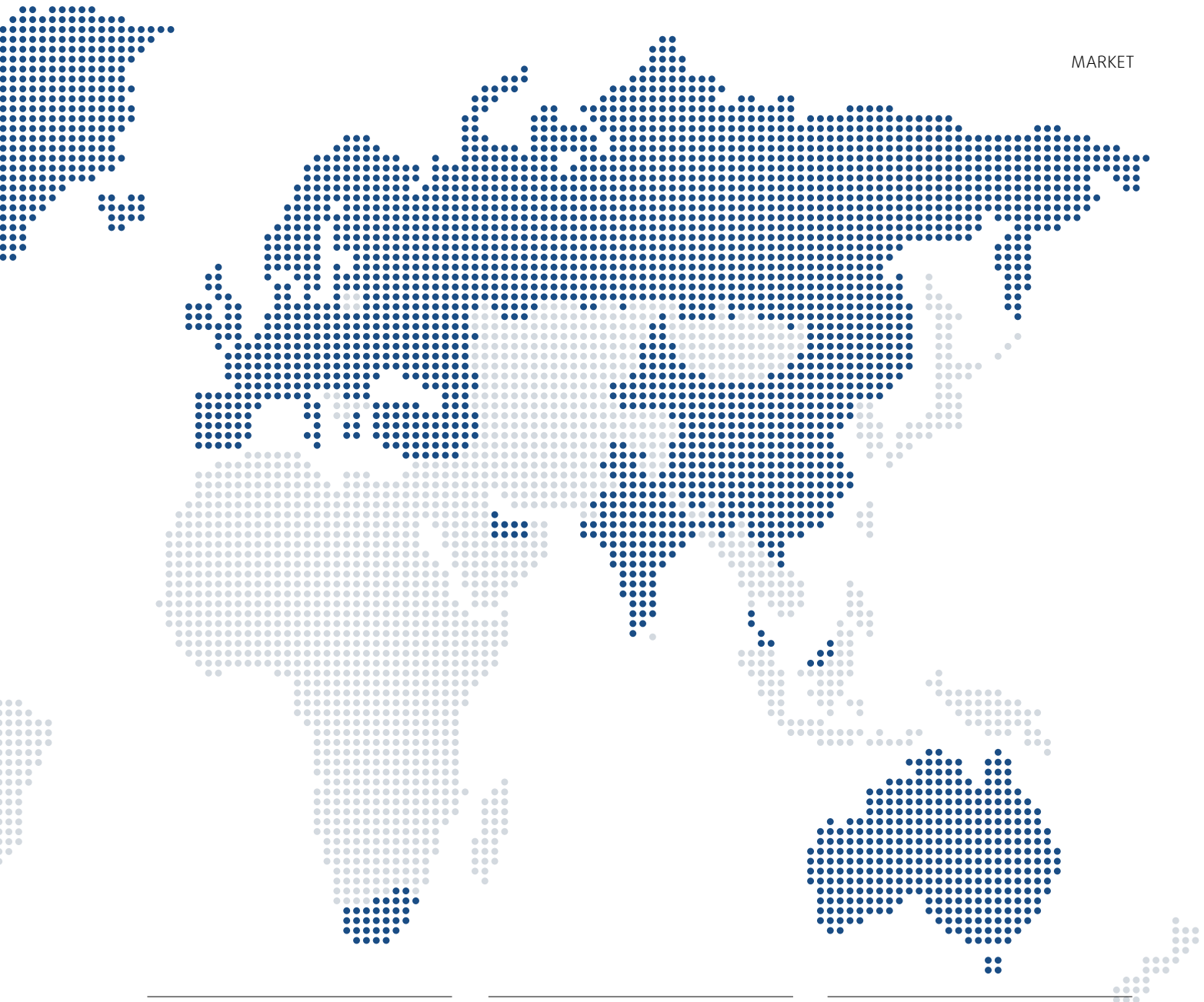
economic climate, the company succeeded in increasing sales and reported a satisfactory operating profit.

Our sales in the French market exceeded our expectations. The company consolidated its position as one of the leading suppliers of compact units. A clear increase in sales of energy-efficient EC fans is also evident.

Despite difficult times in Portugal, we nevertheless succeeded in maintaining satisfactory sales and profits.

Our companies in Spain, Greece, Italy and Ireland are still finding conditions tough.

Spain is a tight and competitive market and the country's stretched economy is affecting the willingness to invest. Among consultants, there is strong interest in our new energy-efficient EC fans and units with integral control systems, but this interest among investors and entrepreneurs is being restrained by the economic situation.



Eastern Europe and CIS

Growth has returned to our major markets, Russia, Poland and Slovenia. Sales in Eastern Europe and the CIS rose by 14.1% during the year. Russia is well on the road to recovery. Sales were up by 5.7%, but remain well below the levels prevailing before the global financial crisis. Ukraine seems to have recovered with strenght, and we anticipate a similar upward trend in Russia from now on.

In the Baltic States, we managed to emerge from the crisis without loss. There is a pent-up investment demand, and we expect an increase in volumes perhaps as early as in late 2011.

The Balkans have also been hit hard by the crisis. Our markets in Slovenia, the Czech Republic, Slovakia and Poland remain strong.

North America

The construction industry in the USA is still moving slowly, but our sales rose during the year.

The Canadian market remains buoyant, and our market shares increased. Interest here in energy-efficient ventilation products is rising, and we see promising opportunities to develop our market share.

Up to now, Systemair products have been sold via Fantech, but now Systemair is also being marketed as a brand for managing projects in commercial properties, in association with Fantech.

Other markets

Our sales in Asia are expanding, but from a relatively low level. We can see clear potential for our products in the markets of Asia and are investing resources to increase market share.

In the Middle East, we are developing our network of distributors and have established a sales company in Qatar. The financial crisis also left its mark on Dubai, but we coped well and maintained our volumes.

During the financial year, Systemair took its first step in South America by establishing a company in Chile. The country's climate is similar to that of Europe and the mains voltage is the same. Energy costs are relatively high and demand for energy-efficient products has risen, which creates good market potential for our product portfolio.

STRENGTHS AND COMPETITIVE ADVANTAGES

- **An early presence in growth markets** has proved to be an excellent platform for continued growth.
- **High product availability and fast delivery** via an efficient organisation for production, logistics and IT.
- **Focused product development and a broad product range.** We devote substantial resources to the development of energy-efficient and user-friendly ventilation products.
- **Acquisition and integration of companies** have yielded wide-ranging experience and a structured acquisition process.
- **A highly diversified customer base** reduces our vulnerability to fluctuations in the business cycle and to lower demand from individual customers.
- **Good relationships with leading suppliers** have strongly aided the Group's growth and product development, confirming the perception of Systemair as a leading supplier of high-quality ventilation products.

Customers

The Group's customers are ventilation contractors and distributors of ventilation and electrical products. Ventilation consultants are a key target group indirectly, as they specify which products are to be installed. In infrastructure projects, customers are mainly large construction firms.

Systemair has an extensive customer base with customers of different sizes in a number of markets. We sell to more than 100 countries worldwide. The 10 biggest customers currently account for just 7% of sales. This broad and geographically diverse customer base offers considerable stability and reduces our exposure to fluctuations in individual economies.

Trends

Health issues will gain in priority, increasing the need for ventilation systems. More and more houses being built are low-energy or passive houses, which are built airtight, with exacting demands for effective ventilation and low energy consumption. Calls for low energy consumption are fuelling the need for demand-led ventilation and building management systems, which govern ventilation and energy use. We also anticipate more comprehensive regulations for Safety ventilation.



ONDREJ NEPELA ARENA, BRATISLAVA
Systemair a.s, Slovakia, has supplied Frico air curtains for all entrances, duct fans and air distribution products for all ventilation for the main arena for the 2011 Ice Hockey World Championships. The arena first opened back in 1940 and was renovated in 2011. At the same time, its capacity was raised to 10,000 spectators.

“ This broad and geographically diverse customer base offers considerable stability and reduces our exposure to fluctuations in individual economies.”

COMPETITORS

Company	Product areas							Presence in Europe								
	Fans	Central units	Residential units	Compact units	Air terminal devices	Air curtains	Fire safety	SE	NO	DK	UK	DE	PL	FR	ES	RU
Systemair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FläktWoods	✓	✓	✓	✓	✓	-	✓	✓	✓	-	✓	-	✓	✓	-	-
Flexit	(✓)	-	✓	✓	✓	-	-	✓	✓	-	-	-	-	-	-	-
Swegon	-	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Exhausto	✓	✓	✓	✓	-	-	-	✓	✓	✓	-	-	-	-	-	-
Östberg	✓	-	✓	✓	-	-	-	✓	✓	-	-	-	-	-	-	✓
Trox	-	✓	-	✓	✓	-	✓	-	-	-	✓	✓	✓	✓	✓	-
VTS	-	✓	-	✓	-	-	✓	-	-	-	-	-	✓	-	-	✓
Nuaire	✓	✓	✓	✓	-	-	✓	-	-	-	✓	-	-	-	-	-
Vent-Axia	✓	✓	✓	✓	-	-	✓	-	-	-	✓	-	-	-	-	-
GEA	✓	✓	-	✓	-	-	-	✓	-	-	-	✓	✓	✓	-	-
TLT	✓	-	-	-	-	-	✓	-	-	-	-	✓	✓	-	-	-
Gebhardt	✓	-	-	-	-	-	✓	✓	-	-	-	✓	-	✓	-	-
Rosenberg	✓	✓	-	✓	-	-	✓	-	-	✓	-	✓	✓	✓	-	✓
S&P	✓	-	✓	✓	-	✓	✓	-	-	-	✓	✓	✓	✓	✓	-
Wolf	-	✓	(✓)	✓	-	-	-	✓	-	-	✓	✓	✓	✓	-	-
CIAT	-	✓	-	✓	-	-	-	-	-	-	✓	-	✓	✓	✓	-
Aldes	✓	-	✓	-	✓	-	✓	-	-	-	-	-	-	✓	✓	-
Novenco	✓	✓	-	-	-	-	-	-	✓	✓	-	-	-	-	-	-

THE INDOOR CLIMATE PRIZE, SWEDEN

A winning collaboration led to The Indoor Climate Prize 2010

The Indoor Climate Prize 2010 was jointly awarded to Systemair AB, PQR Consult AB and contractors Gösta Schelin AB. The award goes to the trio for developing a smart system solution for an improved indoor climate with energy recovery.



The jury's citation: The award is made for an air treatment system featuring exhaust and supply air ventilation with heat recovery that the companies have developed together. Many proposed solutions are available to deal with the problem of Sweden's "Million Home" apartment blocks that were built solely with exhaust air ventilation systems. A central issue has been how to route the ducts for the supply air. The solution is innovative, well designed and has major market potential. In existing apartment blocks with inadequate ventilation, the system provides a new, cost-efficient way of improving the indoor climate with the aid of a higher volume of filtered outdoor air. The system's high-efficiency fans and high-level heat recovery also play a part in reducing use of resources in the long term. The solution proposed is innovative and commercially viable. It can also help improve the indoor climate and reduce energy consumption, for example in "Million Home" apartment blocks.

Competitive bidding process announced

The joint procurement group for SABO (the Swedish Association of Public Housing Companies) and the Swedish Energy Agency announced a competitive bidding process for technology procurement of heat recovery in apartment blocks. Systemair, consulting firm PQR Consult and ventilation contractor Gösta Schelin jointly developed a winning technology solution that was tendered for three properties.

The concept is based on combining ventilation ducts with the existing

exhaust air system in apartments to supply fresh air, with the existing fans being replaced by air handling units with high-efficiency heat exchangers.

Units with 90% efficiency

Systemair developed a new air handling unit with a counter-cross flow heat exchanger offering up to 90% efficiency and zero leakage between supply and exhaust air. This prevents residents being troubled by cooking smells, for example, from other apartments. The high degree of efficiency delivers energy savings of up to 40 kWh per square metre per year.

The unit is installed in the loft space and new ducts are routed to the apartments via the stairwell.

From 3-4 days to 3-4 hours

Traditionally, this type of installation in an apartment takes 3-4 days. Residents are generally relocated into temporary accommodation.

The trio also developed a new ducting system for supply air distribution, a system that is very quick and simple to install. The process takes only 3-4 hours, no-one has to be displaced and there is no need for carpenters and decorators to restore the apartment. The cost-efficient system is quick to install and takes up little space. In addition, the whole job is done by the ventilation contractor.

The consortium was awarded the order for the three properties. Installation went entirely to plan and the system has proved to be efficient.

"It worked superbly, so we thought it was appropriate to enter it for The Indoor Climate Prize competition", says Pär Johansson, sales manager for Systemair Sweden. "This solution meets a considerable pent-up demand and it's satisfying to be at the forefront like this. We see major potential in Sweden and the rest of Europe".

FACTS

The Indoor Climate Prize was established in 2001 by Slussen Building Services in association with Swedvac (the Swedish Society of HVAC Engineers), the Swedish Association of Air Handling Industries and the Swedish Society of Refrigeration. The award is intended to promote indoor climate technology and stimulate interest in the technology.

Successful brands in Group

DEVELOPER OF ENERGY-EFFICIENT PRODUCTS AND SOLUTIONS

The Systemair brand embraces high quality ventilation products, including fans, air terminal devices, air handling units and supply air units of high quality, for both Comfort ventilation and Safety ventilation. In these fields, Systemair has staked out a position as a leading producer of energy-efficient products.

Product development with a focus on energy conservation is an important prerequisite for our growth. We allocate substantial resources for development of new and improved products, in which low energy consumption is an important parameter. During the spring, we launched more products than ever before. At the major international ISH trade fair in Frankfurt Germany, which opened in March 2011, we presented a large number of products, all new developments.

Today it is considerably more profitable to invest resources in using energy as efficiently as possible than to invest in alternative energy production. Systemair has staked out a position as a leading producer of energy-efficient products, for example ultra-efficient energy recovery units with EC motors. The EC fan product area includes ceiling, box and duct fans, as well as axial fans.

Compared to standard motors, EC motors substantially reduce electricity consumption. We are well equipped to satisfy the rising demand for climate-smart products, and look forward with confidence to meeting our continued opportunities.



Kurt Maurer, MD of Systemair GmbH in Germany and responsible for the Group's fan range

MARKET LEADER IN AIR CURTAINS AND HEATING PRODUCTS IN EUROPE

The Frico brand is market leader in air curtains and heating products in Europe. Nearly 80 years' experience in developing climate-smart products for a comfortable indoor environment has given Frico a strong position.

As a result of the Systemair Group's long-term investment in two strong brands - Systemair for ventilation and Frico for air curtains and heating products - all air curtains and heating products are sold under the Frico brand. The products are distributed in 85 countries via Frico Group subsidiaries in Sweden, Norway and France, via Systemair's subsidiaries in other markets and via distributors.

Frico has gained market shares and weathered the crisis well, thanks to control of costs, dedicated personnel and objective-led marketing. Sales in Sweden grew amazingly well during the year, with a 25% increase in a mature market. Two cold winters in a row boosted sales of heating products and powered a comeback in the Russian market.

The partnership with the companies of the Systemair group delivered synergistic gains in a number of areas. Frico continued to develop its sales channels and launched its heating product range through several Systemair companies in Europe, coordinating this activity with existing distributors. The Dutch company that formed part of the acquisition of the Aaldering Holding Group became a wholly owned subsidiary of the Frico Group and was renamed LSA Frico. Our distributor in Poland, FOKO, was acquired and integrated into Systemair Poland.



Jonas Valentin, MD, Frico

SOLUTIONS FOR RESIDENTIAL AND COMMERCIAL PROPERTIES IN NORTH AMERICA



Fantech develops, designs and markets solutions for residential and commercial properties in North America. Products are sold to resellers in the United States and Canada by the company's own salespeople and agents.

The prices of both commercial and residential property have continued to fall, and growth in the building industry is slow.

Despite the low level of activity in the building industry in the USA, we recorded an increase in sales over the financial year. The Canadian market continues to be buoyant, and we have gained market shares in both the USA and Canada. Fantech is actively involved in "Green Ventilation", i.e. low energy consumption and a healthier indoor climate, and we anticipate that our new energy-efficient products will create opportunities to continue our expansion.

Fantech has a loyal network of distributors which is continuing to expand. Distributors who are seeking new products often turn to Fantech in the first instance.



Roland Mazerolle, MD, Fantech

EUROPE'S LEADING MANUFACTURER OF DUCT HEATERS



Veab Heat Tech AB, Hässleholm, specialises in the development, manufacture and marketing of heating products for ventilation systems, movable and stationary fan heaters and dehumidification systems.

During the financial year, Veab's sales recovered strongly following the recession, and the company now reports an all-time sales high, despite cutbacks in the workforce during the recession. Veab is now recruiting to satisfy the rising demand in Swedish and export markets.

Veab is a strong international brand in the field. This is the result of focused investment on an extended product range, as well as water heaters and cooling coils for residential, industrial and commercial use. These include hygiene-certified cooling coils for hospitals, food halls and catering establishments and other institutions with exacting requirements for a healthy environment. The coils are designed to prevent the growth of bacteria that may be spread by ventilation air.

Sales of the recently developed explosion-rated electrical duct heaters comply with the oil and gas industries' requirements for products for installations on oil rigs, oil tankers etc. with a potential risk of explosion. In autumn 2010, the products were exhibited at the Abu Dhabi International Petroleum Exhibition & Conference, where they attracted keen interest.

The products are exported to around 35 countries worldwide. The outlook for the years immediately ahead is regarded as favourable.



Björn Walther, MD, Veab

Energy-efficient products and solutions

In the 2010/11 financial year, a number of powerful product development initiatives were carried out, with the focus on energy-smart products. At the major international ISH trade fair in Frankfurt in March, we presented more new products than ever before, attracting considerable interest in our energy-efficient products and solutions.



Stand at ISH, Frankfurt 2011

PRODUCT OVERVIEW

Comfort ventilation comprises fans, air handling units, products for air distribution, air curtains and heating products.

Safety ventilation includes fire safety and garage and tunnel ventilation.

FANS AND ACCESSORIES



Fans and accessories include circular and rectangular duct fans, roof fans, box fans and axial fans. The fan range is marketed under the Systemair brand in all markets except North America, where it is sold under the Fantech brand.

AIR HANDLING UNITS



The Air handling unit product area covers a wide area, from small units for flats and single-family houses, up to large, container-sized units for industry and commerce. These products are sold under the Systemair brand, other than in North America, where products for single-family house ventilation are sold under the Fantech brand.

PRODUCTS FOR AIR DISTRIBUTION



Products for air distribution include supply and exhaust diffusers, iris dampers and grilles. The function of these devices is to supply and distribute fresh air to rooms or to extract stale air from rooms.

AIR CURTAINS AND HEATING PRODUCTS



Air curtains, fan heaters and radiant heaters are marketed under the Frico brand. Duct heaters and humidifiers are sold under the Veab name and are also included in Systemair's standard range.

FIRE SAFETY



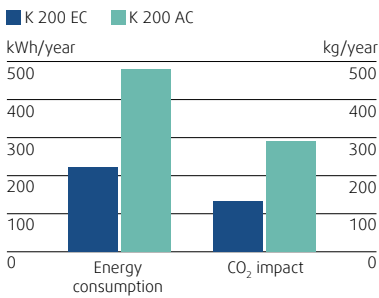
Fire safety includes products that have been tested and certified to withstand high temperatures for a long period. The range includes roof, axial and centrifugal fans, as well as fire dampers. The brand is Systemair.

GARAGE AND TUNNEL FANS



Garage and tunnel ventilation comprises fans in sizes up to 2.4 metres in diameter for ventilating all types of tunnels. The products are sold under the Systemair brand.

Comparison of EC fans and conventional AC fans



COMFORT VENTILATION

→ Fans

Fans are a multifaceted product area for various applications and a variety of target groups. The work of equipping fans with energy-efficient EC motors goes on, and interest is strong. As a result of the EU Energy Performance of Buildings Directive (EPBD), demand for energy-conserving products is steadily rising, a demand that our EC technology based fans are well equipped to meet.

Development activities are focused above all on optimisation to ensure higher efficiency and lower energy consumption. We have developed a new control system, EC Vent, which is capable of intelligently controlling EC fans to optimise energy consumption. We are first to bring a system of its kind to the market.

In the intermediate EC fan segment, we use the new "Sileo" fan impeller, a design offering very low noise levels. Noise is often a problem in densely populated areas, meaning that zero fan noise is an important advantage. To date, we have developed these as roof fans but the aim is also to implement the design in other fan models.

→ Air handling units

Demand for air handling units is on the rise. The focus of development activities centres on high-efficiency, low energy consumption and effective control and regulation technology. The USA market has been lagging behind the European trend in terms of energy optimisation, but now interest is on the rise. As a result, we will be launching units based on EC technology and control, as well as regulation platforms for higher energy efficiency, in that market too.

Residential units

We launched a new unit suitable for use in residential and small commercial premises. The unit incorporates a counter-cross flow heat exchanger with an extremely high degree of heat recovery, as well as new high-efficiency fans equipped with EC motors. It offers low operating costs, since energy consumption is very low, about 40% lower than earlier designs. The unit will become available in several sizes during the year.

Compact units

Our compact units acquired a new control and regulation platform enabling all units to provide constant and variable flow applications to ensure the highest possible operational optimisation.

Central units

The Time series of units welcomed a new member to the family, a unit is equipped with a counter-cross flow heat exchanger and EC motor technology catering also for major airflows. All Time units can now be supplied with EC technology.

→ Air terminal devices – products for air distribution

We expanded the product range with a whole new range of modern grille designs. We also presented a new range of variable air volume (VAV) controllers entitled Optima. In addition, we offer a new product selection program for air distribution products.

→ Heating products

A new, extensive range of water-circulation heaters has attracted considerable interest. The product range includes products featuring intelligent control for more efficient energy consumption and simpler solutions, as well as a wide range of accessories.

A good many changes in the air curtain range are now in the pipeline. We are launching a new product range, PA, offering higher output and more control and regulation equipment.

The acquisition of the Aaldering Group will bring in a number of special-purpose products, including an expanded range of air curtains capable of being used with heat pumps.



BOLSHOI ICE PALACE

Systemair Russia, in association with its distributor Elita, landed a major order for the Bolshoi Ice Palace at Sochi. The building has been built for the 2014 Winter Olympic Games. The arena is equipped with 75 axial fans, air supply units and duct fans.

SAFETY VENTILATION

→ Fire safety ventilation

Axial fans are used to extract fire gases and smoke from buildings in the event of fire. We focus to a large extent on standardisations, which is important in this type of ventilation.

We spend a great deal of time on certification of our products in different markets. Every country has its own regulations and requirements for specific certification tests. Products are tested for function and durability at different temperatures and different intervals of time. Once all certifications are in place, we have a comprehensive product offering.

During the year, we recorded market successes for fire dampers in Denmark, where the existing local legislation was brought into line with current EU regulations.

→ Garage and tunnel ventilation

Our factory in Germany developed new, smaller, less space-consuming tunnel fans that enable air to be drawn efficiently to where it is needed most, as well as a new range of garage fans. We will also be offering comprehensive solutions for garage ventilation.

In addition, we launched a software product, AXC Selection, as an aid in the selection of axial fans.



VNUKOVO AIRPORT, MOSCOW

Systemair products have been supplied to the new passenger terminal at Vnukovo Airport, Moscow. The new Terminal A has a floor area of 250,000 m². Systemair supplied 45 smoke extract fans to extract fire gases, 15 jet fans, 160 Frico fan heaters and 140 Frico aircurtains of various types.

CLIMATE-SMART PRODUCTS

Systemair offers a highly developed range of ventilation products for energy-efficient ventilation of buildings.

Around 40% of total energy consumption in Europe takes place in buildings. Ventilation accounts for part of this energy consumption, to drive fans and in the form of energy losses when the heated air is extracted and replaced by cold air.

One of the aims of the EU's climate and energy package is to increase energy efficiency by 20% by 2020. To achieve this goal, regulations concerning both existing and new buildings are continually being tightened. It will become necessary to build "climate-smart" and to include each building's energy consumption in the calculation.

Climate-smart buildings are near-zero-energy buildings, that is, energy-conserving buildings that mainly use recoverable energy, and "passive houses" that dispense with traditional heating systems. In both cases, the buildings are as airtight as possible, which in turn demands effective ventilation.

Our strategy for many years has been to develop energy-efficient products with integral energy recovery and EC technology-based fans in order to be able to offer a product portfolio fully satisfying current and future requirements.

Systemair's best products from the energy conservation perspective carry the Green Ventilation mark shown above.



ROLAND KASPER

VICE PRESIDENT
MARKETING - PRODUCTS

Systemair has never presented as many new products as in the past financial year.

Energy-efficient EC technology will be used in more and more of our fans and air handling units. In view of the current trend of motor technology, it is not yet possible to get hold of EC motors for large fans, but our suppliers are working intensively on this.

One product that I think will become very important is the control and regulation system that we have developed specifically for EC Motors. As far as I know, we are the first with a system of this kind.

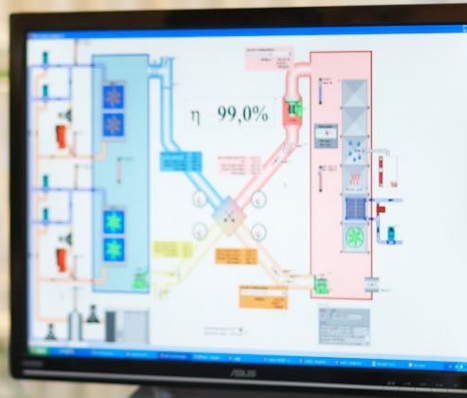
40%

Buildings account for 40% of primary energy consumption in the EU.

20%

EU Directive to cut energy consumption by 20% by 2020.

Mårten Svanberg,
manager, Production
Technology



NEW PRODUCTS

RECORD NUMBER OF NEW
PRODUCT LAUNCHES IN
2010/11

We have never before displayed so many new products as we did at the 2010 ISH fair in Frankfurt. One of the exciting new products was an app for mobile phones.



Systemair App

We are proud to be able to offer our customers this application to control air handling units via their mobile phones. It is a powerful, easy-to-use application that we expect to be a great aid to installation contractors. Communication is via 3G or WiFi.

100

More than 100 new products
launched in 2010/11

PRODUCT DEVELOPMENT

Systemair products are to be energy-efficient and simple to install, use and maintain. They must also produce a good indoor environment via safe and energy-efficient ventilation.

We develop products for the ventilation systems of today and tomorrow

Systemair products are to be energy-smart and simple to understand, install, use and maintain. As we develop new products, we are consistently guided by the notion of TRUST (reliability), and therefore parts of our range are also certified by AMCA och Eurovent.

With our extensive geographical coverage, we can both monitor and influence future trends and standards in the countries in which we operate. We also take part in the working committees that draft international and national standards. We educate and inform our customers on an ongoing basis about good ventilation and ventilation solutions, and conduct development projects in close cooperation with universities and other institutes of higher education.

We attach great importance to the technical presentation of our products being correct. As a result, we operate our own development centres, where we record development and documentation data. Today, we have 5 modern development centres in as many countries - Sweden, Germany, the USA, Canada and Slovakia.

The development centre in Skinnkatteberg is one of Europe's most modern facilities for measuring air flow, sound levels, pressure and energy consumption. It has AMCA accreditation.

The hub of the Group's development centres is the in-house developed software that is used for recording development and catalogue data. The system ensures that the route from measurement of technical data to publication is short.

We have more than 85 development engineers in 13 teams on three continents. They all have one thing in common - the ability to respond quickly to our customers' need for new, up-to-date products. Our development process is based on a Lean Production* model to optimise project times and results.

Partners

SIS Swedish Standard Institute, **CEN** European Committee for Standardization, **ISO** International Standards Organization, **Eurovent**, which certifies ventilation products, **AMCA**, which certifies ventilation products for the North American market, universities and other institutes of higher education in Sweden, the Technical University of Denmark, Copenhagen, the Norwegian University of Science and Technology, Trondheim and SINTEF, an independent research organisation in Norway, among others.

Lean Production is a philosophy about how to manage resources, identifying and eliminating all factors in a production process that do not add customer value.

Control of the flow improves availability

Availability is an important parameter to our competitiveness. To us, this means maintaining control over the flow of goods between our production units and the central warehouses.

A considerable proportion of our product range is available from inventory and can be delivered within 24 hours from warehouses in Europe or within 72 hours from any of our three centralised warehouses.

Efficient organisation

The Group has built up an efficient production and logistics organisation. Both local warehouses and centralised warehouses are integrated with each other via a common ERP system. This enables us to benefit from the advantages of scale, since our factories specialise in different product areas.

Centres of Excellence


The Systemair Group is growing organisationally and geographically, and our product portfolio, which encompasses a variety of product areas, is also expanding. As a manufacturing company, we also face increased responsibility. Internal communication and knowledge transfer are becoming increasingly important and at the same time more and more difficult. To satisfy this growing demand for “in-house customer support”, we have established eight “Centres of Excellence” within the Group, at companies where product development takes place. Centres of excellence gather and distribute knowledge from technical support, sales support and market communication, as well as from product managers.

98%

availability

40

warehouses



Fredrik Pikkuaho,
dispatch supervisor

PRODUCTION FACILITIES

Up-to-date, efficient production



Manufacturing is conducted in 15 production facilities in Europe, North America and Asia. These are sound investments, modern plants that we continuously update and augment to maintain the high quality of machinery and equipment.

190,000 m²
Total warehousing and production area



PRODUCTION FACILITIES

We have chosen to own the majority of our production facilities, a policy that will deliver lower costs and better profitability over time. The facilities that we lease are indicated below.

Facility	Country	Area	Production	Activities 2010/11
Skinnskatteberg	Sweden	50,000 m ²	Fans and accessories, as well as compact units, air curtains and heating products.	<ul style="list-style-type: none"> Investment in stamping and edging presses. Upgrade of logistics centres.
Hässleholm	Sweden	10,000 m ²	Heating products for air handling units, mobile and fixed fanheaters, plus dehumidifiers.	
Eidsvoll	Norway	5,800 m ²	Air handling units	
Hasselager, Århus	Denmark	15,600 m ²	Large air handling units, "central units".	<ul style="list-style-type: none"> Production coordinated into one building from, as previously, four. New robotised production line, delivering higher capacity.
Windischbuch	Germany	16,700 m ²	Extensive range of axial and ceiling fans, plus MRT and garage ventilation.	
Ukmergė	Lithuania	15,000 m ²	Residential units and large air handling units.	<ul style="list-style-type: none"> Extension finished and installation of machinery in progress.
Maribor	Slovenia	3,600 m ²	High-temperature fans for smoke extract ventilation.	
Bratislava	Slovakia	6,000 m ²	Products for air distribution; fire dampers.	
Madrid (leased)	Spain	6,000 m ²	Large air handling units and box fans for markets in southern Europe, the Middle East and North Africa.	
Bouctouche	Canada	13,000 m ²	Fantech's duct fans and air handling units for residential use in the North American market.	
Lenexa, Kansas	USA	16,000 m ²	Axial and ceiling fans chiefly for the USA market. Distribution centre for the USA market.	<ul style="list-style-type: none"> Investment in stamping and nibbling press, as well as edging press.
Kuala Lumpur (leased)	Malaysia	4,000 m ²	Duct fans and axial fans.	<ul style="list-style-type: none"> A centralised warehouse for south-east Asia is under construction here.
Ravistar (leased)	India	4,500 m ²	Air distribution products and ventilation grilles.	<ul style="list-style-type: none"> Production premises expanded by 1,000 m².
Langenfeld (leased)	Germany	4,300 m ²	Air curtains and heating products.	

Sustainability – good business

Through continuous improvement in the work environment, energy consumption and new technology, we can contribute to sustainable and profitable long-term development.

BUSINESS ACTIVITIES

High-quality products with a long service life have the least environmental impact over time. Our development resources focus on creating products with low energy consumption.

→ Built-in quality consciousness

We have a process-led business system, and quality consciousness is built into our mission and our values. The “Constant Improvement” project, a tool to monitor and improve operations, is in operation at all times. Every single product is always tested before delivery, and with our own AMCA accredited test laboratory we

can guarantee that catalogue data is accurate. Nine of our production facilities have ISO 9001 certification.

→ Business ethics

Systemair’s products and services shall be marketed and sold in a manner that is justifiable on commercial as well as ethical grounds, that is, based on factors such as quality, price, reliability of delivery and high-level service. Systemair shall comply with each country’s cartel and competition laws.

Systemair’s employees are not allowed to demand, offer or accept bribes or other illegal benefits to retain a customer or close a business deal.

→ Suppliers

Systemair’s suppliers shall be evaluated and selected on the basis of their ability to deliver on sound commercial terms and their ability to live up to Systemair’s code of conduct. We do not accept products from suppliers who use child labour directly or indirectly through their subcontractors.

→ Logistics flows

We have coordinated our production at our main plants and have closed smaller production plants. This will result in higher capacity utilisation in existing plants and more efficient logistics. In turn, this will reduce our environmental impact.



ENVIRONMENTAL EFFORTS

→ No environmental impact on air or water

Systemair develops energy-efficient products that create a good indoor environment. Our production has no environmental impact on air or water. Neither are we subject to compulsory environmental licensing, only a duty of notification. Environmental issues and efforts are still a high-priority area. We are continuously improving our products, methods and procedures to minimise the impact on the environment. Our products are recyclable and our components environment-friendly. Production plants in Sweden and Germany have earned ISO 14001 environmental certification.

→ Buildings

We make a point of maintaining high standards for the buildings we own or lease. The buildings we build ourselves are of a high standard from the start. They are well-insulated and have energy-efficient ventilation systems. With buildings we acquire, our first action is often to furnish the roof with fresh insulation. This increases comfort, reduces energy consumption and is a profitable investment.

Most of the buildings we have acquired have now been renovated to a good "Systemair standard".

→ Green IT

Systemair works systematically for Green IT, in other words, develops strategies and guidelines for energy-efficient solutions so as to minimise negative environment impact. This means ensuring optimal use of hardware and infrastructure by using energy-efficient server farms and making more effective use of all existing data capacity through "virtualisation".



Systemair's best products, from the energy conservation perspective carry this symbol.

RESPONSIBILITY TO THE COMMUNITY

Social responsibility has long been a part of Systemair's corporate culture, and we are aware of the role our Company plays in society. Regardless of where in the world we are doing business, good relationships with external partners are decisive for long-term success.

We strive to understand each society and culture we live and work in, to become involved in local community activities that promote development in the community and benefit local business. Sporting and cultural activities for children and youth are a high priority. We do not sponsor political or religious organisations. Systemair observes the laws and regulations in effect in the countries where we are active.

WORK ENVIRONMENT

Through continuous improvement in the work environment, the external environment and energy consumption, Systemair's business activities can contribute to sustainable and profitable long-term development. New technology, product development and new findings are evaluated taking into consideration the work environment and environmental protection as well as energy optimisation.

Our employees are to have a stimulating and healthy work environment that prevents accidents and that stimulates them to work efficiently towards goals, taking responsibility for their tasks and developing their expertise.

No employee may receive special treatment in terms of employment or job tasks because of age, ethnicity, nationality, sex, religion or disability. All employees will be treated with respect, and no employee will be subject to degrading or insulting treatment.

Systemair employees decide on their own whether to join a labour union in accordance with the legislation in effect in the country where they work. Violence or the threat of violence in the workplace, harassment, bullying or similar infringements on employees will not be tolerated.

Systemair's employees must not distribute, possess, use or work under the influence of drugs at any of Systemair's workplaces.

NAVIGATOR

Work for “tired-of-school” pupils

As part of our involvement in the local community, we regard it as positive action to be able to play a constructive role part in supporting young people when given the opportunity.

Project for tired-of-school pupils

Navigator is a Corporate Social Responsibility project in which Systemair is participating. The project deals with pupils who are tired of school, who are at risk of ending upper secondary school without a leaving certificate. The pupils are instead offered an opportunity to gain work experience at Systemair four days a week. Wednesdays are spent at school, where they study their core subjects.

The pupils are based in different departments in production, as members of various work teams, like any other Systemair employee. They are issued with an employee number and clock in

and out just like other employees. The focus is very much on social education, how people relate to each other at a place of work and what is demanded and expected of them. To many, it may also be the first time they are noticed, needed and, not least, missed when they are not in place.

Successful project

The outcome of the project has been a success. Although there were some dropouts, we employed around 10 former pupils. Many continued with their studies or found other work. The majority of pupils come from the neighbouring Fagersta Municipality.

Stig Henriksson, Municipal Commissioner, Fagersta, often says with a smile that as Municipal Commissioner for Fagersta, it goes against the grain to always hold up Systemair in Skinnskatteberg as the example that should be followed.

“Systemair looks after tired-of-school pupils who get the chance to alternate studying and working ”



Sebastian Westin, former participant in Navigator program, now employed as an assembler.



Karla Rojas Vasquez, assembler,
residential units

Our employees' skills create competitive advantages

Systemair runs a large number of advanced training courses for both salaried and blue-collar employees. Most courses are held in our fit-for-purpose premises in Skinnskatteberg, but others take place elsewhere in the Group as well as in our Centres of Excellence. In addition to special courses based on professional duties, Systemair runs a basic ventilation course which is available to all members of personnel.

“We devote substantial resources to creating sound work environments in all of our companies and we strive to have well educated employees.”

We offer courses under our own auspices and also use external training resources. Systemair Academy is tasked with arranging training for the Group's employees. This provides a forum where all our personnel can meet and get to know each other and the Company. Systemair Academy also enables us to communicate our corporate culture, including values and Code of Conduct, as well as our “Trust” concept, which represents reliability and, last but not least, a “sense of us”.

We have co-opted leading research experts to provide basic and advanced training in ventilation theory, products and sales techniques. Further training is also given annually to financial control personnel at the Group's subsidiaries.

During the financial year, we continued our Lean Production/Constant Improvement programmes for both salaried and production personnel. We also conducted leadership training courses and held “manager days” based on topics from the world of sport, such as motivation, commitment and participation, measurable performance/expected outcome. For inspiration, we arranged appearances by, among others, Kent Hultqvist, former captain of the Swedish international bandy team.

SERGE RICHARD
LOGISTICS DEVELOPER

I liked Europe and was offered the opportunity to work at our head office in Skinnskatteberg.

I'm from Bouctouche, Canada. In 2009, I was in Slovenia on behalf of Fantech to help with the implementation of Systemair's internal ERP system. It was a fun project and I liked Europe and wanted if possible to come back. When I got the chance to come to the Company's headquarters in Sweden for two years I didn't hesitate. Now I've been here since February and feel very much at home. The language is a little difficult but everyone speaks English well and in the summer I'm going on a Swedish course. I work in the IT department, the work is much more varied here at headquarters, and there is contact with different countries. Exciting, challenging and there's plenty to learn!



Future skills provision

We operate an active programme to recruit highly qualified personnel on the engineering and design side. During the year, Systemair took the initiative in arranging a shared stand for the major companies in the Fagersta region at a major recruitment fair in Västerås. The stand was shared by Systemair, Seco Tools, Atlas Copco Secoroc and Fagersta Stainless, with representation from the Municipalities of Fagersta, Norberg and Skinnskatteberg. We also take an active part in the Swedish Association of Air Handling Industries' steering group on training and recruitment to attract young recruits to the industry. To facilitate recruitment of highly qualified personnel, we opened an office in Kopparlunden, Västerås. As before, our members of personnel are offered the opportunity to work from our Stockholm office, an arrangement that has turned out well. To assure our future provision of skilled personnel, Systemair is participating, alongside companies based in Fagersta and Fagersta Municipality, in establishing a new industry and technology based upper secondary school.

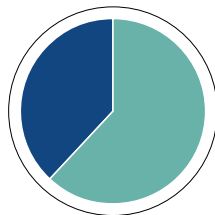
Diversity and equal opportunity

The code of conduct specifies that favouritism is not allowed, that all qualified employees will be offered the same opportunities and conditions of employment without prejudice or discrimination based on age, ethnicity, nationality, sex, religion or disability. No case of discrimination has been claimed.

Health Promotion

We believe in preventive health care and focus on activities linked to personal responsibility, i.e. what people can do themselves to be able to function as a well-balanced individual at work and at home, for example by eating and exercising correctly, with coaching and hands-on advice from our physiotherapist.

Gender distribution, employees



- Men 62%
- Women 38%

Key Ratios

	2010/11
Group	
Number of employees, 1 May 2010	2,208
Number of employees at year-end, 1 May 2011	2,506
Parent Company	
Average age of white-collar employees	41
Average age of blue-collar employees	40
Sickness absence - short-term	3.27
Sickness absence - long-term	1.60



Birgitta Eriksson,
assembler,
ventilation



Harri Jylänki, section leader, sheet metal forming

SYSTEMAIR'S CORPORATE CULTURE

Systemair has a corporate culture in which guiding principles and monthly profit reporting govern and lead the organisation. At Systemair, the organisation is flat, pragmatic, direct and efficient. To reinforce its principles in a positive way, Systemair has collected and put down in writing the values the organisation itself has chosen as governing. These values consist of seven key principles for interaction between employees.

→ We make the work of the ventilation installer easier

This expresses the central vision and involves working consistently to simplify and be direct.

→ We make it simple – the direct route

This motto has long been the basic philosophy at Systemair. To always question whether decisions and activities take the most direct route, to ensure that the simplest and most economical solution is chosen. The simplest is often the best, and Systemair has a longstanding tradition of achieving such solutions. Everyone is responsible to himself, to ensure that work responsibilities and daily tasks can be carried out simply and well. To keep on track and prioritise has, for many, proven to make an impact in simplifying daily routines. "Simple and robust" is a touchstone for product development as well. Our products are intended to be and are easy to choose, install, maintain and use.

→ We are trustworthy and reliable

To take collective responsibility for keeping our promises is a high priority in Systemair's organisation. Product knowledge, the possibilities as well as the limitations of products, is expertise in the organisation. Through practical action, such as rapid response and proper feedback, Systemair builds confidence for its brands.

→ We do not sit and wait

Systemair's basic strategy is one of attack. The objective is to be proactive by seeking new possibilities, using the information available to make decisions and then quickly acting on them. Growth is a part of Systemair's DNA, resulting in a sustained fast pace and

a need to continuously focus on what is genuinely important. This makes the organisation pragmatic and dynamic. Taking the initiative and responsibility is rewarded in daily activities, and everyone is encouraged to seek information and to ask for help when it is needed.

→ We grow stronger through change

Systemair dares to go its own way - an organisation that has learnt from major change and continually takes on larger work responsibilities does not regard change as a problem but as a part of everyday life. With major restructuring and fast growth, the organisation has also learnt that some decisions can turn out to be wrong and need to be changed. In such a case, it is vital that ego does not take over, so the way we do it at Systemair is not to assert our own status.

→ We speak out

At Systemair, it is a right and an obligation to speak up when someone does not agree, sees a problem or mistake or sees the need for a change. Open dialogue is crucial to direct communication between the parties concerned, where solutions are the priority and personal attacks are avoided. Good efforts are rewarded in everyday life, and everyone is loyal to the decisions made.

→ We believe in our business concept

Systemair has a product range on which everyone agrees and which is being marketed. It is vital that the Group capitalise on the economies of scale manifest in a broad sales network and that everyone agree about which products to include in the standard range. All transactions at Systemair are to be based, first and foremost, on financial profit.



Minna Seppälä, assembler, heating/curtains.

“Through practical action, such as rapid response and proper feedback, Systemair builds confidence for its brands.”

The Systemair share - strong performance during the year

Systemair's share has been quoted on the Mid Cap list of NASDAQ OMX Stockholm since 12 October 2007. The initial offer price was SEK 78 per share, corresponding to a market capitalisation of approximately SEK 4.1 billion. The share's trading symbol is SYSR. The share price rose by 45% during the year.

Share capital and voting rights

The Company's share capital totals SEK 52,000,000, represented by 52,000,000 shares of only one series. The quotient value is SEK 1.00 per share. The Company has issued 223,500 warrants to employees of the Group. The average price of the share during the period was less than the redemption price for the warrants, so no dilution effect was taken into account.

Price and volume

During the financial year, the price of Systemair shares rose from SEK 70.0 to 101.5. In the same period, the OMX Mid Cap index appreciated 12%.

At financial year-end, Systemair's market capitalisation was SEK 5.28 (3.64) billion. The number of Systemair shares traded on the Nasdaq OMX Nordic Exchange Stockholm totalled 4,655,718 (7,228,918), corresponding to a turnover rate of 9% (14) during the 2010/11 financial year.

Shareholder situation

The shareholder situation was stable during the year. No changes took place in the holdings of the two biggest shareholders, Färna Invest AB and ebmpapst AB, with 42.3% and 21.3% of the votes, respectively. Other major shareholders are Lannebo Fonder, with 8% (8), SEB Fonder, with 2.6% (2.5), Alecta, with 4.1% (4.1), and Odin Fonder, with 2.6% (2.5). The number of shareholders at the end of the accounting period, 30 April 2011, was 3,972 (4,399).

Dividend policy and dividend

For financial 2010/11, the Board of Directors proposes the Annual General Meeting distribute to shareholders SEK

1.75 (1.25) per share, a total of SEK 91 million, corresponding to 33.1% of consolidated profit after full tax. Systemair's policy is for the dividend to equal approximately 30% of earnings after tax. The reason for the proposed somewhat higher dividend is that during the financial year Systemair's cash flow was healthy and that the equity/assets ratio of 49% far exceeds the target of at least 30%.

Shareholder value

Management works continuously to develop and improve the Company's financial information and participates actively in meetings with analysts, investors, other shareholders and the media. This is crucial for increasing trading in the Systemair share and to give both current and new

shareholders ample opportunity to value the Group as fairly as possible. Systemair aims to make its information to the stock market and other stakeholders rapid, reliable and clear.

Analysts

During the year, the Systemair share was followed and analysed by the following institutions, among others:

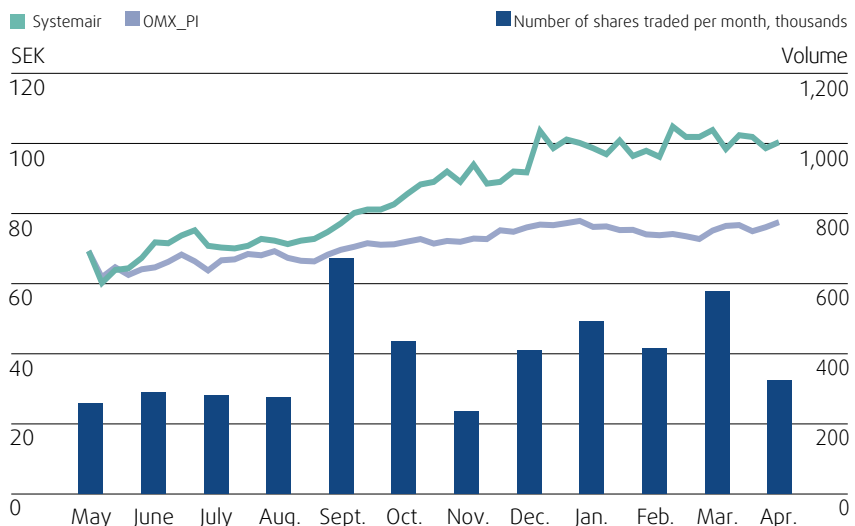
Handelsbanken Capital Markets,
Jon Hyltner, +46-8-701 1275

Nordea Markets,
Olof Krook, +46-8-534 913 99

Swedbank Markets,
Ola Södermark, +46-8-585 923 74.

Redeye,
Henrik Alveskog, +46-8-545 013 45

SHARE PRICE, 12-MONTH TREND



SHAREHOLDER STRUCTURE

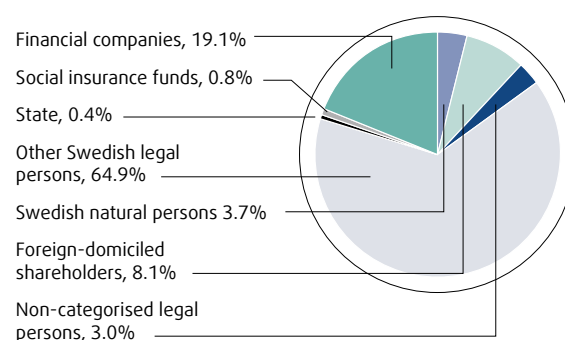
Size of holding	No. of shareholders	No. of shares	Share of total shares held, %	Market value (SEK thousand)
1-500	2,993	543,647	10.5%	55,180
501-1,000	548	440,687	8.5%	44,730
1,001-5,000	311	699,133	13.4%	70,962
5,001-10,000	38	290,758	5.6%	29,512
10,001-15,000	9	119,276	2.2%	12,107
15,001-20,000	10	189,476	3.6%	19,232
20,001-	63	49,717,023	56.2%	5,046,278
Total	3,972	52,000,000	100.0%	5,278,001

10 BIGGEST SHAREHOLDERS

Shareholders grouped according to Euroclear	Percentage	No. of shares
Färna Invest AB ¹	42.3%	21,997,752 ¹
Ebmpapst AB	21.3%	11,059,770
Lannebo Fonder	8.0%	4,149,802
Alecta Pensionsförs.	4.1%	2,123,000
SEB Fonder	2.6%	1,351,700
Odin Fonder	2.4%	1,241,883
Handelsbanken Fonder	2.4%	1,226,294
Fondita Nordic Micro Cap	1.5%	770,000
Swedbank Fonder	1.1%	584,996
AMF Fonder	0.8%	420,800
	86.4%	44,925,997
Other	13.5%	7,074,003
TOTAL	100%	52,000,000

¹Private company wholly owned by CEO Gerald Engström
Source: Shareholders' register at Euroclear AB, 30 April 2011

SHAREHOLDER CATEGORIES



SHARE DATA

	2010/11	2009/10	2008/09	2007/08 ¹
No. of shares at 30 April	52,000,000	52,000,000	52,000,000	52,000,000
After tax earnings per share (SEK)	5.29	3.66	4.53	4.69
Cash flow per share (SEK)	4.79	6.86	5.71	4.2
Equity per share (SEK)	24.39	22.46	20.00	15.55
Share price, end of accounting period	101.50	70.00	45.00	62.50
High during the year (SEK)	109.00	77.75	67.00	78.75 ¹
Low during the year (SEK)	59.00	43.00	27.40	52.00 ¹
Dividend per share, proposed (SEK)	1.75	1.25	0.75	1.50
After tax P/E	19.20	19.13	9.90	13.30
Direct yield (%)	1.72%	1.79%	1.70%	2.40%
Payout ratio (%)	33.10%	33.90%	16.40%	32.00%
Trading volume	4,655,718	7,228,918	7,950,838	14,541,954 ¹
Turnover rate (%)	9.00	13.90	15.30	13.90

¹ Since stockmarket listing, 12 October 2007

SHARE CAPITAL

Year	Event	Quotient value	Increase in share capital	Total shares	Total no. of shares
1993/94	Bonus issue, Series A shares	100	7,000,000	10,000,000	100,000
1994/95	New issue, Series A shares	100	14,000,000	24,000,000	240,000
1995/96	Bonus issue, Series A shares	100	26,000,000	50,000,000	500,000
2005/06	New issue, Series B shares	100	2,000,000	52,000,000	520,000
2006/07	100:1 split	1	-	52,000,000	52,000,000
2007/08	Reregistration of shares to one type	1	-	52,000,000	52,000,000



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Directors' Report

Description of the Business and Financial Information

General

The Board of Directors and Chief Executive Officer of Systemair AB (publ), corporate identity number 556160-4108, hereby present the Company's annual accounts and consolidated accounts for the 2010/11 financial year, the Company's 38th year of operations. Systemair AB (publ) has its registered office and head office in Skinnskatteberg, Sweden.

The Group's brands are Systemair, Frico, Fantech and VEAB.

Systemair offers a standardised range of ventilation products, including fans, air terminal devices and air handling units, with the emphasis on simplifying the task of ventilation contractors.

Frico specialises in heating systems such as air curtains, fan heaters and radiant heaters.

Fantech is the brand used in North America. Products include duct fans and other ventilation products, as well as heat recovery units for single-family homes. The acquisition of Emerson Ventilation Products in May 2008 added axial fans and ceiling fans for commercial buildings to the product range.

Veab markets heating products such as air duct heaters, fan heaters and dehumidifiers.

With production facilities in 12 countries and a total of 190,000 m² of floor space for production and storage,

Systemair is a significant international player in its product areas.

The Group's customers are primarily ventilation contractors and distributors of ventilation and electrical products.

Stock market listing

Since 12 October 2007, Systemair shares have been quoted (trading symbol: SYSR) on the Mid Cap List of the Nasdaq OMX Nordic Exchange in Stockholm. The number of shareholders is approximately 4,000.

Group

Sales and profit

Consolidated sales totalled SEK 3,219 million (3,333), 7.7% more than in the preceding financial year. Organic growth amounted to 8.8%. Companies acquired contributed 5.8%, SEK 185.6 million. The impact of exchange rates on translation of foreign subsidiaries was to reduce the value of sales by 6.8%.

Sales – Geographic breakdown

Sales in the Nordic region were up 12%. Acquisitions contributed 1% to sales growth in this region during the year. The Norwegian market is the biggest in the region and worldwide, with sales of SEK 424 million. Sales in the Nordic region grew by 5% over the year. Growth in the Swedish market may be characterised as highly satisfactory, with sales adjusted for acquisitions rising by 16%.

In Western Europe, sales were up 4%. Companies acquired contributed SEK 114 million, or 10% of the total. Adjusted for both acquisitions and the impact of exchange rates, sales rose 4%, indicating that changes

in exchange rates had an adverse impact of 10%. The biggest market in the region is Germany. Other major markets are France, the United Kingdom and the Netherlands.

The market in Eastern Europe and CIS (the Commonwealth of Independent States) showed an increase of 9% over the year. Sales in the region totalled SEK 646 million, which is still relatively low compared to the peak year of 2007/08, when sales reached SEK 852 million. In Russia, Ukraine and the Baltic region in particular, sales remained at historically low levels. However, sales to Russia rose 6%. Company acquisitions boosted sales 1%.

Sales in the North American market increased 9% compared to the preceding year. Overall, exchange rates and acquisitions did not materially affect sales for the year.

Sales in other markets rose 8% during the year. Company acquisitions boosted sales 12%. Adjustments for exchange rates and acquisitions reduced sales by 1%. The trend of sales for the year was satisfactory in China, but fell away in Malaysia and Singapore, among other markets.

Profit

Operating profit for the financial year totalled SEK 367.0 million (274.7), up 33.6%. The operating margin was 10.6% (8.5). During the year, mergers were completed in the Netherlands, Germany, the United Kingdom and Austria between the subsidiaries of Systemair and Frico, to further hone efficiency in sales, administration and logistics in the Group. Two subsidiaries

	2010/11		change	2009/10	
	May-Apr	% of total		May-Apr	% of total
Nordic region	986.9	28%	12%	880.4	27%
Western Europe	1,239.0	36%	4%	1,192.7	37%
Eastern Europe & CIS	645.8	19%	9%	594.3	19%
North America	289.1	8%	9%	266.3	8%
Other markets	306.5	9%	8%	284.9	9%
Total	3,467.3	100%	8%	3,218.6	100%

were also merged in Slovenia. The non-recurring costs for these mergers was around SEK 5 million. Selling expenses for the full year were charged SEK 14.5 million (22.5) for anticipated bad debts and impairment of trade receivables. Company acquisitions added SEK 46.4 million to selling and administration expenses for the year.

Financial income totalled SEK 2.5 million (8.4), including SEK 2.5 million (5.6) in interest income. Financial expenses for the year totalled SEK -31.0 million (-40.1), SEK -16.5 million (-15.8) of which were interest expenses. Net financial items included non-recurring charges of SEK -2.2 million (-15.1) for the impairment and disposal of shares in Repant. In the 2009/10 financial year, financial expenses also included provision for impairment charges of SEK -5.5 million relating to long-term receivables.

Tax expense for the year totalled SEK -63.6 million (-51.5), corresponding to an effective tax rate of 18.8% (21.2). The low tax expense for the full year resulted from loss carry-forwards recognised as income, arising from the acquisition of companies with deficits from business conducted previously. The deficits acquired contributed tax revenue of SEK 33.3 million.

Investment

The Group's investment during the year totalled SEK 266.4 million (218.6), of which company acquisitions accounted for SEK 205.5 million (105.0) and investment in property, plant and equipment totalled SEK 83.2 million (124.1), primarily consisting of investments in machinery at the manufacturing units in order to make production processes more economic and efficient. Sale of non-current assets contributed SEK 22.3 million (10.5). Depreciation of property, plant and equipment totalled SEK 92.1 million (88.5).

Business combinations

In June, Systemair acquired the sales company VKV, which leads the market for air distribution products in the Czech Republic. For 2009, the company reported sales of about SEK 30 million and an operating margin of 15%. However, because the company was formerly Imos-Systemair's agent for air distribution products in the Czech Republic, sales for the Group will increase only marginally.

In June, Systemair acquired the assets of the Greek ventilation

products distributor Poliplevo SA, which has five employees.

In July, the Dutch ventilation company Rucon was acquired. Rucon is a well-established supplier of ventilation products, active in the Dutch market for 40 years. The company has 41 employees and reported sales of EUR 12 million in 2009.

In September, the operations of the Russian distributor Lex were acquired. Following reconstruction, Lex today has five employees and reported sales of approximately SEK 10 million in 2010. This acquisition is intended to strengthen Systemair's presence in the Russian market and offer distributors better service, in the form of deliveries from a local warehouse facility.

In January, Systemair acquired the outstanding minority shareholdings in Systemair AS, Estonia (25%), and Systemair-Imos, Slovakia (20%) from the respective CEOs. Following acquisition, these companies are 100% owned by Systemair AB.

In February, acquisition of the companies in the Aaldering Group that have production and sales of air curtains in Germany and the Netherlands was finalised. Aaldering Group comprises three companies; LGB, which manufactures air curtains in Langenfeld, Germany, and sales companies Tekadoor of Langenfeld, Germany and LSA of Arnhem, the Netherlands. The group has 38 employees and reported sales of SEK 67 million in 2010, with an operating profit of SEK 13 million. The product ranges of the acquired companies will be merged with Systemair's existing range of air curtains under the Frico brand and will strengthen Systemair's position as market-leading supplier of air curtains in Europe.

In March, Systemair established a sales company in Santiago, Chile. The company is Systemair's first venture on the South American continent. Chile has a climate similar to that of Europe and its mains voltage is also the same.

In April, Systemair acquired the Polish sales company FOKO Sp. z.o.o. FOKO markets Frico's air curtains and heating products in Poland. The company's sales in 2010 totalled SEK 16 million. Immediately following the acquisition, FOKO was merged and coordinated with Systemair's subsidiary in Poland, Systemair SA. However, because the company was formerly Frico's distributor in Poland, sales for the Group will only increase marginally.

If the companies acquired during the period had been consolidated as of

1 May 2010, net sales for the period May 2010 through April 2011 would have totalled SEK approximately 3,547 million. The operating profit for that period would have been approximately SEK 378 million.

Personnel

The average number of employees in the Group was 2,430 (2,013). At the end of the period, Systemair had 2,506 employees (2,208), 298 more than one year previous. New personnel were taken on mainly at Skinnskatteberg (49), in Canada (34) and in Lithuania (30). As a result of acquisitions, 95 employees were recruited to the Group.

In March, Roland Kasper, Vice President Marketing - Products, joined Group Management. Following the appointment, Systemair's Group Management consists of Gerald Engström, Mats Lund, Kurt Maurer, Svein Nilsen, Glen Nilsson, Anders Ulff, Jonas Valentin, Taina Veittikoski and Roland Kasper.

Cash flow and financial position

Cash flow from operating activities before changes in working capital during the period totalled SEK 369.2 million (273.9); the increase was chiefly attributable to an improved operating profit. Tied-up working capital rose by SEK 120.2 million (-82.6), mainly because of increased inventories and trade accounts receivable. The increase in inventories arises from the fact that sales volumes were lower than anticipated, especially in the fourth quarter. Net cash flow from financing activities was SEK 17.3 million (-143.8), as a result of new loans totalling a net SEK 83.0 million (-103.1) being raised. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 702.7 million (662.8), and net indebtedness at year-end was SEK 638.1 million (591.6).

The consolidated equity/assets ratio was 48.6% (49.0) at financial year-end. The target adopted by the Board for the equity/assets ratio, 30% or more, was comfortably attained.

Transactions in foreign currencies

Systemair has established subsidiaries that operate in 40 countries, with production in 12 of these. Systemair products are sold in 100 or so countries around the world. Systemair AB has granted long-term loans to its subsidiaries. The value of these loans, translated into Swedish kronor, was SEK 331.0

million (348.4) on the balance sheet date. Effective 1 November 2008, the Group chose to recognise the assets in Koolclima-Systemair in Spain and in Imos in Slovakia net after hedging with loans in EUR. Hedging reduces the effects of foreign exchange rate fluctuations in the income statement and, for the financial year, resulted in foreign exchange gains of SEK 3.0 million (7.5), recognised directly in equity net after tax. At the same time, several loans to subsidiaries were reclassified as net investments in foreign operations. The reclassification resulted in foreign exchange losses of SEK -5.7 million (-2.7), recognised directly in equity net after tax.

Treasury operations for the Group, in the form of risk and foreign exchange management as well as borrowing, are conducted centrally by the Parent Company in Skinnskatteberg. The Group's financial policy serves as the framework not only for financial risk management but for financial activities in general. To manage payments and cash flows, a Group currency management system operates in Sweden for the Nordic companies, and there is a EUR cash pool for other companies in Europe.

The AAA Soliditet AB credit-rating agency repeated its AAA rating for Systemair AB for the 16th year in a row.

Risks and uncertainties

Systemair is exposed to operational, financial and other risks in its business. Operational risk is inherent in the international nature of the operations, tough competition and the sensitivity of the construction industry to the business cycle. The financial risks that Systemair has identified in its business consist of foreign exchange risk, borrowing and interest rate risk, credit risk and liquidity risk. Other risks are tax effective loss carry-forwards. The material risks and uncertainty affecting Systemair are described in more detail in Note 2.

Financial survey

During the past five years, growth in Group sales has averaged 9%. The average annual operating margin (EBIT) has been 11% over the same period. The Group has targeted an equity/assets ratio of at least 30%. The average equity/assets ratio for the past five years has been 42%. Of total Group sales, 89% (90) are to customers outside Sweden.

Further information on changes in the Group's financial position is provided in the table of key ratios, after the notes to the financial statements.

Outlook

In most markets, Systemair is still a relatively small player, and we see much opportunity – with our broad product portfolio and ample capacity to deliver – for us to win higher market shares. The products added through business combinations, together with our active product development, are also helping us to grow. In April 2011, Systemair won the industry's Stora Inneklimatpriset (Great Indoor Climate Award) for a system solution that provides an increase in energy efficiency in existing apartment blocks. In addition, in several markets we bolstered our sales organisations by employing more sales engineers.

A new logotype and graphical profile were launched. The new logotype proclaims that today Systemair is a dynamic and international business offering a broad spectrum of products.

The Russian market has gathered pace again, but growth is slower than expected. In many markets, construction activities and investment have not yet taken off. As a result, a number of companies in the Group are not performing as anticipated. Intensive efforts to improve profitability are in progress in the companies concerned.

During the year, we continue to step up the pace developing our products and cultivating our markets, which will

strengthen the Group in the long run. We look forward to the coming year and anticipate growth will return, bringing further improvement in profitability.

Seasonal factors

Systemair's business operations are influenced by seasonal variations as a result of cold weather. Usually, activity in the autumn is higher because much construction work is being completed before winter. During the coldest parts of the year, demand for heating products increases, too. Normally the second quarter, August to October, is when Systemair achieves its strongest sales.

During 2010/11 financial year, the cold and snowy winter had a slightly negative impact on sales, because weather made deliveries and construction more difficult, while at the same time sales of heating products increased.

Financial targets

In April 2007, the Board of Directors of Systemair adopted three financial targets and a dividend policy.

- Sales growth	>12%	Over a business cycle, both organic and acquired
- EBIT	>10%	Over a business cycle
- Equity/assets ratio	>30%	
- Dividend	Approximately 30% of profit after tax	

Proposed guidelines on remuneration to senior executives

The Board of Directors has proposed the following guidelines on remuneration to senior executives, for the period beginning with the next Annual General Meeting, which also comply with the guidelines adopted at the AGM for the preceding year.

Five-year survey	2010/11	2009/10	2008/09	2007/08	2006/07
Net sales	3,467	3,219	3,333	3,092	2,664
EBIT	367	275	341	403	329
Operating margin	10.6%	8.5%	10.2%	13.0%	12.4%
Equity/assets ratio	49%	49%	43%	37%	34%
Return on capital employed	18%	15%	21%	26%	27%
Average number of employees	2,430	2,013	1,925	1,786	1,471

Remuneration to senior executives shall, based on the conditions in the market in which the Company operates and the environment in which the particular executive works, be competitive, enable the recruitment of new executives and motivate senior executives to remain with the Company.

The system of remuneration shall consist of a fixed salary and pension but may include variable salary and benefits such as a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits shall be determined individually based on the aforementioned criteria and the specific competence of the executive. Variable salary will be paid subject to the attainment of clearly established targets. The variable salary will be paid as a proportion of the fixed salary and shall be subject to a predetermined limit, normally two months' salary. As a rule, pensions shall be paid through defined contribution plans. The pension contributions shall be based on market conditions in the sector in the particular country and on the fixed salary.

The Board shall be entitled to depart from these guidelines if justified in any particular case.

Product Development

Systemair has chosen a strategy in which one mainstay is product development, and the Company strives to remain at the cutting edge in technical content and product design. One focus is the development of energy-efficient ventilation products with a long service life.

Product development is conducted primarily at the large manufacturing units. The product development organisation employs around 85 people; about 20 of these work at the largest development unit, in Skinnskatteberg. Product development costs totalled approximately SEK 58 million in 2010/11 and SEK 55 million in 2009/10. The Group has five development centres equipped to test ventilation products using standardised measurement procedures. The laboratories are located in Sweden, Germany, Canada, Slovakia and the USA. The laboratory in Skinnskatteberg is among the most modern in Europe for measuring ventilation products.

Quality system

Systemair AB has been ISO 9001 certified since 1993. In addition

to Systemair AB, the subsidiaries Systemair GmbH in Germany, Fantech Inc. in Canada, Veab Heat Tech in Hässeholm, Sweden, Systemair-Koolclima in Spain, Systemair in Slovenia, Imos-Systemair in Slovakia, Systemair in Malaysia and Systemair in Denmark also have ISO certification.

Environmental management system

Systemair attaches great importance to strict compliance with environmental regulations. Environmental issues and conservation remain a priority area, and we focus on constantly improving methods and work practices to reduce environmental impact.

Systemair's production facilities in Sweden and in Germany have ISO 14001 certification. Systemair regards the Company's manufacturing facilities and operations as meeting the requirements of all significant environmental laws and regulations that affect the Company.

The Parent Company is engaged in activities subject to environmental registration. They are Category C activities, meaning that the Municipality of Skinnskatteberg is responsible for the environmental inspections.

Parent Company

The Parent Company develops, manufactures and sells ventilation and heating products in Skinnskatteberg. The Group's largest development centre and Group management functions are also based in that location.

During the financial year, sales totalled SEK 875 million (821) and profit after net financial items SEK 53 million (54).

A large proportion of sales and purchases are still denominated in EUR. Sales by the Parent Company to subsidiaries in Europe are mainly transacted in EUR. As a result, the gross margin declined by just over 1%.

Exports accounted for 61% (64) of sales from Skinnskatteberg.

Exports account for a significant share of the sales by Systemair AB to its subsidiary Frico AB. Adjusted for the re-exports from Frico AB, 71% (72) of all sales from Skinnskatteberg were exported.

Investment in buildings, technical facilities, machinery, equipment and construction in progress totalled approximately SEK 17.3 million (7.5).

Investments were primarily in new sheet metal working machinery.

Cash flow from operating activities in the Parent Company equalled SEK 200.6 million (55.2).

Cash and cash equivalents totalled SEK 376.4 million at year-end and SEK 310.0 million at the start of the year.

The balance sheet shows a strong equity/assets ratio of 40% (43).

Significant events after financial year-end

In June 2011, Systemair entered into an agreement to acquire the Russian ventilation equipment distributor Ventrade. Ventrade sells products ventilation and comfort cooling, and has for many years been one of Systemair's biggest customers in Russia. The company has its headquarters in Moscow and sales offices and warehouses in another 11 cities. In 2010, the company reported sales equivalent to around SEK 290 million and currently has 200 employees. Systemair will take over as owner on 23rd of June 2011 once it has received approval from Russia's competition authority. The acquisition will enable Systemair to expand the proportion of Systemair products sold and provides extensive coverage throughout Russia with major potential for growth. In addition, good potential exists for synergies with the production facility in Lithuania, where production capacity will be enlarged in 2011.

Proposed Distribution of Unappropriated Profits

Available for distribution by the Annual General Meeting:

Share premium reserve	SEK 35,206,751
Fair value reserve	SEK -8,948,803
Profit brought forward	SEK 423,261,714
Net profit for the year	SEK 189,839,305
	SEK 639,358,967

The Board proposes that the AGM to be held 25 August 2011 approves a dividend of SEK 1.75 (1.25) per share, giving a total distribution of SEK 91.0 (65.0) million, and that the remaining profits be carried forward. The proposed dividend corresponds to just over 33% (34) of net consolidated profit. The number of shares entitled to a dividend is 52,000,000.

Corporate Governance Report

Systemair AB is a Swedish public limited liability company, so its corporate governance is based on Swedish rules and legislation, mainly the Swedish Companies Act, NASDAQ OMX Stockholm's regulations, the Swedish Code of Corporate Governance, the articles of association and other rules and regulations.

Application of the Swedish Code of Corporate Governance

Systemair applies the Swedish Code of Corporate Governance with the following exceptions. The AGM appointed a nominating committee consisting of three of the largest shareholders by votes. The chairman of the nominating committee is the Company's majority shareholder and Chief Executive Officer, Gerald Engström, who owns 42.3% of the shares in Systemair via his wholly owned company Färna Invest AB. Engström is also a member of the Board of Directors.

The second largest shareholder, ebmpapst AB, owns 21.3% and is represented on the nominating committee by Gerhard Sturm.

The Code states for example that the majority of the members of the nominating committee must be independent of the company and company management and that the chief executive officer must not be a member. Further, the chairman of the nominating committee must not be a director of the company.

The majority of members of the nominating committee are not independent and the chief executive officer is chairman of the committee, which are deviations from the Code. The Company's judgement is that considerable advantages are provided by the said arrangement and that it is in the interests and to the benefit of the Company and the other shareholders.

Shareholders

The Company's share has been listed on the Mid Cap list of NASDAQ OMX Stockholm since 12 October 2007. The Company's trading symbol is SYSR. At the end of the accounting period, Systemair AB had 3,972 shareholders.

At 30 April 2011, the total number of shares outstanding was 52,000,000, all of the same class. The largest individual shareholder is Färna Invest AB, which owns 42.3% of the capital and is 100%-controlled by CEO Gerald Engström. Other major shareholders are ebm-papst AB, Järfälla, Sweden, wholly owned subsidiary of ebm-papst GmbH, Mulfingen, Germany, with 21.3%, and Lannebo Fonder, with 8.0%. All shares have a quotient value of SEK 1.

For more information, see section "The Systemair Share", pages 34-35.

Articles of association

The articles of association state that the Company's business is to conduct the manufacture and sale of ventilation and heating products. The Board of Directors shall consist of no fewer than three and no more than eight members and no more than three deputy members. In addition, the trade unions are entitled by Swedish law to appoint two members and two deputies. The Board of Directors shall have its registered office in Skinnskatteberg Municipality, Västmanland County. The Company's Annual Report and the management of the Company by the CEO and Board of Directors shall be audited by a registered public accounting firm or an auditor, with or without a deputy auditor. The Company's financial year shall be 1 May-30 April.

For the complete articles of association, please visit Systemair's website: www.systemair.se, Investors & Media

Annual General Meeting

The Annual General Meeting (AGM) is Systemair's ultimate governing body. The AGM shall be held within six months from the end of the financial year. Notice of the meeting is given on the Systemair website and shall be confirmed via an announcement in Dagens Industri.

All shareholders who are entered in the share register five weekdays before the AGM and have notified the Company no later than 3:00 p.m. on the day specified in the notice for the

AGM that they will attend are entitled to attend and to vote their total shareholdings. Any shareholder unable to attend can be represented by a representative.

The AGM deals with several key matters of business, such as the dividend, any amendments to the articles of association, election of auditor, discharge of the Board from liability, remuneration to the Board and auditors as well as decisions on the composition of the Board until the next AGM.

2010 Annual General Meeting

The ordinary AGM held 26 August 2010 elected Lars Hansson to chair the meeting. Lars Hansson (Chairman), Elisabeth Westberg, Göran Robertsson, Jürgen Zilling and Gerald Engström were re-elected to the Board.

Lars Hansson informed the AGM of the work of the Board and reported on the guidelines for remuneration to Company management and for the work of the nominating committee. In addition, CEO Gerald Engström held a speech about Systemair's business during financial year 2009/10. Thomas Forslund, the auditor in charge, presented sections of the audit report.

The AGM resolved:

- That the Board fee of SEK 400,000 would be paid to the Chairman and SEK 200,000 to each director not employed by the Company. That a fee of SEK 25,000 be paid to each employee representative.
- That a fee of SEK 50,000 be paid to the chairman of the audit committee and SEK 25,000 be paid to the other members of the audit committee.
- That a dividend of SEK 1.25 per share be paid,
- That the nominating committee consist of representatives from three of the largest voting shareholders as well as the Chairman of the Board,
- That during the period until the 2011 AGM the Board be authorised to decide to issue new shares equal to no more than 10% of the number of shares in the Company.

The minutes from the 2010 AGM are available at www.systemair.com.
www.systemair.com.

Nominating committee

The nominating committee shall submit nominations for the Chairman of the AGM, the Board and Chairman of the Board, the choice of auditors in consultation with the audit committee, proposed fees to the Chairman of the Board and other Board members, remuneration for work on committees and proposed auditors' fees. These proposals shall be presented to the AGM.

Prior to the 2011 AGM, the nominating committee consisted of: Lars Hansson (Board Chairman) Gerald Engström (representing Färna Invest AB, chairman of the nominating committee), Gerhard Sturm (representing ebmpapst AB) and Peter Rönström (representing Lannebo Fonder).

The nominating committee held three meetings.

No remuneration has been paid for work on the nominating committee.

Contact information for members of the committee is available in the annual report and at www.systemair.se, Investors & Media.

The proposals of the nominating committee to the 2011 AGM are stated in the Notice of AGM and on the Systemair website, www.systemair.se

Members of the Board

The Board of Directors is made up of five directors, elected at the AGM, namely Lars Hansson (Chairman), Gerald Engström (Systemair CEO), Elisabeth Westberg, Göran Robertsson and Jürgen Zilling. The employees have five representatives, Kevin Rowland, Unionen, and Åke Henningsson, IF Metall.

Glen Nilsson, CFO, serves as Board Secretary.

All members of the Board elected by the AGM, except for Gerald Engström, are independent of Systemair. Senior executives participate as needed in Board meetings in a reporting capacity.

Work of the Board of Directors

During the 2010/11 financial year, the Board held seven meetings and one statutory meeting. The Company's auditor attended proceedings dealing with the year-end report and presented his audit report, on which occasion the

Board had opportunity to ask questions. All decisions were made unanimously by the Board and were minuted.

According to the Board's rules of procedure, the Board must meet at least six times during the financial year.

The Board's agenda includes several set items that are addressed on an ongoing basis.

→ **Business situation.** Report on business situation in the Group and statement that events significant to operations are discussed.

→ **Financial reporting.** Review of profit trends at Group level and for subsidiaries. Deviations from plan are discussed, and measures adopted. The situations with regard to cash flow, foreign exchange and financing are discussed.

→ **External reporting.** On the occasion of each quarterly report, the Board reviews the external final accounts and end-of-period financial report before publication.

→ **Investments.** Reporting on investments and decisions on investments to a value of more than SEK 10 million, based on documentation distributed.

→ **Acquisitions.** Reporting on acquisition discussions in progress and decisions on acquisitions is provided when appropriate.

→ **Organisation and employees.** Reporting on issues of importance concerning organisational changes within the Group.

In addition to the above, the Board deals with the following set items, which it discusses annually:

→ **Budget.** At a meeting in the spring, the Board addresses the Group's budget for the year ahead.

→ **Annual Accounts** During its June meeting, the Board discusses the annual accounts for the past year. The meeting is also attended by the Company's auditor, who reports his comments to the entire Board.

→ **Strategy** During the autumn, the Board holds a meeting for an in-depth discussion of strategy.

In addition, during the year the Board discussed and adopted a financial policy, an insider policy, an IT policy, a communication policy and a code of conduct. Each policy is presented on the Company's website, www.systemair.com.

Each month, the Board receives the Company's package of written reports on profit and financial position, consolidated at Group level and for all subsidiaries. The CEO also maintains ongoing contact with the Chairman of the Board.

All directors elected at the AGM attended all meetings, as shown in the table below.

During the year, the Board of Directors assessed its work, and all directors participated in the assessment and provided observations. Remuneration in addition to Board fees has been paid for particular tasks in 2010/11. Remuneration to the Board of Directors is disclosed in Note 9 on page 64.

	Board of Directors	Audit committee	Remuneration committee	Year elected	Company	Shareholder
Number of meetings	8	4	2			
Lars Hansson (Board Chairman)	8	4	2	2006	Indep.	Indep.
Gerald Engström	8	-	-	1974	Dep.	Dep.
Elisabeth Westberg	8	4	2	2006	Indep.	Indep.
Jürgen Zilling	8	-	-	2008	Indep.	Indep.
Göran Robertsson	8	4	2	2006	Indep.	Indep.
Kevin Rowland ¹	7	-	-	2002	-	-
Åke Henningsson ²	7	-	-	2010	-	-

¹Employee representative

²New employee representatives, effective 2010 AGM. Has attended all meetings since then.

Remuneration committee

The Board has appointed a remuneration committee that consists of Lars Hansson (chair), Elisabeth Westberg and Göran Robertsson. The committee's task is:

- to prepare proposals on behalf of the Board regarding remuneration in the form of fixed and variable salaries, pensions, severance payments and any other types of remuneration for company management
- to follow and assess programmes for variable remuneration to company management under way and concluded during the year
- to monitor and assess the application of guidelines for remuneration for senior management as well as current remuneration structures and levels.

The members of the committee are appointed annually by the Board at the first ordinary Board meeting and include three people. No member may participate in issues related to his or her own remuneration. The Chairman of the Board shall chair the committee. The committee held one minuted meeting, which was attended by all members.

Audit committee

During the financial year, the Board had an audit committee that consisted of Board members Elisabeth Westberg (chairman), Lars Hansson and Göran Robertsson.

The committee's tasks include:

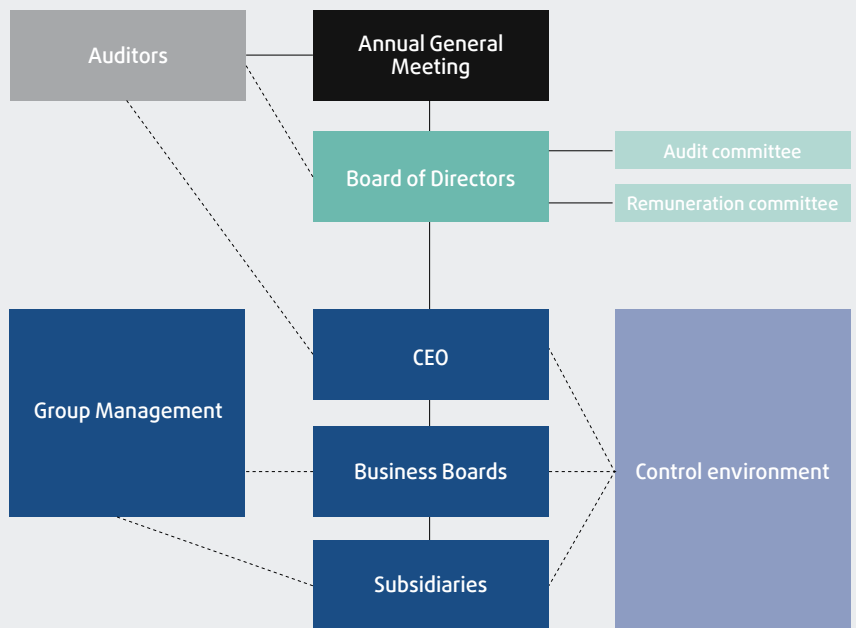
- supervising the Company's internal controls, risk management and internal audits
- staying informed about the external audit
- reviewing and monitoring the impartiality and independence of the auditor
- assisting in the preparation of the proposal for the selection of auditors.

The committee held four minuted meetings in which the Company's CFO, Vice President of Administration and auditor took part. These meetings addressed issues such as the risk assessment of internal control and risk management with respect to financial reporting. Reports were submitted from internal audits performed. The findings of the meetings were presented at the next Board meeting.

Group Management

President Gerald Engström, who is also Chief Executive Officer of the Parent Company, is responsible for

How Systemair is governed



day-to-day control of the Group. Group management, which reports to Gerald Engström, comprises:

Svein Nilssen, VP Sales and Marketing; Glen Nilsson, CFO; Mats Lund, VP Production; Taina Veittikoski, VP Purchasing; Anders Ulff, VP Finance and Administration; Jonas Valentin, MD of Frico AB; and Kurt Maurer, MD of Systemair GmbH, Germany. As from and including 1 March 2011, Roland Kasper, VP Marketing - Products, became a member of Group Management.

Group management holds regular meetings during the year to review earnings for the Group and for individual subsidiaries, as well as the market and business situation and for decisions to be taken on strategic and operational matters within frameworks established by the Board. One of these yearly meetings is more extensive, involving more detailed discussion and planning for operations and the formulation of targets at the Group and subsidiary levels. Systemair's organisation is characterised by a simple, straightforward style of communication, so ongoing informal contact among Company executives is key to the management culture. Group management is supported by functions for Group reporting, treasury, business development, product development, production and IT.

Business Boards

Subsidiaries' operations are managed through "Business Boards", which might best be described as executive steering committees for the subsidiaries. Each of these consists of 1-2 members of Group management and/or some other key person from the Parent Company, plus the subsidiary's MD. Business Boards set targets and monitor financial outcomes; take decisions on market and product issues of major importance; and serves as the link between Parent Company and the particular subsidiary in connection with various organisational matters. Business Boards meet two to four times each year. Each subsidiary also has a formal board of directors, if required by law in that country.

Senior executive remuneration Guidelines

The 2010 AGM adopted guidelines for senior executive remuneration.

Remuneration to senior executives shall - based on the conditions in the market in which the Company operates and the environment in which the particular executive works - be competitive, enable the recruitment of new executives and motivate senior executives to remain with the

Company. The system of remuneration shall consist of a fixed salary and pension but may include variable salary and benefits such as a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits shall be determined individually based on the aforementioned criteria and the specific competence of the executive. Variable salary will be paid subject to the attainment of clearly established targets. The variable salary will be paid as a proportion of the fixed salary and can equal no more than two months' salary. As a rule, pensions shall be paid through defined contribution plans. The size of the pension shall adhere to the same criteria as above and be based on fixed salary. The Board is entitled to depart from these guidelines if justified in any particular case.

Remuneration to the CEO and other senior executives is described in Note 9 on page 64.

Notice of termination and severance payments

The Chief Executive Officer's employment may be terminated on 12 months' notice by the Company or six months' notice by the CEO. For other senior executives, the period of notice is as stated in the applicable collective bargaining agreement or is no more than 12 months from the Company or six months from the employee. No other agreements entitle the CEO or other senior executives to severance pay.

Pensions

The special pension plan that applies for the CEO is described in Note 9 on page 64.

The other senior executives are covered by the ITP Pension Plan. Pension costs for senior executives totalled SEK 2.4 million in 2010/11.

Auditor

The auditor in charge is Thomas Forslund of Ernst & Young AB. Ernst & Young were elected as the audit firm at the 2008 AGM for the period until the end of the 2012 AGM. The Company has no deputy auditors. Thomas Forslund is a member of FAR SRS, the institute for the accountancy profession in Sweden. Ernst & Young AB's office address is Jakobsbergsgatan 24, SE-103 99 Stockholm.

The external audit is performed in accordance with generally accepted accounting principles in Sweden. Annual report documents for legal entities domiciled outside Sweden are audited in accordance with the legal requirements and other applicable rules of the countries in question.

The work of auditing the Group's accounts adheres to an audit plan adapted to the size of companies and providing guidelines for audit work performed in each subsidiary. In addition to audit engagements, the audit firm has performed certain consulting assignments during the year, primarily involving advice on tax and accounting issues. The auditors have submitted oral and written reports to the audit committee and the Board on the audit engagement as well as on the audit of the Company's internal control.

Board of Director's report on internal control related to financial reporting *Report of the Board of Directors on internal control for financial year 2010/11*

The Board of Directors' responsibilities for internal direction and control are defined in the Swedish Companies Act, the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. The Annual Accounts Act stipulates that the Company describe annually the Company's system for internal control and risk management with respect to financial reporting. The audit committee has the essential task of preparing the work of the Board to enable the Board to assure the quality of financial reporting. Such preparation covers issues of internal control and compliance, inspection of reported values and estimates and other issues that could influence the quality of the financial disclosures. Internal control is based on the structure in the framework for internal control referred to as the COSO model, from the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Control environment

The control environment in Systemair is characterised by short paths between Group management and the operational units. The Board of Directors has adopted several basic documents to create and maintain a smoothly functioning control

environment significant to the financial reporting. These include the Board of Directors' set of procedures, instructions for the CEO, a financial policy and accounting manuals. Instructions and guidelines for financial reporting are prepared and updated continuously by the Parent Company's controller organisation. An audit committee has also been appointed within the Board of Directors. Its task is to ensure that policies adopted on financial reporting and internal control are observed and developed. The committee also maintains day-to-day relationships with the Company's auditors.

Risk assessment

Systemair's Board of Directors is responsible for ensuring that material financial risks and risks of errors in financial reporting are identified and managed.

With respect to financial reporting, the primary risk is deemed to be material errors arising in the disclosures of the Company's financial earnings and position. The Board and management continuously assess reporting from a risk viewpoint, in which comparisons of income statement and balance sheet items with previous disclosures and budgets are a crucial aid.

Control activities

The CEO is responsible for ensuring that the Group's internal control and risk management processes are systematically assessed and potential improvements canvassed by means of independent and objective evaluations. With the aim of minimising these risks, governing documents apply to accounting, procedures for closing accounts and following up. All companies in the Group report five working days after the end of the month in a common group consolidation and reporting system so that, among other benefits, any deviations or errors can be captured quickly and corrected.

The central controller organisation is responsible for compliance with instructions and guidelines. At the end of the accounting period, the Group comprised around 60 subsidiaries owned directly by the Parent Company Systemair AB. The subsidiaries are legal entities with their own complete income statements and balance

sheets. Each individual subsidiary reports to the Parent Company every month, where consolidation is performed.

Central controllers are directly responsible for following up with several companies that they monitor and analyse continuously. Actual results are reviewed in relation to plans and targets on an ongoing basis with representatives from the subsidiaries and Group management.

For its approximately 40 subsidiaries, the Group has a common, fully integrated ERP system that provides a highly efficient tool for management, internal control and follow-up. For major decisions such as acquisitions, investments, significant contracts and the like, there are explicit decision-making methods and processes.

In addition, every unit is also visited regularly by representatives of Group management for evaluation of internal control and financial reporting.

Information and communication

Systemair has channels of internal information and communication intended to promote completeness and accuracy in financial reporting. The CEO is responsible for the accuracy and good quality of all information published externally: quarterly reports, press releases, company presentations etc. in conjunction with analysts' meetings and more. The tasks of the Company's auditor include reviewing accounting issues that are material to financial reporting and reporting his or her observations to the audit committee and Board.

In addition to the annual accounts, the auditor reviews the semi-annual accounts. Each month, the Board receives a reporting package that includes the complete final accounts for each subsidiary as well as the consolidated accounts for the Group. Several key ratios and benchmarks are also included; these enable the results for the period to be compared with budget and the results for preceding years.

The Board's set of procedures regulates which reports and information of a financial nature will be presented continuously and for each Board meeting.

In order to promote awareness of policies and manuals among the Group's employees, information is

available to all concerned on the Group's intranet. To ensure that external information is accurate and comprehensive, the Board of Directors has therefore adopted a Communication Policy. For more information, see the Company's website at www.systemair.se

Follow-up

The Board's audit and remuneration committees as well as company management follow up on compliance with policies and guidelines adopted. At every Board meeting, the Company's financial situation is discussed, and prior to the publication of quarterly reports and annual reports, the Board reviews the financial information. Each month, Group Management and Business Board members review the results for each subsidiary and discuss deviations from plan with that subsidiary's CEO.

The tasks of the external auditors include supervising internal control in the Group companies annually. The auditors maintain contact with the audit committee and also report directly to the Board of Directors.

Systemair's legal and operational structures are simple and efficient, evident in smoothly functioning and established systems for management and control. During the year, the controller organisation conducted several internal audits in subsidiaries with the help of the Company's auditors. This work adheres to a standardised model, in which various significant issues associated with internal guidelines and policies are reviewed.

Ways of working with internal audits are being refined continuously, and an annual plan for audit activities has been adopted.

Special auditing function, internal audit

At present, there is no separate auditing function at Systemair. Instead, the function is performed by Group management, business boards, the central financial control function, supported by the audit committee and external auditors. Every year, the Board evaluates the need for internal auditing. To date, it has concluded that a separate internal auditing function would not deliver any material benefit.

Day-to-day dialogue between the Company and its external auditors, as well as the checks carried out by

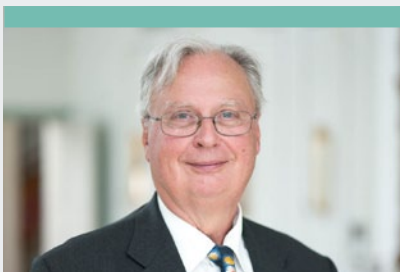
the above-mentioned parties are considered at present to be adequate in ensuring that a satisfactory level of internal control is maintained. This judgement is subject to continual review, and the issue will be re-examined in 2011/12.

Board of Directors



GERALD ENGSTRÖM
President and CEO

Education: Upper secondary school qualification in Engineering, Business Studies at Stockholm University
Formerly: CEO, Ziehl-ebm AB
Holding: 21,997,752 (shares owned by Färna Invest)
Born: 1948
Year elected: 1974
Independent: No



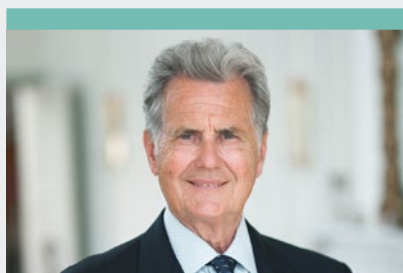
LARS HANSSON
Chairman of the Board

Chairman of S-Group Holding AB and Svenska Re AB; Director of Starkraft AB
Education: M.Sc. Engineering
Holding: 50,000 shares
Born: 1942
Year elected: 2006
Independent: Yes



GÖRAN ROBERTSSON
Director

Chairman of IUC Installatörernas Utbildningscentrum (training centre for installation engineers) and Eurovent Certification Company
Education: B.Sc. Engineering and Leadership programme at Stockholm School of Economics IFL Executive Education
Formerly: CEO of Stifab Farex AB
Holding: 15,000 shares
Born: 1943
Year elected: 2006
Independent: Yes



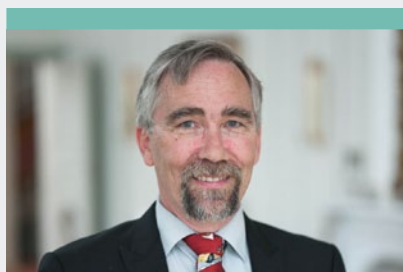
JÜRGEN ZILLING
Director

Sales Manager, Ziehl-Abegg, Kuenzelsau 1967–1980; VP Sales & Marketing ebm, Muldingen 1980–2002
Holding: 10,000 shares
Born: 1938
Year elected: 2008
Independent: Yes



ELISABETH WESTBERG
Director

Director of Swedfund International AB, AB Fr Ramström and Ljusterö Vind e.f.
Education: Bachelor's degree
Formerly: Vice President Handelsbanken Capital Markets
Holding: 25,000 shares
Born: 1948
Year elected: 2006
Independent: Yes



KEVIN ROWLAND
Employee Representative

Education: BA History, La Salle Univ., Philadelphia, USA; Personnel Management, Org. Development, University of Gothenburg
Present pos.: Operations Manager/IT
Holding: 500 shares
Born: 1954
Year elected: 2002



ÅKE HENNINGSSON
Employee Representative

Present pos.: Industrial electrician
Holding: -
Born: 1957
Year elected: 2010

Group Management



GERALD ENGSTRÖM
President and CEO

Education: Upper secondary school qualification in Engineering, Business Studies at Stockholm University
Formerly: CEO, Ziehl-ebm AB
Holding: 21,997,752 shares (owned by Färna Invest)
Born: 1948
In current position since: 1986



SVEIN NILSEN
Vice President Sales and Marketing

Education: Bsc Engineering with Heating, Ventilation & Sanitation, Norwegian University of Science and Technology (NTNU)
Formerly: CEO, Pyrox Jolin, Trondheim, Norway (acquired 1988)
Holding: 120,000
Born: 1947
In current position since: 2000



GLEN NILSSON
Chief Financial Officer

Education: MSc, Business administration, Uppsala University
Formerly: CFO, Transwede Airways AB; Head of Admin., ICA Detaljhandel AB
Holding: 27,667
Born: 1952
In current position since: 1999



MATS LUND
Production Manager

Education: Computer programming and IT studies
Formerly: Computer programmer, ASEA
Holding: 120,000
Born: 1957
In current position since: 2003



ROLAND KASPER
Vice President Marketing - Products

Education: Energy and Heating Technology Engineering Diploma, University of Applied Sciences Giessen-Friedberg, Germany
Formerly: Product Manager, FläktWoods Group and ABB Ventilation Products GmbH
Holding: -
Born: 1969
In current position since: 2011



TAINA VEITTIKOSKI
VP, Purchasing and Procurement

Education: IHM Marketing diploma
Formerly: VP Logistics, Business Development, Systemair Group; CEO, Systemair Portugal and Italy
Holding: 10,000
Born: 1965
In current position since: 2009



ANDERS ULFF
VP, Finance and Administration

Education: M.Sc. Business Administration, Uppsala University
Formerly: Auditor and consultant, Ernst & Young; Financial Director, Systemair
Holding: 60,600
Born: 1967
In current position since: 2009



JONAS VALENTIN
CEO, Frico AB

Education: M.Sc. Engineering, Chalmers University of Technology
Formerly: Product and Key Account Manager Frico AB; Project man, Volvo and Saab
Holding: 85,000
Born: 1958
In current position since: 2001



KURT MAURER
MD Systemair GmbH, Germany

Education: Heilbronn University
Formerly: Technical Director, Lti Lüftungstechnik; Product Dvpt, Rosenberg; Product Dvpt, Ebm-papst
Holding: 92,200
Born: 1959
In current position since: 1998

Consolidated Income Statement

SEK million, 1 May – 30 April	Notes	2010/11	2009/10
Net sales	3	3,467.3	3,218.6
Cost of goods sold	4	-2,109.5	-2,001.6
Gross profit		1,357.8	1,217.0
Other operating income	7	59.2	39.8
Selling expenses	4	-813.8	-749.2
Administration expenses	4, 5	-193.0	-196.4
Other operating expenses	8	-43.2	-36.5
Operating profit	4, 6, 9, 10	367.0	274.7
Financial income	11	2.5	8.4
Financial expenses	12	-31.0	-40.1
Profit after financial items		338.5	243.0
Tax	13	-63.6	-51.5
Profit for the year		274.9	191.5
Attributable to:			
Parent Company shareholders		273.0	190.5
Shareholdings without controlling influence		1.9	1.0
Basic earnings per share	35	5.25	3.66
Diluted earnings per share	35	5.25	3.66
Average number of shares during period, basic ¹		52,000,000	52,000,000
Average number of shares during period after dilution ¹		52,000,000	52,000,000

¹The Company has issued 223,500 warrants to employees of the Group. The average price of the share during the period was less than the redemption price for the warrants, so no dilution effect was taken into account. The total number of shares outstanding at the end of the period under review was 52,000,000.

Consolidated Statement of Comprehensive Income

	2010/11	2009/10
Profit for the period	274.9	191.5
Other comprehensive income		
Translation differences, foreign operations	-80.2	-51.2
Hedging of net assets in foreign operations, gross before tax	4.1	10.2
Tax on hedging of net assets in foreign operations	-1.1	-2.7
Change in market value of securities held for sale	-	15.0
Disposal of securities held for sale	-	5.0
Other comprehensive income, net after tax	-77.2	-23.7
Total comprehensive income for the period	197.7	167.8
Attributable to:		
Parent Company shareholders	196.4	168.5
Shareholdings without controlling influence	1.3	-0.7

Consolidated Balance Sheet

SEK million	Notes	30/04/2011	30/04/2010
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
	14		
Goodwill		263.5	204.0
Other intangible assets		69.0	37.2
		332.5	241.2
<i>Property, plant and equipment</i>			
	14		
Buildings and land		498.2	531.8
Plant and machinery		109.2	134.7
Equipment and tools		66.7	67.0
Construction in progress		37.7	6.9
		711.8	740.4
<i>Financial and other assets</i>			
Other securities held as non-current assets	15	0.4	6.3
Participations in associated companies	28	0.1	0.1
Deferred tax assets	13	96.3	75.9
Other long-term receivables	16	9.7	11.2
		106.5	93.5
Total non-current assets		1,150.8	1,075.1
Current assets			
<i>Inventory</i>			
	18		
Raw materials and consumables		227.5	206.6
Products in progress		29.1	19.4
Finished products		350.4	284.2
		607.0	510.2
<i>Current receivables</i>			
Accounts receivable – trade	19	678.1	653.8
Other receivables		59.5	29.8
Prepaid expenses and accrued income	17	33.7	28.8
Other investments in securities etc.		5.9	1.6
		777.2	714.0
<i>Cash and bank balances</i>			
		76.8	85.9
Total current assets		1,461.0	1,310.1
TOTAL ASSETS		2,611.8	2,385.2

Consolidated Balance Sheet (cont.)

SEK million	Notes	30/04/2011	30/04/2010
EQUITY AND LIABILITIES			
Equity			
Share capital	20	52.0	52.0
Additional paid-in capital		2.2	2.2
Other reserves		-37.0	39.6
Profit brought forward, incl. profit for the year		1,250.9	1,057.8
Equity attributable to Parent Company shareholders		1,268.1	1,151.6
Shareholdings without controlling influence		0.1	16.1
Total equity		1,268.2	1,167.7
Non-current liabilities			
Non-current liabilities, interest-bearing	21	205.3	295.8
Provisions for pensions	25	16.8	15.0
Provisions for deferred tax liabilities	13	68.6	60.8
Other provisions		14.7	10.5
Total non-current liabilities		305.4	382.1
Current liabilities			
Current liabilities, interest-bearing	21	497.4	367.0
Accounts payable – trade		299.1	244.0
Income tax liability		32.0	37.6
Other liabilities		58.9	41.6
Accrued expenses and deferred income	22	150.8	145.2
Total current liabilities		1,038.2	835.4
Total liabilities		1,343.6	1,217.5
TOTAL EQUITY AND LIABILITIES		2,611.8	2,385.2
Pledged assets	31	348.6	364.6
Contingent liabilities	32	34.9	30.7

Changes in Equity – Group

SEK million	Attributable to Parent Company shareholders						Profit brought forward, incl. profit for the year	Share-holdings without controlling influence	Total equity
	Share capital	Additional paid-in capital	Hedging reserve	Translation reserve	Fair value reserve				
Equity, 30 April 2009	52.0	2.2	-5.9	87.5	-20.0	906.3	18.5	1,040.6	
Dividends in subsidiaries paid to non-controlling interests							-1.7	-1.7	
Dividends						-39.0		-39.0	
Profit for the year						190.5	1.0	191.5	
Other comprehensive income			7.5	-49.5	20.0		-1.7	-23.7	
Equity, 30 April 2010	52.0	2.2	1.6	38.0	0.0	1,057.8	16.1	1,167.7	
Dividends in subsidiaries paid to non-controlling interests							-0.7	-0.7	
Acquisition of non-controlling interests						-14.9	-16.6	-31.5	
Dividends						-65.0		-65.0	
Profit for the year						273.0	1.9	274.9	
Other comprehensive income			3.0	-79.6			-0.6	-77.2	
Equity, 30 April 2011	52.0	2.2	4.6	-41.6	0.0	1,250.9	0.1	1,268.2	

Consolidated Cash Flow Statement

SEK million, 1 May – 30 April	Notes	2010/11	2009/10
Operating activities			
Operating profit		367.0	274.7
Interest received		2.3	5.6
Interest paid		-15.7	-15.2
Adjustment for non-cash items etc.	33	74.2	85.6
Income tax paid		-58.6	-76.8
Cash flow from operating activities before changes in working capital		369.2	273.9
Changes in working capital			
Inventory		-107.7	53.3
Current receivables		-73.0	34.8
Accounts payable – trade		81.6	-3.1
Current liabilities		-21.1	-2.4
Cash flow from operating activities		249.0	356.5
Investing activities			
Acquisition of subsidiaries	29	-146.6	-105.0
Acquisition of lossmaking companies		-27.4	-
Acquisitions from non-controlling interests		-31.5	-
Acquisition of intangible assets		-	-0.2
Acquisition of property, plant and equipment		-83.2	-124.1
Sale of property, plant and equipment		21.3	11.1
Acquisition of financial assets		-	-4.0
Sale of financial assets		1.0	3.6
Cash flow from investing activities		-266.4	-218.6
Financing activities			
Borrowings		156.0	125.6
Repayment of loans		-73.0	-228.7
Dividend to shareholders		-65.7	-40.7
Cash flow from financing activities		17.3	-143.8
Increase/Decrease in cash and cash equivalents		-0.1	-5.9
Cash and cash equivalents at start of year		85.9	99.7
Exchange rate difference in cash and cash equivalents		-9.0	-7.9
Cash and cash equivalents at end of year		76.8	85.9

Parent Company Income Statement

SEK million, 1 May – 30 April	Notes	2010/11	2009/10
Net sales	3	875.1	820.7
Cost of goods sold		-640.4	-590.0
Gross profit		234.7	230.7
Other operating income	7	16.1	16.1
Selling expenses		-128.9	-121.5
Administration expenses	5, 6	-64.1	-61.7
Other operating expenses	8	-4.5	-9.8
Operating profit	9, 10	53.3	53.8
Profit/loss from participations in Group companies	26	127.6	254.2
Other interest income and similar profit/loss items	11	33.0	35.3
Interest expense and similar profit/loss items	12	-20.6	-20.7
Profit after financial items		193.3	322.6
Appropriations	23	23.2	-3.5
Pre-tax profit		216.5	319.1
Tax on profit for the year	13	-26.7	-15.5
Profit for the year		189.8	303.6

Parent Company Statement of Comprehensive Income

	2010/11	2009/10
Profit for the period	189.8	303.6
Other comprehensive income		
Translation effects of long-term loans to subsidiaries with no settlement planned	-7.7	-3.6
Tax effect from translation of long-term loans to subsidiaries	2.0	0.9
Other comprehensive income, net after tax	-5.7	-2.7
Total comprehensive income for the period	184.1	300.9

Parent Company Balance Sheet

SEK million, 30 April	Notes	30/04/2011	30/04/2010
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Licences	14	2.5	3.3
		2.5	3.3
<i>Property, plant and equipment</i>			
Buildings and land	14	54.5	58.9
Plant and machinery		24.9	34.5
Equipment and tools		7.8	9.4
Construction in progress		16.8	2.2
		104.0	105.0
<i>Financial assets</i>			
Participations in Group companies	27	779.8	570.6
Receivables from Group companies	30	331.0	348.4
Other securities held as non-current assets	15	-	5.8
Deferred tax assets	13	-	0.9
Other non-current receivables	16	6.3	0.9
		1,117.1	926.6
Total non-current assets		1,223.6	1,034.9
Current assets			
<i>Inventory</i>			
Raw materials and consumables		51.8	44.4
Products in progress		4.5	3.8
Finished products		71.4	55.4
		127.7	103.6
<i>Current receivables</i>			
Accounts receivable – trade	19	61.6	83.0
Receivables from Group companies		149.3	183.9
Taxes recoverable		15.6	-
Other receivables		18.5	3.2
Prepaid expenses and accrued income	17	8.7	7.7
		253.7	277.8
<i>Cash and bank balances</i>			
		376.4	310.0
Total current assets		757.8	691.4
TOTAL ASSETS		1,981.4	1,726.3

SEK million, 30 April	Notes	30/04/2011	30/04/2010
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	20	52.0	52.0
Statutory reserve		10.0	10.0
		62.0	62.0
<i>Non-restricted equity</i>			
Share premium reserve		35.2	35.2
Fair value reserve		-8.9	-3.2
Profit brought forward		423.3	253.5
Profit for the year		189.8	303.6
		639.4	589.1
Total equity		701.4	651.1
Untaxed reserves	24	98.0	121.2
Provisions		1.4	1.1
Non-current liabilities			
Liabilities to credit institutions	21	105.7	166.1
Deferred tax liability	13	2.5	2.7
Liabilities to Group companies		385.3	357.9
		493.5	526.7
Current liabilities			
Bank overdraft facilities	21	394.0	247.1
Liabilities to credit institutions	21	60.8	55.2
Accounts payable – trade		64.4	49.7
Income tax liability		-	8.0
Liabilities to Group companies		107.3	19.1
Other liabilities		17.8	7.8
Accrued expenses and deferred income	22	42.8	39.3
		687.1	426.2
TOTAL EQUITY AND LIABILITIES		1,981.4	1,726.3
Pledged assets	31	225.1	225.1
Contingent liabilities	32	136.1	188.0

Statement of Changes in Equity

– Parent Company

SEK million	Non-restricted equity				Profit brought forward, incl. profit for the year	Total equity
	Share capital	Statutory reserve	Share premium reserve	Fair value reserve		
Equity, 30 April 2009	52.0	10.0	35.2	-0.5	296.6	393.3
Group contributions paid					-5.6	-5.6
Tax effect of Group contributions paid					1.5	1.5
Dividend					-39.0	-39.0
Profit for the year					303.6	303.6
Other comprehensive income				-2.7		-2.7
Equity, 30 April 2010	52.0	10.0	35.2	-3.2	557.1	651.1
Group contributions paid					-93.4	-93.4
Tax effect of Group contributions paid					24.6	24.6
Dividend					-65.0	-65.0
Profit for the year					189.8	189.8
Other comprehensive income				-5.7		-5.7
Equity, 30 April 2011	52.0	10.0	35.2	-8.9	613.1	701.4

Parent Company Cash Flow Statement

SEK million, 1 May – 30 April	Notes	2010/11	2009/10
Operating activities			
Operating profit		53.3	53.8
Interest received		19.4	16.5
Interest paid		-17.6	-13.5
Adjustment for non-cash items etc.	33	27.0	33.8
Income tax paid		-25.0	-10.0
Cash flow from operating activities before changes in working capital		57.1	80.6
Changes in working capital			
Inventory		-24.2	19.0
Current receivables		51.8	21.3
Accounts payable – trade		102.7	-66.7
Current liabilities		13.2	1.0
Cash flow from operating activities		200.6	55.2
Investing activities			
Acquisition of property, plant and equipment, net		-17.3	-7.5
Investments in Group companies	27	-177.7	-106.4
Acquisitions from non-controlling interests		-31.5	-
Dividends on shares in subsidiaries		127.3	252.8
Group contributions paid		-93.5	-5.6
Sale of financial assets		3.7	2.5
Acquisition of financial assets		-	-4.0
Cash flow from investing activities		-189.0	131.8
Financing activities			
Dividend to shareholders		-65.0	-39.0
Borrowings		175.4	45.0
Repayment of loans		-55.6	-192.1
Cash flow from financing activities		54.8	-186.1
Increase/Decrease in cash and cash equivalents		66.4	0.9
Cash and cash equivalents at start of year		310.0	309.1
Cash and cash equivalents at end of year		376.4	310.0

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Notes to the Financial Statements

NOTE 1 Accounting and valuation policies

Systemair AB's consolidated accounts for the year ended 30 April 2011 have been approved by the Board of Directors and the Chief Executive Officer for publication and will be submitted for adoption to the 2011 Annual General Meeting. The Parent Company is a Swedish limited liability company with its registered office at Skinnkatteberg, Sweden.

Basis of preparation

Systemair's consolidated accounts are based on historical cost, with the exception of financial derivative instruments and financial assets available for sale. The latter assets and liabilities are recognised at fair value. Unless otherwise indicated, all amounts are in millions of Swedish kronor (SEK million). "Income statement" refers either to the consolidated income statement or the Parent Company income statement.

New and amended accounting policies

The new and revised standards and statements adopted by the IASB and approved by the EU that take effect in 2010/11 and have had a material impact on the Group's financial disclosures are discussed in the following.

IFRS 3 "Business Combinations - the revised standard" continues to require the acquisition method to be applied to business combinations, although with some important changes. All payments made to acquire a business must be recognized at fair value on the date of acquisition, whereas any subsequent conditional payments are classified as liabilities, which are then revalued via the income statement. All transaction charges regarding acquisitions are to be expensed. The revised standard is to be applied to financial years beginning from 1 July 2009, inclusive. The amendments have been taken into account in accounting for acquisitions made during the financial year.

IAS 27R stipulates that changes in an investment in a subsidiary, where the majority owner does not lose its controlling interest, are to be recognised as transactions in equity. As a result, such transactions no longer give rise to goodwill, nor do they lead to any gains or losses. Further, IAS 27R changes the way losses that arise in part-owned subsidiaries are recognised and how accounting for when the controlling interest in a subsidiary ceases.

Future accounting policies

Amendments that will enter into force for the 2011/12 financial year are not expected to have any impact on the Group's accounting policies.

Statement of compliance with applicable regulations

The consolidated accounts were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Further, the consolidated accounts were prepared in compliance with Swedish law, by application of Recommendation RFR 1 (Supplementary Accounting Rules for Groups) of the Swedish Financial Accounting Standards Council. In preparing the financial reports for the Parent Company, the Council's Recommendation RFR 2 (Accounting for Legal Entities) has been applied.

Consolidated accounts

Basis of consolidation

The consolidated accounts comprise the Parent Company and its subsidiaries. The financial reports for the Parent Company and the subsidiaries included in the consolidated accounts refer to the same period and have been prepared in accordance with the accounting policies applied to the Group.

All intra-Group receivables and liabilities, revenues and costs, profits and losses arising in transactions between companies included in the consolidated accounts are eliminated in their entirety.

A subsidiary is included in the consolidated accounts from the date of acquisition, that is, the date on which the Parent Company gains a controlling influence over the company, and is included in the consolidated accounts until the date on which the controlling influence ceases. Normally, a controlling influence over a subsidiary is obtained by owning more than 50% of shares entitled to vote but it may be obtained by other means, such as an agreement.

Subsidiaries acquired are reported in the consolidated accounts based on acquisition accounting. The same applies to businesses acquired directly. Based on acquisition accounting, the historical cost of the shares, or of the directly acquired business, is apportioned over the assets acquired and undertakings and liabilities assumed at the time of acquisition based on their fair value at that time. If the historical cost exceeds the fair value of the net assets of the company acquired, the difference constitutes goodwill. If the historical cost is less than the fair value of the net assets of the company acquired, the difference is recognised directly in the income statement.

The non-controlling interest is that share of profits and net assets in a partly owned company that accrues to other owners. The non-controlling interest in profit is included in the profit after tax reported in the consolidated income statement. The non-controlling interest in net assets is included in equity on the consolidated balance sheet but is recognised apart from equity attributable to the shareholders in the Parent Company.

Investments in associated companies

An associated company is an entity in which the Group exercises a significant influence but which is not a joint venture. A significant influence normally exists if the shareholding represents 20%–50% of the votes. Holdings in associated companies are recognised based on the equity method. On this basis, the carrying amount of the Group's shares in associated companies corresponds to the Group's participation in the equity of the associated companies plus goodwill on consolidation and any other remaining value adjustments at the time of acquisition. Goodwill and other value adjustments at the time of acquisition are calculated in the same way as in business combinations, described above. In the consolidated income statement, the Group's share of associated companies' stated profit after tax, adjusted where appropriate for any depreciation, amortisation, impairment losses or reversals of value adjustments, is reported under Participations in associated companies' profits. Dividends received from an associated company reduce the carrying amount of the investment. Holdings in associated companies are recognised on the Parent Company balance sheet based on the cost method.

Translation of accounts of foreign operations

A foreign operation is one that is conducted in an economic environment with a functional currency other than the Group's reporting currency (SEK). Assets, including goodwill and other surplus values, as well as liabilities in such operations are translated into the reporting currency at the closing day rate. The income statements of foreign operations are translated using a weighted average of exchange rates for the year. Any exchange rate differences resulting from translation are recognised directly in equity. Upon the divestment of an independent foreign operation, the accumulated exchange rate differences are recognised in the income statement together with the capital gain or loss.

Translation of receivables and liabilities denominated in foreign currencies

Transactions denominated in non-Swedish currencies are translated at the rate prevailing on the transaction date. On the balance sheet date, monetary receivables and liabilities denominated in foreign currencies are translated at the rate on that date. All exchange rate differences are charged to the income statement except for those differences arising in loans in foreign currencies raised to hedge net investments in foreign operations or those arising in claims on subsidiaries that are not planned to be settled or are unlikely to be settled in the foreseeable future. Exchange rate differences in such loans or claims are recognised in other comprehensive income, under the headings Hedging of net assets in foreign operations and Translation differences and are transferred to the income statement in the event of the divestment of the foreign operation in future.

Net sales

Net sales are recognised at the fair value of the consideration received or the consideration that will be received for goods and services sold in the regular operations of the Group. Revenue is recognised once delivery has been made to the customer in accordance with the terms of sale. Net sales are recognised excluding value-added tax and net of discounts.

Segment reporting

Systemair's top executive decision-makers govern and manage the operations based on legal corporations. The number of legal corporations within Systemair is about 60; thus we have that number of segments according to the standard. Because the presentation of 60 segments would entail excessively detailed information, the standard proposes aggregating these at a suitable level if there are similar economic characteristics and the segments resemble one another. We cannot see how such an aggregation, into 10 segments or less, could be done so that the information was meaningful. Thus Systemair has chosen to aggregate all segments into a main segment designated Ventilation.

Property, plant, equipment and intangible assets with a limited useful life

Property, plant, equipment and intangible assets are recognised at historical cost, less accumulated depreciation/amortisation and any impairment losses. Depreciation/Amortisation is charged on a straight-line basis over the useful life of the asset, to an estimated residual value. Land and goodwill are not depreciated or amortised.

The following depreciation/amortisation periods are applied.

Licences	5 years
Buildings	25–50 years
Plant and machinery	3–7 years
Equipment and tools	3–5 years

Research and development

Development expenditure is recognised as an intangible asset but only if the following criteria are satisfied. The development project must be well defined and include

concrete plans as to how and when the asset will be used in operations; it must be possible to calculate expenses reliably; the asset must be considered likely to create future economic benefits; it must be considered technically feasible to perform the project; and the Group must be deemed to have the resources required to conclude development. The historical cost of the intangible asset includes not only the cost of personnel and direct purchases but also the share of indirect costs attributable to the asset. Depending on the useful life of the asset, amortisation is charged over 3-5 years. Other development expenditure is expensed as incurred. As of the balance sheet date, there were no development projects deemed to meet the above criteria.

Impairment losses

Regular tests are made during the year to establish whether any assets have declined in value. In such tests, the recoverable amount of the asset is calculated.

For goodwill and other intangible assets with an indeterminate useful life, as well as intangible assets not yet ready for use, the recoverable amount is calculated annually.

If essentially independent cash flows cannot be determined for a particular asset, for the impairment test assets shall be grouped in cash-generating units, that is, at the lowest level where essentially independent cash flows can be identified. An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

An impairment loss on an asset attributable to a cash-generating unit is charged first to goodwill. The loss is then applied proportionately to other assets in the unit.

Calculation of the recoverable amount

The recoverable amount is the higher of an asset's net realisable value or value in use. The value in use is the present value of future cash flows discounted at a rate based on the risk-free interest rate adjusted to reflect the risk associated with that particular asset. In the case of an asset that does not generate cash flows; the recoverable amount is calculated for the cash-generating unit in which the asset is included.

Reversal of impairment losses

Impairment losses are reversed if a subsequent increase in the recoverable amount is objectively attributable to an event that has occurred following recognition of the impairment loss.

Impairment losses on goodwill are not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the carrying amount that the asset would have had if no impairment had been recognised.

Inventory

Inventory is measured at the lower of historical cost and net realisable value for raw materials and purchased finished products, and at production cost for goods produced. Net realisable value is the estimated selling price in normal circumstances, less the costs required to complete the sale. Historical cost is based on the purchase price. Deductions for obsolescence are made as required. Deliveries between Group companies are priced in line with the market. Intercompany gains on the inventory of Group companies are eliminated in the consolidated accounts. These eliminations are charged to operating profit.

Financial assets

Financial assets are classified in categories depending on the intention behind the acquisition of each particular asset. The classification is determined at the time of acquisition. A financial asset is taken off the balance sheet when the contractual rights to the cash flow cease.

Financial assets measured at fair value through the income statement

In Systemair's balance sheet, this category contains derivative instruments not classified as hedging instruments. The assets are measured at fair value, and changes in value are recognised in the income statement.

Loan receivables and Accounts receivable – trade

Loan receivables and trade accounts receivable are financial assets with fixed payments or payments for which the amounts can be determined. These receivables are associated with the Group's deliveries of goods and services and are measured at historical cost. They are recognised in the amount expected to be received, less doubtful receivables based on individual assessment. In general, Group companies shall make provisions for overdue trade accounts receivable: 50% for receivables 180-360 days overdue, and 100% for those more than 360 days overdue. However, credit insurance and the like shall be taken into account. Loan receivables and trade accounts receivable are anticipated to be of short duration and thus are measured at their nominal amounts, undiscounted.

Investments held to maturity

Held to maturity investments are financial assets that are not derivatives but have fixed payments or payments that may be fixed, are of a fixed duration and will be held until maturity. They are recognised at amortised cost.

Financial assets available for sale

Available for sale investments are financial assets that have either been assigned to this category or not been classified in any of the other categories. They are included in noncurrent assets if management does not intend to dispose of the

assets within 12 months from the balance sheet date. Financial assets available for sale are stated at fair value after the date of acquisition. Unrealised gains and losses resulting from changes in the fair value of non-monetary instruments classified as assets are recognised in equity. When instruments that are classified as assets available for sale are divested or impaired, the accumulated adjustments to fair value are recognised in the income statement.

Financial liabilities

Financial liabilities are measured at fair value through the income statement.

In Systemair's balance sheet, this category contains derivative instruments not classified as hedging instruments. The fair value of these liabilities is measured on an ongoing basis, with changes in value recognised in the income statement.

Other financial liabilities

This category includes interest-bearing and non-interest-bearing financial liabilities not held for trading. They are measured at amortised cost. Non-current liabilities have more than one year to maturity, while liabilities maturing before that are recognised as current liabilities. Trade accounts payable have a short anticipated maturity and are thereby measured at their nominal amount, undiscounted.

Provisions

Provisions are recognised on the balance sheet when the Group has an obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources associated with economic benefits will be required to settle the obligation, and the amount can be estimated reliably. If the Group anticipates receiving compensation corresponding to a provision that has been made, for example through an insurance agreement, the compensation is recognised as an asset in the balance sheet only when it is almost certain that the compensation will be received. If the effect of the time value of the future payment is deemed to be material, the value of the provision is determined by estimating the present value of the expected future payment using a discount factor (before tax) that reflects the market's current valuation of the time value and any risks associated with the obligation. The gradual increase in the amount of the provision resulting from this method is recognised as an interest expense in the income statement.

Employee benefits

Pensions and similar post-employment benefit obligations

Systemair operates several different post-employment benefit plans. These are classified as either defined-benefit or defined-contribution plans. A defined-benefit pension plan is one that specifies an amount for the pension benefit that an employee will receive on retirement. A defined-contribution pension plan is one in which the Group pays fixed contributions to a separate legal entity. Defined-contribution plans are recognised as a cost in the period during which the employees perform the service to which the remuneration refers. Defined-benefit plans are measured separately and individually, based on the benefits earned during prior and current periods. The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation at the balance sheet date, less the fair value of plan assets, adjusted for unrecognised actuarial gains and losses.

The Group's obligations with regard to other defined-benefit pension plans are calculated separately for each plan using the Projected Unit Credit Method. In this method, the obligation is calculated as the present value of estimated future pension payments. The obligation thus estimated is compared to the fair value of the plan assets that secure the obligation. Any difference is recognised as a liability/asset taking into account actuarial gains and losses, as accrued. The estimation of future payments is based on actuarial assumptions including assumptions as to life expectancy, future salary increases, personnel turnover and factors relevant to the selection of discount rate.

Any changes to or deviations from the actuarial assumptions normally lead to actuarial gains or losses.

Actuarial gains or losses are not recognised as long as the accumulated gains or losses are less than 10% of the highest present value of the obligations. If the accumulated gain or loss exceeds the said limit, the excess gain or loss will be recognised in the income statement, distributed over the expected average remaining periods of service of the employees participating in the plans.

If the calculation results in an asset for the Group, the carrying amount of the asset is limited to the net of unrecognised actuarial losses and unrecognised service costs from previous periods, and the present value of future refunds from the plan or future reduced contributions to the plan.

Share-based remuneration

No agreements on share-based remuneration exist within the Group.

Leases

Leasing contracts in which all risks and benefits associated with ownership essentially do not accrue to the Group are classified as operating leases. Fees for such contracts are recognised as costs in the income statement on a straight-line basis for the duration of the contract. Systemair classifies all current leasing contracts as operating leases.

Borrowing costs

Borrowing costs are charged to income in the period to which they pertain. Any costs incurred in raising loans are distributed over the life of the loan based on the liability recognised.

Income tax

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement when referring to income statement items and recognised directly in equity when the underlying transaction is recognised directly in other comprehensive income.

Current tax is tax to be paid or recovered for the current year, based on the tax rates enacted, or substantively enacted, by the balance sheet date. This includes any adjustments in current tax attributable to prior periods.

Deferred tax is recognised in accordance with the balance sheet method. Deferred tax is calculated for all temporary differences between the taxable values of assets and liabilities and their carrying amounts, identified at the balance sheet date. Deferred tax assets are also recognised in the balance sheet for unused loss carry-forwards.

However, a deferred tax liability is not recognised in the balance sheet for taxable temporary differences relating to goodwill. Deferred tax is also not recognised if the temporary difference pertains to investments in subsidiaries or associated companies in which the Group has a controlling influence over when a temporary difference will be reversed and it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences or unutilised loss carry forwards can be applied. The carrying amounts of deferred tax assets are tested at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and tax liabilities are calculated using the tax rates that are expected to apply in the period when the assets are realized or the liabilities settled, based on the tax rate (and tax legislation) in force, or substantively in force, at the balance sheet date. Accrued tax assets and tax liabilities are recognised net in the balance sheet provided that the tax will be paid in the net amount.

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. In the consolidated accounts, untaxed reserves are divided into two components: a deferred tax liability recognised as a provision, and a portion of equity.

Cash flow statement

The cash flow statement presents incoming and outgoing payments. The indirect method is used for operating activities. In addition to cash and bank balances, cash and cash equivalents consists of current ready assets with an original maturity less than three months.

Government subsidies

Government subsidies are recognised when there is reasonable assurance that the Company will meet the conditions attached to the grant and will receive the grant. In the past, the Group has received three types of government subsidy: government grants, loans for which repayment may be waived and grants relating to assets.

The Parent Company has received an employment grant from the Swedish Labour Market Board totalling SEK 0.5 million (0.4). The employment grant was set off against salaries disbursed in the functions affected.

In Lithuania, Systemair has received government grants for investments in buildings and machinery, as well as a marketing subsidy to build up an export operation. Investment grants total SEK 4.6 million. The grant was set off against the cost of acquiring a building and machinery. The marketing subsidy, SEK 0.3 million, was used to finance participation in trade fairs in Estonia, Belarus and Kazakhstan and for the production of marketing material. The income was set off against selling costs.

Material estimates and assumptions

The preparation of financial reports requires sophisticated estimates and assessments for accounting purposes. Management also makes various judgements when applying the Group's accounting policies. Estimates and assessments may affect the income statement, balance sheet and supplementary disclosures provided in the financial reports. The estimates and assumptions that could constitute a risk of significant adjustments to the recognised amounts during the next financial year are described below.

Impairment testing of goodwill

Every year, Group management tests goodwill for impairment in accordance with the accounting policy described above. A number of estimates must be made for this test. Neither a reduction in the assumed rate of growth nor a rise of two percentage points in the assumed discount rate would result in any impairment. For more detailed information on impairment testing of goodwill, see Note 14.

Provisions for pensions

Estimates and assessments play a major role in measuring provisions for pensions. The present-value calculation of this item is based on actuarial assumptions. Estimates and assessments are evaluated continuously, on the basis of past experience and reasonable expectations for the future. In the case of pension obligations, the present-value calculation is based on assumptions described in the accompanying note.

Deferred tax assets

The Group's deferred tax assets are for the most part based on loss carry-forwards in subsidiaries. Group management has made assumptions and

assessments as to the future earning capacity of these subsidiaries over the next three years and, on that basis, has assessed the possibilities for offsetting future profits against these losses.

NOTE 2 Risks and risk management

Systemair's development is affected by a large number of factors. The table below illustrates the hypothetical effects of changes in certain factors on Systemair's 2010/2011 operating profit. The calculations below are hypothetical and should not be interpreted as indicating that changes in certain factors are any more or less likely or, if any change takes place, the extent of such change. Actual changes and their effect may be greater or lesser than indicated in the table below. Further, it is likely that actual changes will affect several items. Thus, caution is called for when interpreting the sensitivity analysis, since changes in various items may have a counteractive effect.

Sensitivity analysis: Effects on operating profit in 2010/11

SEK million	Operating profit
±5% in selling prices	±173
±5% in material costs	±80
±5% in selling and administration expenses	±50
+5% in the SEK/EUR exchange rate	+19
-5% in the SEK/EUR exchange rate	-19
+5% in the SEK/USD exchange rate	+3
-5% in the SEK/USD exchange rate	-3

The table shows that a change of ±5% in the SEK/EUR exchange rate would have an impact of approximately SEK 19 million (21) on operating profit for 2010/11. This effect is largely offset by the net effects of exchange gains and losses on borrowing denominated in EUR.

Operational risks

Competition

Systemair's markets are fragmented and exposed to competition; a large number of small, local businesses and a small number of major international corporations operate in Systemair's markets. Some of Systemair's current or future competitors may have greater resources than Systemair and may apply such resources to expand their market shares through aggressive pricing strategies. This could force Systemair to reduce its prices to remain competitive and not lose market shares. If Systemair is exposed to increased price competition or loses market shares, the Company's operations, earnings and financial position may be adversely affected.

Market risks

Systemair's products are used in new construction as well as in renovations, conversions and additions ("ROT"). The construction industry normally follows a cyclical pattern, above all in new construction, while ROT projects often smooth the cyclical effect. Developments in the industry are largely influenced by the state of the economy in general, which in turn is affected by interest rates, unemployment, inflation, political decisions, taxes, stock market trends and other factors. Changes in circumstances for the construction industry may be difficult to foresee, and a slowdown in the industry in Systemair's markets could reduce demand for the Company's products and/or lead to lower prices for the Company's products, which could adversely affect Systemair's operations, earnings and financial position. Systemair's sales are also vulnerable to seasonal fluctuations, with sales mostly being lower during July and December.

Suppliers

Ziehl-Abegg and ebmpapst, two German manufacturers of fan motors, are major suppliers to Systemair. Some of Systemair's products have been developed in association with these suppliers, so to some extent Systemair depends on the ability of these manufacturers to continue supplying motors to the Company. Thus, supply problems at either of these suppliers could disrupt Systemair's production and have a negative impact on Systemair's operations, earnings and financial position. Another important component in Systemair's products is steel, in the form of steel plate, so the Company's operations to a certain extent are affected by fluctuations in the price of steel and any disruptions in deliveries of steel. The steel market is highly sensitive to economic conditions, partly through its large exposure to the construction, automotive and energy industries. Demand for steel products has risen sharply in recent years, partly owing to robust growth in China, and as a result prices have risen. Historically, it has been possible to spread price increases across multiple actors, but there is no guarantee that this will continue to be possible. If future price increases cannot be distributed among actors in the market, Systemair's operations, earnings and financial position may be adversely affected.

Brands

Systemair's brands are vital to the Company's operations. Systemair's major brands include Systemair, Frico, Fantech and Veab. Systemair assesses the brand situation on an ongoing basis and registers each brand in the countries in which they are used to any significant extent. However, the Company cannot guarantee that these measures are sufficient to protect Systemair's brands. Neither can Systemair guarantee that the Company's competitors will not try to use its brands

in the marketing of their products or otherwise infringe its intellectual property rights. If the Company's brands cannot be protected, for whatever reason, the Company's operations, earnings and financial position may be adversely affected.

Production plant and distribution centres

Systemair's operations are dependent on its production plant and distribution centres. If any of them is destroyed or closed or if the equipment at the plant suffers serious damage, the production and distribution of Systemair's products could be disrupted or suspended for some period. An extensive and prolonged shutdown could have a huge impact on the Company's ability to produce or distribute the products affected. Systemair has purchased insurance against property damage and stoppages in an amount the Company deems sufficient; however, there is no guarantee that the entire loss for the Company would be indemnified in the event of any damage. As a result, damage to production or distribution facilities may adversely affect the Company's operations, earnings and financial position.

Business combinations

For several years running, Systemair has completed a considerable number of business combinations. The companies acquired have been integrated into Systemair's other operations. In many cases, the companies acquired had operational and financial problems, which required substantial efforts on the part of Systemair, not least in the form of management resources. Expansion through acquisition remains an ambition of Systemair's, and in the future more companies that complement or augment the Company's operations may be acquired. The acquisition of companies may involve many different operational and financial risks. Along with well- or lesser-known company-specific risks, these risks include the possible departure of suppliers, customers or key personnel from the company acquired. In addition, the integration of companies acquired may turn out to be more costly or time-consuming than expected and the anticipated synergistic benefits may not be achieved as expected or at all. These and other acquisition-related risks may adversely affect the Company's operations, earnings and financial position.

IT infrastructure

Systemair has a highly developed IT infrastructure, the core of which is its enterprise resource planning (ERP) system. The ERP system is vital to Systemair's ability to deliver products to its customers at the time appointed and to manage trade accounts receivable and inventory levels. Problems in maintaining, upgrading and integrating these systems may adversely affect the Company's reputation among its customers, increase operating costs and reduce profitability. These systems are also vulnerable to power outages, system errors, computer viruses, network faults and other risks. In the event of a breakdown in the IT infrastructure, the Company's operations, earnings and financial position may be adversely affected.

Product liability

Systemair's customers normally expect detailed performance data on their ventilation products. Thus Systemair provides detailed product specifications in its marketing and sales activities and the Company conducts continuous tests in its own test facilities to ensure that its products meet their specifications. However, the possibility cannot be ruled out that a product the Company has sold may not live up to its specifications, which may result in claims against the Company. Further, the Company is subject to legal regulations on product liability that, in the event of personal injury or damage to property, may entitle the injured party to compensation from the Company. The Company has taken out global product liability insurance that, in the Company's view, is sufficient to cover any claim for damages. However, this cannot be guaranteed. If a claim for compensation against the Company is upheld and the claim is not covered by the Company's insurance, the Company's operations, earnings and financial position may be adversely affected.

International business operations

Systemair conducts, via subsidiaries or representative offices, its own operations in 40 countries, some of which are in the process of rapid development and transformation into market economies. As a result, the Company is exposed to risks associated with international business operations, such as trade policy decisions in the form of the introduction or extension of excise duties in the Company's markets, which could significantly and adversely affect the Company's operations. Other risks include differences in the regulatory frameworks of different countries, limited legal protection for intellectual property rights in certain countries, different accounting standards and systems of taxation, changing terms and conditions of payment between different countries and the possibility of political instability. Systemair has substantial sales to Russia, for example, which is one of Systemair's single largest export markets. Systemair plans to expand these operations eventually because the Company sees continued ample opportunity for sales growth in Russia in the long run. Political tensions in the development of that society and uncertainty in its legal system, as well as uncertainty in trade policy, mean that conditions in the Russian market could change quickly and that Systemair's assets in the country could become uncertain. Each of the abovementioned risks could adversely affect Systemair's operations, earnings and financial position.

Financial risks and other risks

The Systemair Group is exposed to financial risks through its international operations and its borrowing. Financial risk arises when interest and exchange rates fluctuate, which causes variations in the Group's cash flows, and when credit lines are to be renegotiated. Financial risk includes the risk of a counterparty failing to meet their obli-

gations. The objective of risk management in the Group is to limit any possible adverse impact on the Group's earnings and cash flow. Risk is monitored and followed up on an ongoing basis by the Group treasury as well as by the major subsidiaries.

Foreign exchange risk – transaction exposure

In trading between Group companies and with suppliers and customers, a transaction risk arises if payment is made in a currency other than the local currency of the particular Group Company. Systemair's extensive international operations represent substantial sales in various currencies and thus exposure to foreign exchange risk. This risk arises primarily vis-à-vis the EUR and USD and is partly hedged as per Systemair's foreign exchange policy. Systemair does not apply hedge accounting.

In 2010/11, Group companies in Sweden invoiced 40% (37) of their business in SEK, 50% (48) in EUR, 1% (5) in USD and 9% (10) in other currencies.

Each year, an estimate is made of the future net inflow of EUR, 50% of which is usually hedged. Forward contracts extend for a maximum of 18 months ahead. On the balance sheet date, the Group had forward foreign exchange contracts in EUR and USD.

Foreign exchange risk – translation exposure

Translation exposure arises upon consolidation, when the assets and liabilities of foreign subsidiaries are translated to SEK. Systemair applies the current method, in which assets, liabilities and equity are translated at the exchange rates prevailing at the balance sheet date, while the income statements are translated at average rates for the year. Any exchange differences resulting from the use of this method are recognised directly in equity. Systemair has adopted the policy of hedging part of this translation exposure. This may result in exchange rate differences that affect the Group's equity.

At the balance sheet date, the value of foreign net assets totalled SEK 670 million (603). Major net assets consist of SEK 240 million (244) in EUR, SEK 82 million (81) in NOK, SEK 74 million (54) in LTL, SEK 52 million (52) in CAD, SEK 18 million (34) in USD and SEK -22 million (-30) in GBP.

The impact of foreign exchange on equity is recognised as a translation difference and equalled SEK -80.2 million (-51.2).

Borrowing and interest rate risk

Systemair intends to continue to finance some portion of its operations by borrowing from credit institutions. Loan agreements include conditions consisting of standard restrictions, or covenants. This borrowing represents certain risks to the Company's shareholders. For example, if major changes occur in the Company's markets, Systemair may have difficulty securing new credit facilities and as a result may need to use a larger portion of its cash flow for interest payments and amortisation.

Credit and liquidity risk

Credit risk is the risk that one of Systemair's counterparties may be unable to meet their payment obligations and thus may cause a loss for the Company. A credit appraisal is made based on knowledge the Company's management has of the customer and, if necessary, with the aid of credit rating companies. Every customer also has a credit limit, which may only be exceeded if a new credit appraisal is made. Liquidity risk is the risk that a lack of ready funds will prevent the Company from fulfilling its financial obligations or will reduce its capacity to conduct its operations in an effective manner. Liquidity is greatly affected by credit to customers and credit from suppliers. As Systemair's operations have expanded in new markets with different payment customs, the credit periods have lengthened somewhat. This has increased the cost of tied-up capital as well as the risk of credit losses and consequently the risk of negative effects on the Company's ready cash and earnings.

Loss carry-forwards

Systemair benefits from loss carry-forwards that have arisen mainly through the acquisition of companies that made losses on previous operations but have also arisen in day-to-day operations, especially in start-ups. If Systemair's operations do not succeed in generating sufficient taxable surpluses in the future, the deferred tax assets stated in the Company's accounts may be written down. Tax assets may also be written down if the tax authorities are of the opinion that the losses are not tax-deductible in whole or in part. If the Company cannot fully utilise the loss carry-forwards, the Company's earnings and financial position may be adversely affected.

NOTE 3 Information on geographical regions

The Group's operations are geographically divided mainly into the Nordic region, Western Europe (excluding the Nordic region), Eastern Europe and CIS, North America and Other markets.

Region **Nordic** comprises Denmark, Finland, Iceland, Norway, Sweden and Åland.

Region **Western Europe** includes Belgium, Cyprus, France, the Faeroes, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Switzerland, Spain, the United Kingdom, Germany and Austria.

Region **Eastern Europe including CIS** consists of Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldavia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkmenistan, Ukraine and Uzbekistan.

North America consists of the United States and Canada.

Other markets includes Afghanistan, Algeria, Angola, Argentina, Australia, Bahrain, Bangladesh, Barbados, Botswana, Brazil, the British Virgin Islands, Brunei, Chile, China, Egypt, Hong Kong, India, Indonesia, Iran, Iraq, Israel, Japan, Jordan, Kenya, Kuwait, Lebanon, Libya, Malaysia, Mauritius, Morocco, Namibia,

New Zealand, Nigeria, Oman, Pakistan, Peru, the Philippines, Qatar, Saint Vincent and the Grenadines, Saudi Arabia, Singapore, Sudan, South Africa, South Korea, Swaziland, Syria, Taiwan, Tajikistan, Tanzania, Thailand, Tunisia, Turkey, Uganda, the United Arab Emirates, Uruguay, Vietnam, Yemen, Zambia and Zimbabwe.

Sales income is allocated to the geographical market where the customer is located. Assets and investments are recognised where the asset is located.

The table below shows external net sales in Systemair's 10 biggest markets based on the customer's domicile. Systemair's biggest customer accounts for 2.0% of the Group's total sales. Systemair thus has limited exposure to individual customers.

Geographical breakdown Group	Net sales		Non-current assets ¹	
	2010/11	2009/10	2010/11	2009/10
Norway	424.0	402.1	53.0	60.3
Sweden	368.9	310.3	205.5	208.8
Denmark	123.9	107.9	71.8	77.4
Rest of Nordic region	70.1	60.1	1.5	1.4
Total Nordic region	986.9	880.4	331.8	347.9
Germany	234.0	232.8	79.5	92.0
France	204.9	191.3	4.4	4.5
United Kingdom	187.1	200.3	20.4	22.3
Netherlands	174.0	82.0	27.3	2.2
Italy	116.6	145.7	27.1	29.2
Rest of Western Europe	322.4	340.6	176.8	73.0
Total Western Europe	1,239.0	1,192.7	335.5	223.2
Russia	221.0	208.5	5.9	-
Rest of Eastern Europe and CIS	424.8	385.8	191.2	195.0
Total Eastern Europe and CIS	645.8	594.3	197.1	195.0
USA	208.1	190.9	84.6	101.9
Rest of North America	81.0	75.4	26.3	32.3
Total North America	289.1	266.3	110.9	134.2
Other markets	306.5	284.9	69.0	81.3
	3,467.3	3,218.6	1,044.3	981.5

¹ Non-current assets refers to intangible assets and property, plant and equipment.

Of sales by the Parent Company, sales to other Group companies accounted for SEK 472.9 million (453.2), and sales to related companies (ebmpapst AB) SEK 2.7 million (2.8).

By geographical market Net sales	Parent Company	
	2010/11	2009/10
Nordic region	407.9	366.6
Western Europe	196.0	206.8
Eastern Europe and CIS	250.7	222.3
North America	8.0	6.5
Other markets	12.5	18.5
	875.1	820.7

NOTE 4 Classification according to type of cost

	Cost of goods sold	Selling expenses	Administration expenses	Total
2010/11				
Material costs	-1,601.9	-	-	-1,601.9
Employee benefits expense	-335.5	-420.5	-115.2	-871.1
Depreciation/Amortisation costs	-50.8	-27.8	-8.5	-87.1
Other costs	-121.3	-365.6	-69.4	-556.2
	-2,109.5	-813.8	-193.0	-3,116.4
2009/10				
Material costs	-1,527.0	-	-	-1,527.0
Employee benefits expense	-313.6	-380.9	-117.8	-812.3
Depreciation/Amortisation costs	-50.7	-24.7	-8.6	-84.0
Other costs	-110.3	-343.6	-70.0	-523.9
	-2,001.6	-749.3	-196.4	-2,947.3

Product development costs totalled approximately SEK 58 million in 2010/11 and SEK 55 million in 2009/10.

NOTE 5 Auditor's fees

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Auditing				
-Ernst & Young	-2.4	-2.3	-0.8	-0.9
-Other	-2.4	-2.8	-	-
	-4.8	-5.1	-0.8	-0.9
Other auditing services outside scope of audit assignment:				
-Ernst & Young	-0.7	-0.6	-0.5	-0.5
-Other	-0.6	-0.2	-	-
	-1.3	-0.8	-0.5	-0.5

NOTE 6 Leases

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Leasing costs recognised				
Operating leases	21.9	14.8	3.2	3.1

Operating leases refer mainly to leases for office properties and company cars for employees.

The amounts of future lease fees under leases with more than one year remaining are distributed as follows for the Group and the Parent Company.

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Operating leases - nominal value				
Payable within 1 year	20.2	13.8	3.4	3.2
Payable in 2-5 years	31.7	22.8	1.4	1.3
Payable after 5 years	-	-	-	-
	51.9	36.6	4.8	4.5

The Group has no financial leases.

NOTE 7 Other operating income

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Exchange gains in operations	23.9	16.8	0.5	-
Intra-Group income	-	-	14.7	14.1
Gain on sale of property, plant and equipment	11.6	4.8	-	0.6
Other miscellaneous income	23.7	18.2	0.9	1.4
	59.2	39.8	16.1	16.1

NOTE 8 Other operating expenses

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Exchange rate losses in operations	-22.3	-20.9	2.1	-0.9
Intra-Group expenses	-	-	-6.0	-6.6
Loss on sale of property, plant and equipment	-0.3	-1.7	-	-
Other miscellaneous expenses	-20.6	-13.9	-0.6	-2.3
	-43.2	-36.5	-4.5	-9.8

NOTE 9 Employees and staff costs

	2010/11		2009/10	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Parent Company	386	245	325	203
Subsidiaries in:				
Nordic region	384	313	361	292
Sweden	139	104	127	98
Denmark	124	112	116	101
Finland	10	8	9	7
Norway	111	89	109	86
Western Europe	541	412	460	348
Belgium	3	2	3	2
United Kingdom	89	64	91	68
Greece	5	3	-	-
France	37	31	34	28
Netherlands	46	39	12	9
Ireland	4	4	4	4
Italy	39	25	37	23
Portugal	28	17	28	17
Switzerland	10	8	9	8
Spain	49	43	50	45
Germany	215	163	178	133
Austria	16	13	14	11
Eastern Europe and CIS	451	300	405	269
Bulgaria	5	3	4	3
Estonia	12	8	14	7
Latvia	4	3	7	5
Lithuania	104	52	78	40
Poland	27	23	27	22
Romania	7	6	8	7
Russia	14	7	6	3
Slovakia	178	117	166	106
Slovenia	70	59	77	63
Czech Republic	25	17	11	6
Ukraine	2	2	3	3
Hungary	3	3	4	4
North America	258	160	204	133
Canada	175	96	132	74
USA	83	64	72	59
Rest of World	410	379	258	232
Australia	4	3	4	3
United Arab Emirates	13	11	11	9
India	285	280	146	143
China	3	2	8	6
Malaysia	67	56	53	44
Singapore	9	6	11	9
South Africa	12	9	9	7
Turkey	17	12	16	11
	2,430	1,809	2,013	1,477

Percentage of women on boards and in management	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Board, excluding employee representatives	-	-	20%	20%
Group Management	-	-	11%	13%
Company management	5%	5%	-	-

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2010/11	2009/10	2010/11	2009/10
Board and CEO				
Parent Company	3.5	3.1	1.5	1.4
Subsidiaries in the Nordic region	8.3	7.8	2.7	2.2
Western Europe	14.3	15.5	3.2	3.9
Eastern Europe and CIS	6.5	7.5	1.5	1.6
North America	2.8	2.8	0.4	0.3
Rest of World	5.3	6.3	0.9	0.5
Total, Board and CEO	40.7	43.0	10.2	9.9

Senior executive remuneration recognised during the year	Basic salary/Fee	Variable pay	Other benefits	Pension cost	Total
2010/11					
Lars Hansson – Chairman	0.4	-	-	-	0.4
Elisabeth Westberg	0.2	-	-	-	0.2
Göran Robertsson	0.2	-	-	-	0.2
Jürgen Zilling	0.2	-	-	-	0.2
Chief Executive Officer	2.3	0.2	-	0.4	2.9
Other senior executives ¹	8.7	0.3	0.6	2.4	12.0
Total	12.0	0.5	0.6	2.8	15.9
2009/10					
Lars Hansson – Chairman	0.4	-	-	-	0.4
Elisabeth Westberg	0.2	-	-	-	0.2
Göran Robertsson	0.2	-	-	-	0.2
Jürgen Zilling	0.2	0.1	-	-	0.3
Chief Executive Officer	2.2	-	-	0.4	2.6
Other senior executives ¹	8.4	0.3	0.7	2.6	12.0
Total	11.6	0.4	0.7	3.0	15.7

¹During 2010/11, Group management consisted of seven persons in addition to the CEO. In March 2011, Group management was joined by Roland Kasper.

In 2010/11, the Board fees were SEK 400 thousand for the Chairman of the Board and SEK 200 thousand for other directors. In addition to the ordinary fees, separate fees may be paid for special tasks. The fee paid to the chairman of the audit committee in 2010/11 was SEK 50 thousand for the chairman and SEK 25 thousand for other members.

Salaries, other remuneration and payroll charges	Salaries and remuneration		Social security expenses	
	2010/11	2009/10	2010/11	2009/10
Other employees				
Parent Company	137.1	120.9	56.2	48.7
Subsidiaries in the Nordic region	169.1	164.4	34.1	32.0
Western Europe	172.6	166.9	38.6	39.2
Eastern Europe and CIS	61.0	58.1	16.0	15.0
North America	64.5	53.1	9.3	9.0
Rest of World	23.5	19.2	3.1	1.9
Total, other employees	627.8	582.6	157.3	145.8

Of social security expenses in the Parent Company, pension expenses accounted for SEK 13.8 million (10.5), including SEK 0.4 million (0.4) for the Board and CEO. In other Group companies, pension expenses totalled SEK 15.6 million (13.8), including SEK 2.0 million (1.4) for boards and CEOs.

Remuneration policy

The Chairman and members of the Board receive remuneration as decided by the Annual General Meeting. Fees totalling SEK 25 thousand (25) are paid to employee representatives each year.

Remuneration to the CEO is determined by the Board based on a proposal from the compensation committee, consisting of Lars Hansson, Elisabeth Westberg and Göran Robertsson. Remuneration to other senior executives is determined by the CEO in consultation with the compensation committee.

Apart from the CEO, "Other senior executives" refers to Mats Lund, VP Production; Svein Nilsen, VP Sales and Marketing; Glen Nilsson, CFO; Anders Ulff, VP Finance and Administration; Taina Veittikoski, VP Purchasing; Kurt Maurer, MD of Systemair in Germany; Jonas Valentin, MD of FricoAB, and Roland Kasper, VP Marketing - Products.

Remuneration to the CEO and other senior executives consists of the basic salary, variable pay, car benefit and pension. For the CEO and other senior executives, variable pay may amount to between one and two extra monthly salary payments. Variable pay normally is based on any improvement in an individual's area of responsibility compared to the preceding year, the consolidated profit after net financial items and the outcome of individual development plans.

Pensions

The pensionable age for the CEO and other senior executives is 65 years. For the CEO, defined-contribution pension insurance premiums totalling SEK 0.4 million (0.4) were paid. Pension benefits for other senior executives are paid within the scope of the contractual ITP plan and alternative ITP schemes.

Severance pay

For the CEO, Gerald Engström, termination of employment is subject to a period of notice of 12 months from the Company or six months from the CEO. For other senior executives, the period of notice is as stated in the applicable collective bargaining agreement or is no more than 12 months from the Company or six months from the employee. No other agreements entitle the CEO or other senior executives to severance pay. Agreements are in place with MDs of subsidiaries such that benefits will be paid for 6–12 months upon termination of employment by the Company.

NOTE 10 Depreciation and amortisation of tangible and intangible non-current assets

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Other intangible assets	8.2	4.5	0.9	0.9
Buildings and land improvements	23.4	22.5	4.5	4.5
Plant and machinery				
	35.6	34.8	10.4	11.1
Equipment and tools	24.9	26.7	3.3	3.7
	92.1	88.5	19.1	20.2
Straight-line depreciation/ amortisation, by function				
Cost of goods sold	50.8	50.7	12.8	13.5
Selling expenses	27.8	24.7	4.0	4.1
Administration expenses	8.5	8.6	2.3	2.6
Other operating expenses	5.0	4.5	-	-
	92.1	88.5	19.1	20.2

NOTE 11 Financial income

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Interest income, external	2.5	5.6	0.6	3.9
Interest income, related companies	-	-	18.8	12.6
Net exchange rate changes in financial instruments	-	2.8	13.6	18.8
Other financial income	-	-	-	-
	2.5	8.4	33.0	35.3

NOTE 12 Financial expenses

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Interest expenses, external	-16.5	-15.8	-10.2	-9.2
Interest expenses, related companies	-	-	-7.9	-4.7
Net exchange rate changes in financial instruments	-12.3	-	-	-
Impairment adjustment, shares in Repant AS	-3.2	-15.1	-	-1.2
Capital gain/loss on financial instruments	1.0	-3.7	-2.2	1.4
Change in value of financial instruments	-	-5.5	-	-5.5
Other financial expenses	-	-	-0.3	-1.5
	-31.0	-40.1	-20.6	-20.7

NOTE 13 Tax on profit for the year

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Current tax	-95.6	-70.0	-1.4	-12.2
Tax effect of Group contributions	-	-	-24.6	-1.5
Deferred tax	32.0	18.5	-0.7	-1.8
	-63.6	-51.5	-26.7	-15.5

The Group's tax expense represents 18.8% (21.2) of consolidated pre-tax profit.

At financial year-end, the Systemair Group had deferred tax assets totalling SEK 6.5 million (3.0) that were not included in the calculation of deferred tax assets. Deferred tax assets are recognised provided that it is probable that the loss carry-forwards can be applied to future taxable surpluses based on assessments in each individual company. No time restrictions are applied to the loss carry-forwards that correspond to the deferred tax assets capitalised.

Reconciliation of effective tax	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Pre-tax profit	338.5	243.0	216.5	319.1
Tax at current tax rate for Parent Company	-88.7	-63.9	-56.9	-84.0
Effect of foreign tax rates	0.8	0.5	-	-
Non-deductible expenses	-5.6	-5.0	-1.3	-0.6
Tax-exempt income	0.7	3.5	-	0.4
Net tax effect of capitalised loss carry-forwards	-0.3	0.5	-	-
Adjusted assessment of future utilisation of loss carry-forwards	-	7.3	-	-
Deferred income tax recoverable, attributable to loss carry-forwards not capitalised at acquisition	33.5	-	-	-
Dividends from subsidiaries	-	-	33.6	66.9
Adjustment for previous years' taxes	-1.6	6.6	-1.4	2.7
Miscellaneous	-2.4	-1.0	-0.7	-0.9
	-63.6	-51.5	-26.7	-15.5

Deferred tax assets	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Property, plant and equipment	-	1.1	-	-
Inventory	10.1	11.9	-	-
Current receivables	4.3	5.6	-	0.9
Pension provisions	3.2	3.4	-	-
Loss carry-forwards	72.4	43.7	-	-
Miscellaneous	6.3	10.2	-	-
	96.3	75.9	0	0.9
Deferred tax liabilities				
Property, plant and equipment	38.8	9.3	-	-
Inventory	1.2	0.1	-	-
Untaxed reserves	24.4	49.0	-	-
Miscellaneous	4.2	2.4	2.5	2.7
	68.6	60.8	2.5	2.7

NOTE 14 Intangible and tangible non-current assets

Group 2010/11	Goodwill	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost						
At start of year	204.0	44.8	724.4	425.5	252.3	7.0
Acquired in business combinations	79.1	41.9	27.5	5.6	6.9	-
Acquisitions for the year	-	-	10.8	8.6	25.2	38.6
Sales/Disposals	-	-0.6	-9.9	-4.4	-17.3	-1.9
Reclassifications	-	-	1.6	2.8	0.9	-5.3
Translation difference	-19.6	-2.8	-45.3	-19.9	-9.3	-0.7
	263.5	83.3	709.1	418.2	258.7	37.7
Accumulated depreciation/amortisation						
At start of year	-	-7.4	-186.9	-290.2	-	-
Depreciation/Amortisation acquired in business combinations	-	-	-4.0	-2.1	-8.1	-
Sales/Disposals	-	0.6	1.0	5.8	15.0	-
Reclassifications	-	-	-0.7	-	0.8	-
Translation difference	-	0.8	8.6	13.7	10.3	-
Depreciation/Amortisation for the year	-	-8.3	-23.4	-35.7	-24.8	-
	-	-14.3	-205.4	-308.5	-192.0	-
Accumulated impairment						
At start of year	-	-	-5.8	-0.5	-	-
Translation difference	-	-	0.3	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	-	-5.5	-0.5	-	-
Carrying amount	263.5	69.0	498.2	109.2	66.7	37.7

Group 2009/10	Goodwill	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost						
At start of year	166.1	9.7	659.1	423.3	246.3	44.3
Acquired in business combinations	48.3	35.6	-	4.1	6.2	0.3
Acquisitions for the year	-	0.2	41.9	24.6	26.6	31.0
Sales/Disposals	-	-	-3.3	-12.1	-19.9	-
Reclassifications	-	-	58.1	1.8	4.7	-64.6
Translation difference	-10.4	-0.7	-31.4	-16.3	-11.6	-4.1
	204.0	44.8	724.4	425.4	252.3	6.9
Accumulated depreciation/amortisation						
At start of year	-	-2.6	-170.8	-275.9	-177.2	-
Depreciation/Amortisation acquired in business combinations	-	-0.8	-	-1.0	-4.3	-
Sales/Disposals	-	-	1.2	10.7	15.6	-
Reclassifications	-	-	-	1.3	-1.3	-
Translation difference	-	0.3	5.4	9.5	8.6	-
Depreciation/Amortisation for the year	-	-4.5	-22.5	-34.8	-26.7	-
	-	-7.6	-186.7	-290.2	-185.3	-
Accumulated impairment						
At start of year	-	-	-5.8	-0.5	-	-
Translation difference	-	-	-0.1	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	-	-5.9	-0.5	-	-
Carrying amount	204.0	37.2	531.8	134.7	67.0	6.9

Impairment testing of goodwill

Goodwill has been allocated to cash-generating units and the Group as a whole and has been tested for impairment. The recoverable value for cash-generating units has been determined based on the value-in-use of the units, which consists of the present value of the expected future cash flows. The discount rate used in these calculations is 10.0% (10.0) before tax. Future cash flows are estimated using an assessment of the anticipated rate of growth and changes in margins (based on the budget for the following year), management's long-term expectations for the business and the historical trend. The long-term rate of growth is assumed to be 3%. Two scenarios, with different values assumed for the rate of growth and changes in margins, are used to obtain a range between a minimum value and an anticipated value for the business. Even the lowest estimate indicates that the recoverable value for goodwill is higher than its carrying amount in all cash-generating units.

The allocation of goodwill to cash-generating units for the ten largest individual goodwill items is shown below.

Cash-generating unit	Country	Group	
		2010/11	2009/10
Rucon Beheer B.V.	Netherlands	32.9	-
Ravistar India Pvt. Ltd	India	31.0	37.2
Systemair Climaproduct S.p.A.	Italy	26.3	28.3
Koolclima-Systemair, S.L.U.	Spain	18.4	19.9
Tekadoor GmbH	Germany	16.9	-
Veab Heat Tech AB	Sweden	15.3	15.3
Systemair Suisse AG	Switzerland	14.9	14.5
LGB GmbH	Germany	14.7	-
IMOS-Systemair s.r.o.	Slovakia	14.5	15.6
Fantech Inc.	USA	14.4	17.3
Other	-	64.2	55.9
		263.5	204.0

Parent Company 2010/11	Licences	Buildings and land	Plant and machinery	Equipment and tools	Construc- tion in progress
At start of year	4.4	121.9	159.6	50.7	2.2
Acquisitions for the year	-	0.1	0.5	1.1	15.6
Sales/Disposals	-	-	-	-	-
Reclassifications	-	-	0.3	0.7	-1.0
	4.4	122.0	160.4	52.5	16.8

Accumulated depreciation/amortisation

At start of year	-1.1	-63.0	-125.1	-41.3	-
Sales/Disposals	-	-	-	-	-
Depreciation/Amortisation for the year	-0.8	-4.5	-10.4	-3.4	-
	-1.9	-67.5	-135.5	-44.7	-

Carrying amount

Parent Company 2009/10	Li- cences	Buildings and land	Plant and machinery	Equipment and tools	Construc- tion in progress
At start of year	4.4	121.9	158.0	47.8	0.3
Acquisitions for the year	-	-	0.9	0.2	7.4
Sales/Disposals	-	-	-2.1	-	-
Reclassifications	-	-	2.8	2.7	-5.5
	4.4	121.9	159.6	50.7	2.2

Accumulated depreciation/amortisation

At start of year	-0.2	-58.5	-115.8	-37.6	-
Sales/Disposals	-	-	1.8	-	-
Depreciation/Amortisation for the year	-0.9	-4.5	-11.1	-3.7	-
	-1.1	-63.0	-125.1	-41.3	-

Carrying amount

NOTE 15 Other securities held as non-current assets

In the preceding year, this item consisted largely of shares in Repant AS, listed on the Oslo Børs stock market. The shares were designated a financial asset available for sale. The shares are measured at fair value, any adjustments being recognised in other comprehensive income. Impairment losses are recognised directly in the income statement. All shares in Repant were sold in 2010/11.

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Opening balance	6.3	4.5	5.8	4.2
Acquisitions	-	4.1	-	3.9
Sales	-2.6	-1.1	-5.8	-1.1
Impairment	-3.3	-1.2	-	-1.2
Revaluation	-	-	-	-
	0.4	6.3	0.0	5.8

NOTE 16 Other long-term receivables

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Opening balance	11.2	6.8	0.9	-
Additional receivables	7.8	7.7	7.3	-
Receivables settled	-3.4	-3.7	-1.9	-
Impairment losses	-	-5.5	-	-5.5
Reclassifications	-4.7	6.3	-	6.4
Translation difference	-1.2	-0.4	-	-
Closing balance	9.7	11.2	6.3	0.9

NOTE 17 Prepaid expenses and accrued income

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Prepaid rent	7.7	6.7	1.0	0.9
Prepaid insurance premiums	5.2	3.6	-	-
Miscellaneous	20.8	18.5	7.7	6.8
	33.7	28.8	8.7	7.7

"Miscellaneous" covers standard items such as service agreements, licence expenses and limit fees.

NOTE 18 Inventory

Inventory in the Group is recognised at historical cost less deductions for obsolescence. The direct cost of materials during the year totalled SEK 1,601.9 (1,527.0).

NOTE 19 Accounts receivable – trade

Age breakdown of trade accounts receivable	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Not yet due	507.5	481.1	56.3	70.1
< 90 days	111.5	109.4	5.3	5.4
90-180	35.4	33.9	-	4.4
181-360	23.7	29.4	-	3.1
>360	-	-	-	-
Total	678.1	653.8	61.6	83.0

Provisions for impairment of trade accounts receivable in the Group totalled 7.0% (8.5) of total trade accounts receivable.

Reserve for impairment of trade accounts receivable	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Opening balance	60.6	60.1	3.3	1.7
Provision for anticipated losses	8.5	16.3	0.1	1.8
Reversal of amount unused	-0.7	-0.8	-	-
Bad debts	-14.3	-10.1	-3.3	-0.2
Provisions acquired	1.7	-	-	-
Exchange rate effects	-4.8	-4.9	-	-
Closing balance	51.0	60.6	0.1	3.3

NOTE 20 Share capital and proposed dividend

Year	Action	Quotient value	Change in share capital, SEK m.	Share capital, SEK m.	Change in A shares	Change in B shares	Total no. of shares
Opening balances, May 2007		-		52.0	500,000	20,000	520,000
2007/08	100:1 split	1	-	52.0	50,000,000	2,000,000	52,000,000
2007/08	Reregistration of shares to one class ¹	1	-	52.0	-50,000,000	-2,000,000	52,000,000
At year-end, April 2011		1	-	52.0	-	-	52,000,000

¹The Annual General Meeting held 25 June 2007 resolved that the Company would have one class of share only.

At 30 April 2011, the registered share capital totalled SEK 52,000,000 represented by 52,000,000 shares, each entitled to one vote and of one and the same class. All shares are fully paid.

The Annual General Meeting held 9 August 2007 resolved to implement an incentive programme. In this programme, about 70 senior executives have acquired 223,500 of the 320,000 warrants issued in total. The persons included in the programme acquired the warrants at a market price calculated using the Black-Scholes model. If the warrants are exercised in full, a total of 320,000 shares will be issued, representing dilution of 0.6%. Warrants may be exercised to subscribe for shares at a price of SEK 93.60 during three periods in the 2010/11 and 2011/12 financial years.

The Board proposes to the 2011 AGM that a dividend of SEK 1.75 (1.25) per share be paid, for a total of SEK 91.0 million (65.0).

Capital management

The Board of Systemair has adopted a target for the Company's equity/assets ratio of no less than 30% and a target for dividend of approximately 30% of profit after tax.

List of shareholders

Systemair's 10 largest shareholders according to Euroclear at 30 April 2011.

Shareholder	No. of shares	% of capital and votes
Färna Invest AB ¹	21,997,752	42.3%
ebmpapst AB	11,059,770	21.3%
Lannebo Fonder	4,149,802	8.0%
Alecta Pensionsförsäkring	2,123,000	4.1%
SEB Asset Management	1,351,700	2.6%
Odin Fonder	1,241,883	2.4%
Handelsbanken Fonder	1,226,294	2.4%
Fondita Nordic Micro Cap	770,000	1.5%
Swedbank Fonder	584,996	1.1%
AMF Aktiefond Småbolag	420,800	0.8%
Other	7,074,003	13.5%
Total	52,000,000	100%

¹Färna Invest AB is a company owned by Systemair's CEO Gerald Engström.

NOTE 21 Borrowing and financial instruments

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Non-current liabilities				
Bank loans of one to five years	173.0	226.2	105.7	116.6
Bank loans longer than five years	32.3	69.6	0.0	49.5
	205.3	295.8	105.7	166.1
Current liabilities				
Bank overdraft facilities	401.7	269.3	394.0	247.1
Current portion of bank loans	95.7	97.7	60.8	55.2
	497.4	367.0	454.8	302.3
Total borrowing	702.7	662.8	560.5	468.4
Distribution among banks				
Nordea Bank AB	368.5	377.8	306.8	283.7
Svenska Handelsbanken AB	281.2	218.7	248.9	178.7
Other banks	53.0	66.3	4.8	6.0
	702.7	662.8	560.5	468.4

Loans, by currency	Total
SEK	226.8
EUR	368.4
USD	72.4
Other currencies	35.1
Total	702.7

External credit facilities granted for bank overdrafts totalled SEK 558.8 million (603.8) for the Group and SEK 510.0 million (496.3) for the Parent Company.

The Group's financing agreements with Nordea Bank AB and Svenska Handelsbanken AB include financial covenants. The key ratios measured are interest coverage ratio, net debt/equity ratio and equity/assets ratio, which are measured quarterly as a rolling 12-month value. On 30 April 2011, the Group met all the current terms and conditions of its covenants.

The Group's borrowing normally carries interest rates fixed for 3-6 months. A change of $\pm 1\%$ in the interest rate on borrowing would have an impact of about SEK 7 million on the Group's net financial items for the following 12-month period.

Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. The existence of financial instruments, other than those arising in operating activities, is relatively limited at Systemair.

The carrying amounts of interest-bearing assets and liabilities on the balance sheet may deviate from their fair values for reasons such as changes in market interest rates. Systemair's lines of credit carry variable interest rates or in certain cases fixed rates for a short time, so their approximate market values are essentially equal to fair value. For financial instruments such as trade accounts receivable and payable and other non-interest-bearing financial assets and liabilities, which are stated at amortised cost less any impairment losses, the fair value is assessed as the same as the carrying amount.

	Loan amount	Weighted interest rate
Long-term loans		
Group	205.3	3.04%
Parent Company	105.7	2.44%
Short-term loans		
Group	497.4	2.71%
Parent Company	454.8	2.58%

Classification and categorisation of financial assets and liabilities in the Group, 2010/11

Assets	Derivatives	Loan receivables and Accounts receivable – trade	Financial assets available for sale	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	332.5	332.5
Property, plant and equipment	-	-	-	-	711.8	711.8
Participations in associated companies	-	-	-	-	0.1	0.1
Financial investments	-	-	0.4	0.4	-	0.4
Non-current receivables	-	-	-	-	9.7	9.7
Deferred tax assets	-	-	-	-	96.3	96.3
Inventory	-	-	-	-	607.0	607.0
Other receivables	9.6	668.5	-	678.1	99.1	777.2
Cash and cash equivalents	-	76.8	-	76.8	-	76.8
Total assets	9.6	745.3	0.4	755.3	1,856.5	2,611.8

Equity and liabilities	Derivatives	Financial liabilities	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	1,268.2	1,268.2
Provisions for pensions	-	-	-	16.8	16.8
Deferred tax liabilities	-	-	-	68.6	68.6
Provisions	-	-	-	14.7	14.7
Interest-bearing liabilities	-	702.7	702.7	-	702.7
Other liabilities	-	331.1	331.1	209.7	540.8
Total equity and liabilities	-	1,033.7	1,033.7	1,578.1	2,611.8

Classification and categorisation of financial assets and liabilities in the Group, 2009/10

Assets	Derivatives	Loan receivables and Accounts receivable – trade	Financial assets available for sale	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	241.2	241.2
Property, plant and equipment	-	-	-	-	740.4	740.4
Participations in associated companies	-	-	-	-	0.1	0.1
Financial investments	-	-	6.3	6.3	-	6.3
Non-current receivables	-	-	-	-	11.2	11.2
Deferred tax assets	-	-	-	-	75.9	75.9
Inventory	-	-	-	-	510.2	510.2
Other receivables	10.1	643.7	-	653.8	60.2	714.0
Cash and cash equivalents	-	85.9	-	85.9	-	85.9
Total assets	10.1	729.6	6.3	746.0	1,639.2	2,385.2

Equity and liabilities	Derivatives	Financial liabilities	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	1,167.7	1,167.7
Provisions for pensions	-	-	-	15.0	15.0
Deferred tax liabilities	-	-	-	60.8	60.8
Provisions	-	-	-	10.5	10.5
Interest-bearing liabilities	-	662.8	662.8	-	662.8
Other liabilities	-	281.6	281.6	186.8	468.4
Total equity and liabilities	-	944.4	944.4	1,440.8	2,385.2

On the balance sheet date, the Group had outstanding forward contracts for EUR and USD. The fair value of the contracts is SEK 9.6 million (10.1). The total hedged value was EUR 38.1 million (20.2) and USD 5.0 million (0).

	Group	
	EUR m.	USD m.
Maturity of forward contracts		
< 1 year	36.6	5.0
> 1 year	1.5	-
	38.1	5.0

Forward contracts were taken out for three companies in the Group, the Parent Company, Frico AB and Veab AB. The forward contracts are stated at fair value. Hedge accounting was not applied. Any changes in value are recognised in the income statement.

NOTE 22 Accrued expenses and deferred income

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Salary and holiday pay liability	72.5	68.9	25.8	24.7
Employer's social security contribution liability	23.3	23.6	11.4	10.7
Commission payments and bonuses	13.7	10.9	1.8	1.4
Miscellaneous	41.3	41.8	3.7	2.5
	150.8	145.2	42.8	39.3

NOTE 23 Appropriations, other

	Parent Company	
	2010/11	2009/10
Provision to tax allocation reserve	-	15.4
Reversal of tax allocation reserve	17.3	12.4
Difference between depreciation and amortisation charged and according to plan	5.9	-0.5
	23.2	-3.5

NOTE 24 Untaxed reserves

	Parent Company	
	2010/11	2009/10
Difference between depreciation and amortisation charged and according to plan	23.3	29.3
	-	-
Tax allocation reserve, provision for tax 2006	-	17.2
Tax allocation reserve, provision for tax 2007	8.4	8.4
Tax allocation reserve, provision for tax 2008	27.5	27.5
Tax allocation reserve, provision for tax 2009	22.8	22.8
Tax allocation reserve, provision for tax 2010	0.6	0.6
Tax allocation reserve, provision for tax 2011	15.4	15.4
	98.0	121.2

NOTE 25 Provisions for pensions

Systemair operates several different post-employment benefit plans. These are classified as either defined-benefit or defined-contribution plans. A defined-benefit pension plan is one that specifies an amount for the pension benefit that an employee will receive on retirement. A defined-contribution pension plan is one in which the Group pays fixed contributions to a separate legal entity. Defined-contribution plans are recognised as a cost in the period during which the employees perform the service to which the remuneration refers. Defined-benefit plans are measured separately and individually based on the benefits earned during prior and current periods. The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation at the balance sheet date, less the fair value of plan assets, adjusted for unrecognised actuarial gains and losses.

Defined-benefit plans are operated primarily in Norway. The majority of pension obligations in the Group's Swedish operations consist of a defined-benefit pension plan encompassing several employers. The plan is insured with Alecta, a mutual insurance company. Insufficient information is available to present an account of the Group's proportional share of its defined-benefit obligation and of the plan assets and costs associated with the plan. As a result, the plan is presented as a defined-contribution plan, and consequently premiums paid are recognised as an expense.

The pension obligation is calculated annually with the aid of independent actuaries using the Projected Unit Credit Method. The calculation makes use of actuarial assumptions. These assumptions include anticipated salary and pension increases and anticipated returns on plan assets. Changes in actuarial assumptions and outcomes that deviate from assumptions give rise to actuarial gains and losses.

For salaried employees in Sweden, Systemair subscribes to the ITP Plan through insurance with Alecta. Statement URA3 from the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council recommends that ITP pensions managed by Alecta be recognised as defined-contribution plans, as per section 30 of IAS 19.

Defined-benefit pension plans	2010/11	2009/10
Present value of obligations	70.9	62.5
Fair value of plan assets	-45.9	-44.1
Present value of net obligations	25.0	18.4
Unrecognised actuarial gains and losses	-10.4	-5.0
Net liability before payroll tax	14.6	13.4
Payroll tax liability	2.2	1.6
Net liability as per the balance sheet	16.8	15.0

Defined-benefit pension plans	2010/11	2009/10
Changes in defined-benefit plan obligation		
Defined-benefit plan obligation, 1 May	62.5	59.0
Benefits paid	-0.9	-0.7
Cost of service in current period, plus interest expense	7.3	7.8
Actuarial gain or loss	3.6	-3.7
Business combinations	2.5	0.3
Exchange rate differences	-4.1	-0.2
Defined-benefit plan obligation, 30 April	70.9	62.5
Changes in plan assets		
Fair value of plan assets, 1 May	44.1	35.4
Receipts	4.5	4.7
Benefits paid	-1.0	-0.7
Anticipated return	2.4	1.8
Difference between anticipated and actual return (actuarial gain or loss)	-1.2	1.7
Exchange rate differences	-2.9	1.2
Fair value of plan assets, 30 April	45.9	44.1

Cost recognised in income statement	2010/11	2009/10
Cost of service in current period	5.3	5.6
Payroll tax	0.6	0.7
Interest expenses relating to obligation	2.5	2.2
Amortisation of unrealised actuarial gains and losses	-	0.4
Anticipated return on plan assets, %	-2.5	-1.8
Net cost recognised in income statement, %	5.9	7.1

Actuarial assumptions, %	2010/11	2009/10
Discount rate, %	4.00	4.50
Anticipated return on plan assets, %	5.40	5.70
Anticipated rate of increase in salaries, %	4.00	4.50
Anticipated rate of inflation, %	1.30	1.40

NOTE 26 Profit/loss from participations in Group companies

	Parent Company	
	2010/11	2009/10
Profit/Loss on sale of shares in subsidiaries	-	-
Dividends from subsidiaries	127.6	254.2
	127.6	254.2

NOTE 27 Participations in Group companies

Parent Company holdings of shares in Group companies

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
Animac AB	556311-3926	Motala, Sweden	100	2,500	2.7
Frico Engineering AB	556362-9137	Skinnskatteberg Sweden	100	1,000	0.1
Frico Group AB	556439-7700	Partille, Sweden	100	50,000	0.5
Kanalfläkt Industrial Service AB	556063-2530	Skinnskatteberg, Sweden	100	5,000	1.2
Klockargårdens Företagsby AB	556632-5774	Skinnskatteberg, Sweden	100	1,000	0.1
VEAB Heat Tech AB	556138-3166	Hässleholm, Sweden	100	3,000	65.6
Matthews & Yates Australia Pty. Ltd.		Australia	100	-	0.0
Systemair NV		Belgium	100	-	3.1
Systemair EOOD		Bulgaria	100	-	0.1
Systemair a/s		Denmark	100	10,101	35.1
Systemair Middle East FZE		Dubai, United Arab Emirates	100	-	2.1
Systemair Trading LLC		Dubai, United Arab Emirates	100	-	0.0
Systemair Fans & Spares Ltd		United Kingdom	100	1,000,000	19.9
Villavent Ltd		United Kingdom	100	349,999	2.0
Systemair AS		Estonia	100	3,128	17.3
Systemair Oy		Finland	100	20	0.3
Systemair SAS		France	100	9,994	6.5
Systemair Hellas		Greece	100	15,000	8.7
Systemair BV		Netherlands	100	40	2.4
L.S.A. Handelsonderneming B.V.		Netherlands	100	40	11.0
Rucon Beheer B.V.		Netherlands	100	-	67.2
Systemair Hong Kong Ltd.		Hong Kong	100	300	0.2
Systemair Fans Pvt. Ltd		India	100	-	14.9
Systemair Software Pvt Ltd		India	60	-	0.1
Ravistar India Pvt. Ltd.		India	100	320,000	62.8
Systemair Ltd		Ireland	100	1	0.0
Systemair Climaproduct S.p.A.		Italy	100	2,754	50.2
Fantech Ltd		Canada	100	44,600	29.6
Systemair Shanghai Co. Ltd		China	100	-	1.3
Systemair SIA		Latvia	100	2,500	1.1
Systemair UAB		Lithuania	100	500	10.9
Systemair Sdn Bhd		Malaysia	100	500,000	17.7
Systemair AS		Norway	100	82,000	21.4
Systemair SA		Poland	100	200	0.9
Systemair SA		Portugal	100	200,000	26.0
Systemair Rt		Romania	100	1,000	4.1
Systemair ZAO		Russia	100	865	0.5
Systemair Suisse AG		Switzerland	100	250	31.9
Systemair (SEA) PTE Ltd.		Singapore	100	1,000,000	6.2
MOS-Systemair spol. s.r.o.		Slovakia	100	-	68.2
Systemair AS		Slovakia	100	22	0.4
Systemair d.o.o.		Slovenia	100	-	42.9
Koolclima-Systemair, S.L.U.		Spain	100	-	0.1
Systemair (Pty) Ltd		South Africa	100	1,000	2.4
Systemair SA		Czech Republic	100	-	21.5
Systemair Hav. Ekip. San.ve Tic. Ltd Sti.		Turkey	100	649	1.5
Systemair GmbH		Germany	100	-	10.4
LGB GmbH		Germany	100	-	38.8
Tekadoor GmbH		Germany	100	-	30.2
Systemair Rt		Hungary	100	2,000	4.5
Fantech Inc.		USA	100	500	32.1
Systemair GmbH		Austria	100	-	0.8
					779.8

Subsidiaries indirectly held by Parent Company

Indirectly held	Parent company	Registered office	% equity	Change in Group companies	Parent Company	
					2010/11	2009/10
Frico AB	Frico Group AB	Partille, Sweden	100	At start of year	570.6	464.1
Frico SAS	Frico AB	France	100	Acquisitions during the year	205.8	94.7
Frico BV	Frico AB	Netherlands	100	New share issues during the year	3.4	11.8
Frico AS	Frico AB	Norway	100		779.8	570.6
Frico GmbH AT	Frico AB	Austria	100			
Tekadoor Lufttechnische Geräte GmbH	Tekadoor GmbH	Austria	50			
Kanalfläkt Management Services AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100			
Repant Production AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100			

NOTE 28 Participations in associated companies

Associated company	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
Capro Product AB	556109-7055	Malmö, Sweden	40	500	0.1

NOTE 29 Changes in Group structure – Business combinations**Companies acquired**

In June, Systemair acquired the sales company VKV, which leads the market for air distribution products in the Czech Republic. For 2009, the company reported sales of about SEK 30 million and an operating margin of 15%. However, because the company was formerly Imos-Systemair's agent for air distribution products in the Czech Republic, it will provide only a marginal increase in sales for the Group.

In June, Systemair acquired the assets of the Greek ventilation products distributor Poliplevro SA, which has five employees.

In July, Systemair acquired the Dutch ventilation company Rucon. Rucon is a well-established supplier of ventilation products, active in the Dutch market for 40 years. The company has 41 employees and reported sales of EUR 12 million in 2009.

In September, the operations of the Russian distributor Lex were acquired. Following reconstruction, Lex today has five employees and reported sales of approximately SEK 10 million in 2010. The acquisition is intended to develop Systemair's presence in the Russian market and offer distributors better service, in the form of deliveries from a local warehouse facility.

In January, Systemair acquired the outstanding minority shareholdings in Systemair AS, Estonia (25%), and Systemair-Imos, Slovakia (20%) from the respective MDs. Following acquisition, these companies are 100% owned by Systemair AB.

In February, acquisition of the companies in the Aaldering Group that have production and sales of air curtains in Germany and the Netherlands was finalised. Aaldering Group comprises three companies; LGB, which manufactures air curtains in Langenfeld, Germany, and sales companies Tekadoor of Langenfeld, Germany and LSA of Arnhem, the Netherlands. The group has 38 employees and reported sales of SEK 67 million in 2010, with an operating profit of SEK 13 million. The product ranges of the acquired companies will be merged with Systemair's existing range of air curtains under the Frico brand and will strengthen Systemair's position as market-leading supplier of air curtains in Europe.

In April, Systemair acquired the Polish sales company PTH FOKO Sp. z o.o. FOKO markets and sells Frico air curtains and heating products in Poland. The company's sales in 2010 totalled SEK 16 million. Immediately following the acquisition, FOKO was merged and coordinated with Systemair's subsidiary in Poland, Systemair SA. However, because the company was formerly Frico's agent for air distribution products in Poland, it will provide only a marginal increase in sales for the Group.

In March, Systemair established a sales company in Santiago, Chile. The company is Systemair's first venture on the South American continent. Chile has a climate similar to that of Europe and its mains voltage is also the same.

If the companies acquired during the period had been consolidated as of 1 May 2010, net sales for the period May 2010 through April 2011 would have totalled SEK approximately 3,547 million. The operating profit for that period would have been approximately SEK 378 million.

The purchase consideration paid for company acquisitions was made up as follows: Total historical cost, less costs of acquisition SEK 187.1 million

Assets acquired

Fair value of assets acquired, net	SEK 105.7 million
Goodwill	SEK 81.4 million

Assets and liabilities acquired	Carrying amount	Adjustment	Fair value
Goodwill	0.1	81.4	81.5
Brands, customer relationships, licences, agencies etc.	-	41.8	41.8
Buildings and land	28.7	3.4	32.1
Machinery and equipment	4.3	-	4.3
Financial and other assets	1.3	-	1.3
Inventory	27.8	-	27.8
Other current assets	48.1	-	48.1
Cash and cash equivalents	28.1	-	28.1
Non-interest-bearing liabilities (incl. deferred tax liability)	-8.4	-11.8	-20.2
Interest-bearing liabilities	-17.3	-	-17.3
Other operating liabilities	-40.6	-	-40.6
	72.1	115.0	187.1

Impact on cash flow

Purchase consideration incl. additional payment	-187.1
Purchase consideration not paid	14.6
Cash and cash equivalents in companies purchased	28.1
Additional purchase consideration paid for prior years' acquisitions	0.0
Transaction costs, acquisition of subsidiaries	-2.2
Change in consolidated cash and cash equivalents at acquisition	-146.5

Brands and customer relationships have been stated at the net present value of future cash flows. The useful life of these assets has been estimated at 10 years.

The goodwill upon acquisition is attributable to the strong market positions of the companies acquired, synergy effects expected to emerge after the acquisitions and the companies' estimated future earning capacity.

Companies divested

No companies were divested during the year.

NOTE 30 Receivables from Group companies

	Parent Company	
	2010/11	2009/10
At start of year	348.4	353.5
Borrowings	11.5	9.9
Repayment of loans	-2.5	-12.1
Reclassifications	-16.5	3.7
Foreign exchange adjustment	-9.9	-6.6
	331.0	348.4

NOTE 31 Pledged assets

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Assets pledged to credit institutions for own liabilities				
Chattel mortgages	186.8	179.3	97.4	97.4
Real estate mortgages	161.8	185.3	30.0	30.0
Other collateral pledged	-	-	97.7	97.7
	348.6	364.6	225.1	225.1
Pledged assets, per bank				
Nordea Bank AB	129.8	146.5	186.7	186.7
Svenska Handelsbanken AB	125.1	119.3	13.0	13.0
Other banks	93.7	98.8	25.4	25.4
	348.6	364.6	225.1	225.1

NOTE 32 Contingent liabilities

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Guarantees on behalf of subsidiaries	-	-	133.3	188.0
Guarantees and other contingent liabilities	34.9	30.7	2.8	-
	34.9	30.7	136.1	188.0

NOTE 33 Supplementary information for the cash flow statement

Group	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Adjustment for non-cash items etc.				
Depreciation/Amortisation	92.1	88.5	19.1	20.2
Changes in provisions	4.9	0.1	0.3	-
Exchange gains and losses	-16.6	2.7	7.6	14.2
Provisions for pensions	2.9	1.8	-	-
Gain/Loss on divestment of non-current assets	-11.3	-7.5	-	-0.6
Transaction costs, acquisition of subsidiaries	2.2	-	-	-
	74.2	85.6	27.0	33.8

NOTE 34 Information on the Parent Company

Systemair AB is a Swedish-registered limited liability company. Its registered office is in Skinnskatteberg. The address of the Company's head office is Industrivägen 3, SE-739 30 Skinnskatteberg, Sweden. The Company's corporate identity number is 556160-4108. The consolidated accounts for financial 2010/11 include the Parent Company and its subsidiaries, jointly referred to as the "Group".

NOTE 35 Earnings per share

Group	2010/11	2009/10
Basic earnings per share (SEK)	5.25	3.66
Diluted earnings per share (SEK)	5.25	3.66
Profit for the year attributable to Parent Company shareholders	273.0	190.5
Weighted average number of shares outstanding, basic	52,000,000	52,000,000
Weighted average number of shares outstanding, diluted	52,000,000	52,000,000

The Company has issued 223,500 warrants to employees of the Group. The average price of the share during the period was less than the redemption price for the warrants, so no dilution effect was taken into account. The total number of shares outstanding at the end of the period under review was 52,000,000.

NOTE 36 Related party transactions

During the year, Systemair AB (publ.) sold products for SEK 2.7 million (2.8) to ebmpapst AB. Product purchases from ebmpapst AB totalled SEK 0.8 million (0.5). During the year, products purchased by the Group from ebmpapst AB's parent company in Germany, ebmpapst GmbH, totalled SEK 184.8 million (166.1). Systemair AB (publ.) purchased hotel and conference services for SEK 3.0 (1.9) million from WG Hoteldrift AB, which is owned by Gerald and Wenche Engström. Parent Company purchases from other Group companies totalled SEK 128.8 million (118.0). Parent Company sales to Group companies are shown in Note 3.

NOTE 37 Significant events after financial year-end

In June 2011, Systemair entered into an agreement to acquire the Russian ventilation equipment distributor Ventrade. Ventrade sells products ventilation and comfort cooling, and has for many years been one of Systemair's biggest customers in Russia. The company has its headquarters in Moscow and sales offices and warehouses in another 11 cities. In 2010, the company reported sales equivalent to around SEK 290 million and currently has 200 employees. Systemair will take over as owner with immediate effect and approval has been received from Russia's competition authority. The acquisition will enable Systemair to expand the proportion of Systemair products sold and will provide extensive coverage throughout Russia with major potential for growth. In addition, good potential exists for synergies with the production facility in Lithuania, where production capacity will be enlarged in 2011.

The undersigned declare that the consolidated accounts and annual accounts were prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and generally accepted accounting principles, and give a true and fair view of the Group's and Company's financial position and earnings, and that the Group's and Company's administration reports give a fair review of the development of the Group's and Company's operations, financial position and earnings and describe the material risks and uncertainties facing the companies in the Group.

Skinnskatteberg, 7 July 2011



Lars Hansson
Chairman of the Board



Gerald Engström
Chief Executive Officer



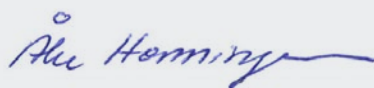
Göran Robertsson
Director



Elisabeth Westberg
Director



Jürgen Zilling
Director



Åke Henningsson
Employee Representative



Kevin Rowland
Employee Representative

Our Audit Report concerning this Annual Report was submitted on 7 July 2011.

Ernst&Young



Thomas Forslund
Authorised Public Accountant

Audit Report

To the annual meeting of the shareholders of Systemair AB (publ)
Corporate identity number 556160-4108

We have audited the annual accounts and the consolidated accounts, except for the corporate governance report on pages 41-47, the accounting records and the administration of the board of directors and the chief executive officer of Systemair AB for the financial year 1 May 2010–30 April 2011. The annual accounts and the consolidated accounts of the company are included on pages 37–40 and 48–73 of the printed version of this document. These accounts and the administration of the company are the responsibility of the board of directors and the chief executive officer, as is the application of the Annual Accounts Act in preparing the annual accounts and the application of International Financial Reporting Standards as adopted by the European Union and the Annual Accounts Act in preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the chief executive officer and significant estimates made by the board of directors and the chief executive officer when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the chief executive officer. We also examined whether any board member or the chief

executive officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with IFRS, as adopted by the EU, and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. Our comments do not include the corporate governance report on pages 41-47. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

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

Report on Corporate Governance Report

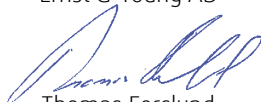
It is the board of directors and chief executive officer who are responsible for the corporate governance report on pages x-y and for verifying that it has been prepared in accordance with the Swedish Annual Accounts Act.

As a basis for our opinion that a corporate governance report has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the corporate governance report and have assessed its statutory content on the basis of our knowledge of the company.

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 7 July 2011

Ernst & Young AB



Thomas Forslund

Authorised Public Accountant

Key Ratios and Definitions

KEY RATIOS FOR THE GROUP

		2010/11 May-Apr	2009/10 May-Apr	2008/09 May-Apr
Net sales	SEK million	3,467.3	3,218.6	3,333.1
Growth	%	7.7	-3.4	7.8
Operating profit	SEK million	367.0	274.7	341.0
Operating margin	%	10.6	8.5	10.2
Profit after net fin. items	SEK million	338.5	243.0	301.3
Profit margin	%	9.8	7.6	9.0
Return on capital employed	%	18.0	15.2	21.3
Equity/assets ratio	%	48.6	49.0	43.3
Per share ratios				
Basic earnings per share	SEK	5.25	3.66	4.53
Diluted earnings per share	SEK	5.25	3.66	4.53
Basic equity per share	SEK	24.39	22.15	19.66
Diluted equity per share	SEK	24.39	22.15	19.66
No. of shares at end of period	no.	52,000,000	52,000,000	52,000,000

EBIT

Earnings before financial items and tax.

Growth

Change in net sales, relative to net sales for the preceding period.

Operating margin

Operating profit divided by net sales.

Profit margin

Profit after financial items divided by net sales.

Return on capital employed

Profit after financial income, for the trailing 12 months (TTM), divided by average capital employed.

Capital employed

Total assets less non-interest-bearing liabilities.

Number of employees

Number of employees at the end of the accounting period. New employees, appointments terminated, part-time employees and paid overtime are converted into full-time equivalents.

Earnings per share

Profit for the period attributable to Parent Company shareholders, divided by the average number of shares during the period.

Equity/assets ratio

Equity, including non-controlling interests, divided by total assets.

Equity per share

Equity, excluding non-controlling interests, divided by the number of shares at the end of the period.

Net debt

Net interest-bearing liabilities (including provisions for pensions) less the total of interest-bearing receivables, current investments and cash and cash equivalents.

Net debt/equity ratio

Net debt divided by equity at year-end.

Interest coverage ratio

Profit after financial items plus financial expenses, divided by financial expenses.

Sales per employee

Net sales for the period, divided by the average number of employees.

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VEAB Heat Tech AB, Hässleholm
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Annual General Meeting

Systemair will hold its Annual General Meeting (AGM) at 3.00 p.m. on 25 August 2011 in the Lecture Hall at Systemair Expo, Skinnskatteberg, Sweden

On the occasion of the AGM, there will be a product presentation and tour of our production facility, starting at 1.30 p.m., in the same building as Systemair Expo.

Participation

Shareholders who wish to participate in the AGM must be entered in the share register maintained by Euroclear Sweden AB on Friday, 19 August 2011, (see below concerning re-registration of shares registered under a nominee) and must notify the Company:

By e-mail:

mailbox@systemair.se

or by phone:

+46 (0)2224-4000 during the hours 9.00 a.m.–11.30 a.m.

and 1.30 p.m.–4.00 p.m. on weekdays

or by mail:

Systemair AB, SE-739 30 Skinnskatteberg, Sweden

Notification must be received by the Company no later than 4.00 p.m. on 19 August 2011.

Shares registered under nominees

To be entitled to participate in the AGM, any shareholder whose shares are registered in the name of a nominee must have the nominee temporarily re-register the shares in the shareholder's name so that the shareholder is entered in the share register no later than 4.00 p.m. on 19 August 2011. Requests for re-registration should be submitted to nominees well in advance of this date.

Complete notice

A complete notice of the Annual General Meeting, as well as financial and other information, is available on the Systemair website www.systemair.com.

Calendar

25 August 2011	Q1 Interim Report (May–July 2011)
30 November 2011	Q2 Interim Report (August–October 2011)
6 March 2012	Q3 Interim Report (November–January 2011/12)
8 June 2012	Q4 Interim Report (February–April 2012)
29 August 2012	Annual General Meeting and publication of Q1 2012

Questions

Any questions regarding the content of the Company's financial information should be directed to: CFO Glen Nilsson, Telephone +46 (0)2224-4003



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