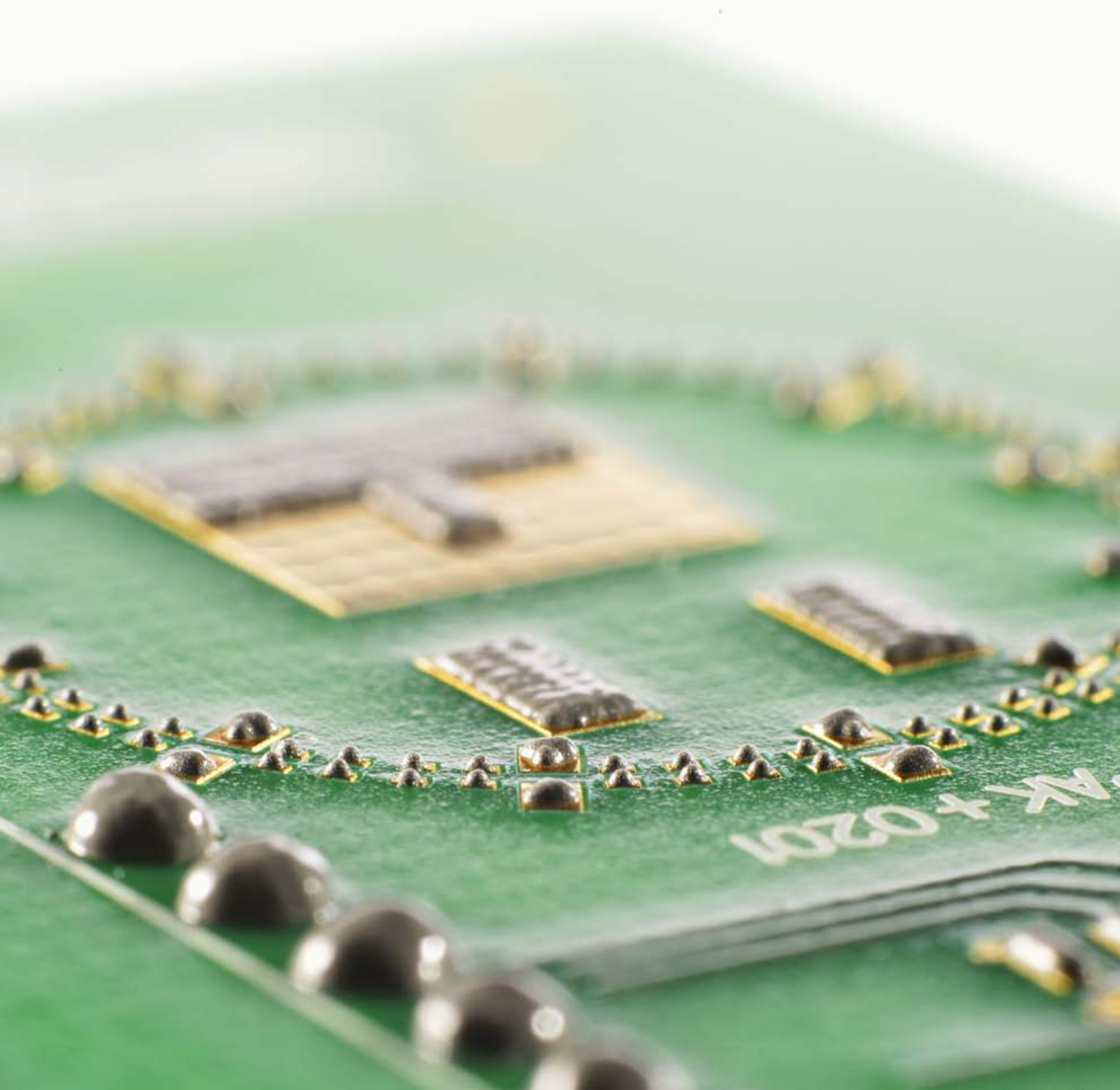


# Micronic Mydata

ANNUAL REPORT 2012



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For information and explanations, please see glossaries in the back of the annual report or visit the web site [www.micronic-mydata.com](http://www.micronic-mydata.com)

The annual report is in all respect a translation of the Swedish annual report prepared in accordance with Swedish laws and regulations. In the event of any differences between this translation and the Swedish original, the Swedish annual report shall have precedence.

*The cover picture illustrates jet printing technology's unique capacity to optimize the amount of solder paste used for every individual solder pad, for volume, width and height. With the jet printer MY500, electronics manufacturers can produce high-quality solder joints for all types of components, without having to make the type of compromises which are unavoidable in stencil printing.*



# For the production of electronics

Micronic Mydata delivers cost-effective and innovative production solutions for the manufacturing of electronics products. World-leading companies in the electronics industry use equipment from Micronic Mydata's two business area, Surface Mount technology, SMT and Patterns generator, PG.

## Surface Mount Technology

### Business area Surface Mount Technology (SMT)

The business area offers surface mount equipment to electronics manufacturers and addresses the market segment where electronics with high added value are produced.

The business area has approximately 4,300 machines installed at more than 2,000 customer sites worldwide. The majority are in the US and Europe and consist of small- and medium-sized companies, primarily within branches where customers are dependent on flexible equipment that allows for rapid change-over.

The customer base comprises both contract manufacturers within the electronics industry and companies who manufacture their own products, and they can be found within the aerospace, aviation, energy, medicine, IT and telecom industries as well as in other sectors.

### Market position

The business area has a leading market position within the segment for flexible electronics production. This leading position has been attained through competitive advantage which consists of a combination of high quality, innovative production technology and flexibility.

## Pattern Generator

### Business area Pattern Generator (PG)

The business area offers mask writers and direct writers.

The mask writer addresses the display and semiconductor markets with production around the clock. There are around ten major customers worldwide. The majority of sales are in Asia. The customers manufacture photomasks and can be divided into two categories. One category consists of suppliers to electronics manufacturers, for example PKL and Hoya. The other category comprises major electronics manufacturers with their own photomask manufacturing, such as Intel, Samsung and LG.

The direct writer targets the market for electronic packaging which is a part of the manufacturing chain for electronics products. Electronic packaging is used to connect and protect semiconductor chips.

### Market position

The company is a market leader within mask writers for displays. Competitive advantages include a significant technological leading edge and a strong patent portfolio. On the semiconductor market, the company is an established supplier of mask writers for cost-effective volume production of photomasks. The company also has a leading edge when it comes to mask writers for electronic packaging.

New requirements within electronic packaging are driving a technology shift. The company is addressing a new and growing market with its direct writer LDI 55 (Laser Direct Imaging). The competitive advantage is that customers are able to write the future generation of substrates while maintaining productivity.

# 538

employees in...

# 111

countries

# 70

distributors

- Group subsidiaries
- Sales & support



## Vision

"Micronic Mydata will be the business partner of choice for enabling the future of electronics."

## Mission

"Together with our customers we undertake the challenges of the electronics industry, providing innovative and cost-effective solutions for production."

## Business concept

Micronic Mydata strives to be a global high tech growth company with sustainable profitability by utilizing the full potential of current and future product offerings based on its proprietary technology.

# The year in brief

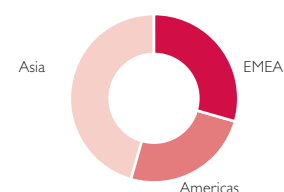
The underlying business achieved an operating margin of 8 percent in 2012. The Group's aftermarket sales continued to perform well and increased 12 percent. Business area SMT gained market share in a somewhat weaker global market. The operating margin for the mask writer business was 34 percent.

Financial overview	2012	2011	2010	2009 <sup>1)</sup>
Net sales, SEK million	1,354	1,198	1,288	1,052
Gross margin, %	45,2	40,8	49,2	40,0
Operating profits/loss, SEK million	-21	-66	73	-179
Operating margin, %	-1,6	-5,5	5,6	-17,0
Adjusted operating profits/loss, MSEK <sup>2)</sup>	107			
Adjusted operating margin, % <sup>2)</sup>	7,9			
R&D expenses	290	289	318	303
R&D expenditure	269	251	247	226
Capitalized development costs	-	9	3	3
Order intake, SEK million	1,280	1,214	1,388	854
Order backlog, 31 December, SEK million	90	176	153	42
Earnings per share	-0,45	-0,91	0,45	-2,59
Average number of employees	560	561	558	613

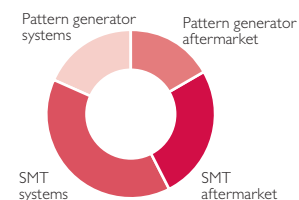
1) pro forma 2009

2) Adjusted for non-recurring costs of SEK 128 million

Net sales 2012, SEK 1,354 million  
by geographic market



Net sales 2012, SEK 1,354 million  
by application



## First quarter

The global market for surface mount equipment was favorable, which translated into strong sales for SMT systems.

System sales rose 18 percent, primarily due to strong demand for machines from the MY100e series which was launched in 2011.

## Second quarter

There was a slowdown in demand for SMT equipment, especially in Europe, and this affected the order intake for the quarter.

## Third quarter

The company invoiced for an LDI system, which affirmed the system's performance.

At the same time, a broader implementation of the next generation of advanced substrates was postponed thereby affecting demand for LDI.

## Fourth quarter

The product series LRS15-N was launched as a replacement system for older mask writers for manufacture of mature photomasks.

Operations were adapted to a slower rate of LDI development, thereby ensuring future profitability. Reorganization included a new CEO.



# The Chairman and CEO comment on operations and the year



Patrik Tigerschiöld

Lars Josefsson

**M**icronic Laser Systems and MYDATA automation merged in 2009 to form Micronic Mydata. Bure has been the principle owner since that time. This involved bringing together two world-leading Swedish suppliers to the global electronics industry. Both Micronic and Mydata had had difficult years in 2007 and 2008. By merging together, there were large opportunities for creating synergies both in terms of the business as well as technology.

Today, four years later, we can see that we were right. The new company has undergone a major transition, and the synergies have been greater than expected. It is encouraging this was done without affecting the pace of business. Not least, Micronic Mydata has been able to build up an extensive aftermarket and service business, which reflects and uses the large number of delivered systems in a completely different way. The aftermarket provides a foundation of stability and profitability that ensures future growth.

At the same time, the company entered into an intensive development phase where major effort was put into LDI, Laser Direct Imaging, a type of production equipment for manufacturing semiconductor substrates for packaging.

The investment didn't just involve new technology, but also a new industry and to some extent new customers. From a technical standpoint, the project has been successful, but it has not yet proven itself business wise. We need to get better at working with all types of risk in a project of this size where the commercial risk is substantial. The long-term proof of success is of course sales - that customers want and are willing to pay for the products.

The process industry is conservative so we must recognize the fact that it takes time and a great effort to replace proven technology and work methods with new ones. This means that broader commercialization of LDI technology will take longer than planned, but it also means that the money that was invested has not been wasted. Micronic Mydata has achieved something completely new; something that creates unique opportunities for continued miniaturization. The technology, in whole or in part, will be useful, even if it doesn't proceed as quickly as we had predicted.

There is a much to be proud of. I personally think that it is fantastic that a small Swedish company can become a leader in such techni-

cally advanced niches. With each step carefully planned and considered, we will continue to invest in expanding our market positions and developing our technology. This applies not least to SMT, where product development has been put on hold. In the coming years, Micronic Mydata will focus on our core businesses in order to take the next step forward, when the time is ripe – whether this will be through organic growth or through acquisitions, only time will tell.

As principle owner, the goal of Bure is for Micronic Mydata to continue as a world leader on the cutting edge of technology, but at the same time, to become more of a customary, listed company – a company focused on long-term growth. With a profitable core business, an installed base that is the basis for the aftermarket, technical expertise and a strong market position, we can successfully meet the challenge.



**Patrik Tigerschiöld**  
*Chairman of the Board*

**T**he journey from a purely technology company to becoming an effective company focused on business and marketing continues. 2012 was a busy year for Micronic Mydata and since the merger, the company has taken many important steps. We thank the employees, suppliers and especially our customers, who all contributed in different ways to make this journey possible.

Micronic Mydata works in an industry that has an annual growth rate of nearly five percent. New mobile products with high resolution displays are constantly being launched. Electronics are becoming more and more powerful, while simultaneously shrinking in size. And it is our technology that is behind the millions of smart phones and tablet computers sold each year.

Sales of large LCD displays reached record volumes during the year. High image quality requires more complex photomasks. This is a positive development for us, since we offer the most advanced mask writers available. In October, such a system, a Prexision-8 was delivered to one of our customers. The degree of utilization for previously delivered systems was high during the year.

The SMT business area continued to grow well. Overall, the global market for SMT equipment decreased by 20 percent in 2012. Under these circumstances, we took important market share during the year with our MY 100e series for surface mounting components and the

MY500 jet printer for applying solder paste. Since the merger, sales have almost doubled in the SMT business area and the operating margin for 2012 amounted to 14 percent. SMT aftermarket sales also expanded with higher profitability compared to 2011.

At the same time, we are living in a volatile environment where we are affected by the overall economy, just like everybody else. For us, this financial uncertainty means that implementation of new technology for advanced packaging substrates is growing significantly slower than expected. LDI received good technical reviews from customer evaluations, but the market isn't yet mature, although we know that the interest is there.

The delayed demand for LDI systems meant that the Group did not achieve the level of profitability in 2012 that we had hoped for.

At the end of the year, we made the decision to reduce our costs, primarily on the development side. The actions taken, including having a number of employees leave the company, generated savings of approximately SEK 60 million annually, which will take full effect in 2013. This will ensure that Micronic Mydata remains financially strong and achieves long-term profitability.

It is reassuring to see that the profitability in the underlying businesses today is sustainable. Both our cash reserves and our cash flow are strong. The Group's operating profit, adjusted

for non-recurring costs, amounted to 8 percent. We are considerably less dependent on the sale of large systems today than in previous times, and an increasing share of sales come from aftermarket and service contracts. The operating margin for the underlying business within PG, the mask writer operations was a full 34 percent.

Customer surveys show that our customers are satisfied with what we are providing. Employee surveys indicate that Micronic Mydata is a good employer, although we are striving to become even better.

I have, as many of you know, been a part of the company for only a short period of time. I cannot in any way take credit for what has been done by many competent and engaged coworkers at and for the results we are now showing. But I can confirm that we are well equipped for the future. We have the strategy, the products, market positions and the resources in place. Now it is up to us to continue on the journey we started, not in great leaps, but one step at a time, at steady pace going forward. Long-term planning and caring for our profitable core businesses are important principles for the future.



**Lars Josefsson**  
*President and CEO*

# Micronic Mydata's business model

Micronic Mydata operates a business in a dynamic global industry, the electronics industry, whose traits and characteristics affect the opportunities and challenges that the company faces. At the foundation, there is a profitable core business that can be developed to achieve sustained profitability and growth.

## Driving forces and challenges in the electronics industry

More and more people are using electronics products and the amount of electronic content in many products is increasing. The demand for more functionality in smaller and more energy efficient units is growing. In parallel, the industry is working to reduce manufacturing costs. At the same time, new, and sometimes unexpected, areas of application or user behaviors appear in terms of electronics. A personal computer in every home, mobile telephone in every pocket, the iPad, Internet and Cloud computing are all examples of this.

The electronics industry has sales of USD 1,560 billion in 2011. Despite the increasing cost efficiency in the production processes, higher volumes and expanded functionality means that the electronics industry will continue to grow in value. Growth in the industry is predicted to reach 5 percent annually from 2011-2016 (Prismark, 2012). Cost pressures in combination with the need for new features in the end products places demands on improved technology. For manufacturers of production equipment for the electronics industry, it is these two factors, increased production volumes and increased technical requirements, that are driving development.

### Dynamics in the production chain

The electronics industry is a capital and development-intensive industry, especially when it involves electronic circuits. At the same time, the competition is fierce. This places demands on suppliers of material and equipment. As a result of the structure of the industry, there are greater fluctuations and greater volatility the farther down in the production chain a company operates. Small changes in the global economy, e.g. due to the Eurocrisis or changes in China's growth, have significant effects further down the production chain. Suppliers of production equipment for the electronics industry are therefore often highly vulnerable to these fluctuations and need to have the ability to manage them.

## A global industry

The electronics industry is a global industry, both in terms of the end customer markets and in terms of where production occurs. For many years, high-volume manufacturing of electronics moved from Europe and the US to Asia. Japan has long been a leading technology country. In recent years, South Korea has also grown to become a leading nation in this regard, with Taiwan not far behind. China has a dominant position in terms of end production of electronics and is showing rapid growth, which is no longer just driven by cost advantages but also by domestic demand. In parallel, there is a lot of manufacturing that remains in or near the end markets in the West for small or medium volumes, e.g. within industrial and aviation electronics. Therefore, a company that manufactures production equipment for the electronics industry needs to be able to meet the demands of the market wherever they are. These requirements can also vary considerably between different regions and industrial segments.

### Micronic Mydata in the industry

Micronic Mydata has a global presence, with subsidiaries in 11 countries and retailers or agents in another 70 countries. Customers in the two business areas represent both smaller companies and large, global electronics manufacturers. It is crucial for Micronic Mydata to maintain close contact with the markets, both

for sales and support, as well as to expand relations with customers and other parties in order to create the right product offerings in the future.

Micronic Mydata must manage the challenges in terms of market volatility, profitability, growth, market risk and globalization, in order to develop a sustainable and profitable business. The company must renew its product offerings at reasonable costs and risk in order to remain competitive and to meet new needs.

## A profitable core business in a dynamic industry

Micronic Mydata maintains strong market positions within the existing business areas of mask writers and surface mount technology. These areas form the basis for the company's earning capacity and profitability, as well as provide a starting point for growth. Both sales of systems and aftermarket sales contribute to revenue and profitability. System sales vary widely for mask writers, which are sold in small volumes with large purchase order values.

The company manages the volatility in the industry by:

- supplementing system sales with growing and more stable aftermarket sales
- having a broad product range to become less dependent on single system sales or individual markets
- moving upwards in the production chain, where the fluctuations are smaller.

## Market drivers for the electronics industry

- ➔ Globally increasing demand for electronics products
- ➔ Increasingly compact and advanced mobile electronics
- ➔ Shorter product life cycles
- ➔ Cost-effective production
- ➔ New fields of use and user behavior appear



With the acquisition of MYDATA automation AB, the company addressed these strategic areas. The business was expanded to include two business areas, thereby increasing the product offerings significantly. SMT equipment is relatively high up in the production chain and is less affected by economic fluctuations than what mask writers are exposed to. Both business areas have developed their aftermarket business in terms of both volume and profitability. The introduction of LDI will expand the business over the long term with an additional product area that is higher up the production chain than mask writers.

The challenge and effect of these measures become clear when considering sales divided into aftermarket, SMT and mask writing systems (see illustration). Aftermarket sales provide a growing and relatively stable earnings stream. Sales of SMT systems are somewhat more volatile. Then there are the more sporadic earnings from the sale of pattern generators.

Micronic Mydata's strategy to manage business volatility simultaneously improves profitability. The cost level is adjusted for stable, regular earnings in order to achieve the financial targets in terms of the operating margin and to create room for expanding areas of growth.

The 2009 merger realized synergies. During the second half of 2012, an additional savings of SEK 60 million on an annualized basis has been realized in order to achieve a balance between income and expenses. The results of these actions will take full effect in 2013.

### Strategic direction

Micronic Mydata's strategy includes two goals: to strengthen the existing business and to grow in surrounding markets.

The objective is to strengthen our position as a global, high technology, growth company with sustainable profitability. At the foundation, there are a few key components:

Customer contact and market presence. The company must ensure customer satisfaction and offerings that best meet the industry's needs. The complexity of the production chain and technology requires an active relationship with customers and other industry players.

Innovation.

It is necessary to repeatedly create cost-efficient solutions that best meet the changing needs of the industry.

Personnel.

Micronic Mydata's success is based on the expertise of its personnel, their commitment and ability to work in a technology-intensive, global industry.

### Strategy SMT

Micronic Mydata holds a leading market position for SMT equipment in Europe and North America for flexible electronics production, primarily in the segment for smaller production volumes. The company also has growing sales within the segment for medium-sized production volumes and other geographic markets, such as China. The number of customers in the segment for flexible surface mount technology is large and the manufacturing needs vary.

The strategy is based on three main components:

- Broad and deep presence in the sales and service organization in order to establish a broad customer base
- A complete range of products and services with a high level of quality in order to meet the shifting needs of the customers.
- Product leadership in the area of flexible electronics manufacturing.

The business will grow by expanding its market position. This applies to both geographic markets and continuing to grow within the segment for medium-sized production volumes.

### Strategy PG

The aftermarket business continues to be highly significant. Micronic Mydata will maintain its strong position for mask writers by working closely with customers to meet their needs for production capacity and quality of photomasks.

In the long run, direct writing will supplement the mask writer business and create a platform for growth. The first delivery of a direct writer for electronic packaging has already occurred. This is the initial entry into a new market segment.

## Financial goals

### Operating margin

Micronic Mydata's long term financial objective is to have an operating margin of 15 percent over a business cycle.

During 2010 – 2012, the objective for the operating margin was not achieved. In 2012 the operating margin, adjusted for non-recurring costs of SEK 128 million, was 8 percent.

Since 2009, Micronic Mydata has developed its core business within business areas SMT and PG.

Micronic Mydata has strengthened its position in the global market for surface mount equipment. At the same time, aftermarket sales within business area SMT have grown in terms of both volume and profitability.

Micronic Mydata has a unique position with mask writers for manufacturing of displays and good profitability on sales of mask writer systems, as well as aftermarket sales within business area PG.

Major investments have been made within future growth areas, in particular through development of LDI. This investment has affected the operating profit but lays the foundation for future growth.

### Equity ratio

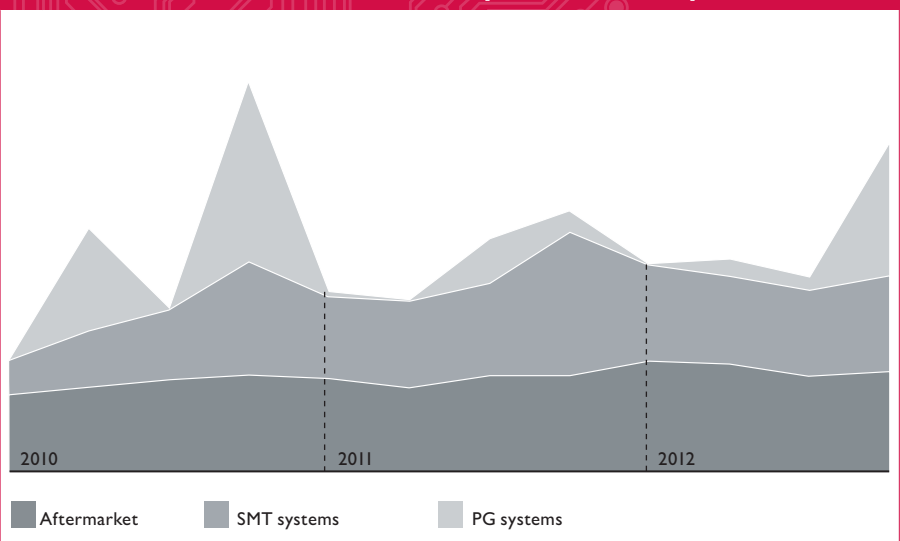
Micronic Mydata's objective is an equity ratio above 60 percent. This financial objective has been achieved. Operations in the equipment industry, with sharp fluctuations in sales at times and large investments, necessitate strong finances.

### Review of financial targets

With good profitability in current product areas and strong finances due to positive cash flow, Micronic Mydata holds a strong financial position.

During 2013, the company will review its long term financial targets and capital structure, and will revise the dividend policy.

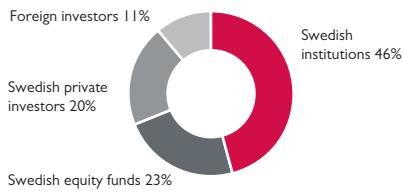
## Sales divided into aftermarket, SMT systems and PG systems



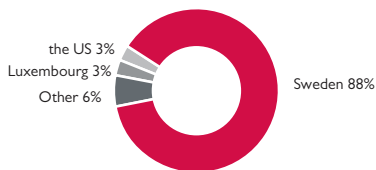
# The Micronic Mydata share

Micronic Mydata was first listed on NASDAQ OMX Stockholm in 2000 and on Small Cap since 2008. At the end of 2012 the market cap was SEK 1,004 million and the number of shareholders was 5,961.

## Ownership structure at 31 December 2012 by category



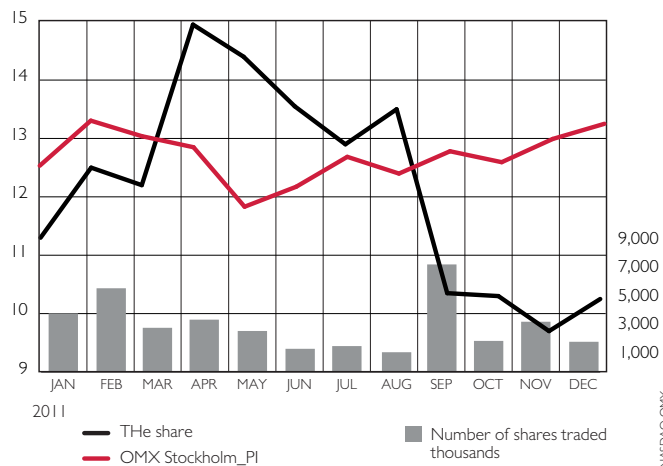
## Ownership structure at 31 Dec. 2012 by geographic spread



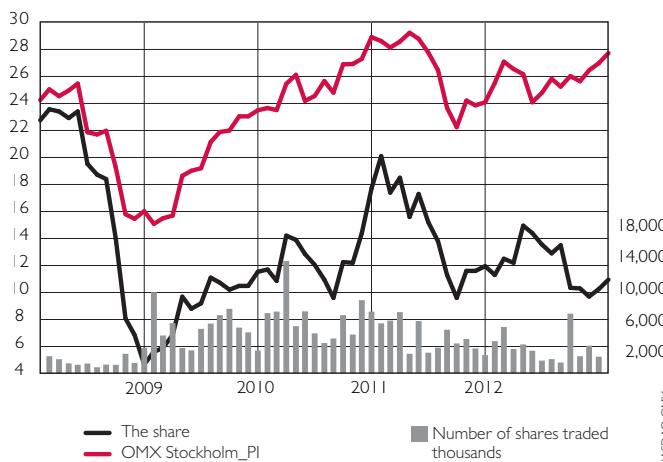
Micronic Mydata has

**5,961**  
shareholders

## Share price trends 2012



## Share price trends 2008–2012



## The largest shareholders at 28 December, 2012

Shareholder	No of shares	Holding, %
Bure Equity	37,201,609	38.0
SHB fonder	7,111,958	7.3
Skandia Fonder	2,756,143	2.8
Ponderus Securities AB	2,683,461	2.7
Lannebo fonder	2,667,000	2.7
DNB fonder	2,348,328	2.4
Avanza Pension Försäkring AB	2,343,248	2.4
Catella fonder	2,296,250	2.3
DFA fonder	2,162,054	2.2
Nordea fonder	2,104,530	2.1
The 10 largest shareholders	63,674,581	65.0
Others	34,241,928	35.0
<b>Total</b>	<b>97,916,509</b>	<b>100.0</b>
The 100 largest shareholders		81.4

Holdings of the board and executive management*	No of shares	Holding, %
Niklas Edling	25,000	0.02
Anders Jonsson	20,000	0.02
Ulla-Britt Fräjdin-Hellqvist	10,000	0.01
Lars Josefsson	10,000	0.01
Håkan Färdig	4,000	0.01
Katarina Bonde	2,000	0.00
Lars Sundberg	900	0.00
	<b>71,900</b>	<b>0.07</b>

\*Holdings as per 20 February, 2013

## Ownership structure

Holding by size	No of share-holders	No of shares	%
1–500	2,733	571,686	0.6
501–1,000	1,029	859,331	0.9
1,001–5,000	1,471	3,939,524	4.0
5,001–10,000	284	2,174,462	2.2
10,001–50,000	264	5,882,868	6.0
50,001–100,000	31	2,202,133	2.2
100,001–	49	82,286,505	84.0
<b>Total</b>	<b>5,961</b>	<b>97,916,509</b>	<b>100.0</b>

## The share

Micronic Mydata shares have the ticker symbol MICR. A trading block consists of 100 shares. All shares are of the same class and carry equal voting rights, and the same proportion of capital and earnings.

## Share price trend and liquidity

The closing share price for Micronic Mydata shares on 28 December, 2012 was SEK 10.25, which corresponds to a market value of SEK 1,004 (1,170) million, a decline of 14 percent compared to 2011. During 2012, OMX Stockholm PI rose 12 percent and the Philadelphia Semiconductor Index SOX, rose 5 percent.

The highest price paid for the Micronic Mydata share during 2012 was recorded on 24 May at SEK 15.30 and the lowest share price noted was SEK 9.40 on 25 October. A total of 39.8 (55.0) million shares were traded in 2012, for a total value of SEK 471 (824) million. Shares were traded every trading day with an average daily trading volume of 159,207 (217,247) shares, which is equivalent to SEK 1.9 (3.3) million.

## Ownership

The number of Micronic Mydata shareholders at the end of 2012 was 5,961 (6,701). The largest shareholder is Bure Equity with 38 percent. The ten largest shareholders represent 65 (64) percent of the total number of shares, and the 100 largest shareholders represent 81 (77) percent. Together, the board of directors and executive management owned 0.05 (0.3) percent of total shares.

The percentage of Swedish ownership increased during 2012 from 83 to 88 percent. The largest percentage of foreign owners are located in the US and in Luxemburg with 3 percent of shares held in each country.

## Employee stock options

An employee stock option program expired in 2012, without any new subscription for shares being issued. The set strike prices were significantly higher than the current share price.

## Market communication

Information about significant events is published in press releases as well as financial reports. These can be ordered in Swedish or English via a subscription service available on the company's website. Due to environmental and cost considerations, an enquiry was sent to all shareholders in 2012 asking whether they wanted a printed version of the annual report distributed. Annual reports are also available on the company's website in web format.

Representatives from Micronic Mydata meet with analysts, shareholders and other stakeholders to provide information about developments at the company. In connection with the release of interim and year-end reports, presentations are held for analysts, investors and media. The company participates at seminars with company presentations.

Further information can be obtained from the corporate website:

[www.micronic-mydata.com](http://www.micronic-mydata.com)  
or by e-mail: [ir@micronic-mydata.com](mailto:ir@micronic-mydata.com)

## Dividend policy

Thus far Micronic Mydata has not paid dividends. Generated profits have been reinvested to finance ongoing development in order to create growth for the company. The board proposes that no dividend be paid for 2012.

During 2013 the company will review the long-term financial targets and the capital structure as well as revise the dividend policy.

## Share data

Listing	NASDAQ OMX, Stockholm
Industry classification	Small Cap, Information technology
Sector	Electronic Equipment & Instruments
Ticker symbol	MICR
ISIN code	SE0000375115
No of shares	97,916,509
Trading block	100 shares

## The share capital

Year	Increase	Total number of shares	Share capital MSEK
1989	16,000	16,000	1,600
1990	3,300	19,300	1,930
1994	1,801	21,101	2,110
1997	11,979,399	12,000,500	12,001
1998	2,000,083	14,000,583	14,001
2000	5,100,000	19,100,583	19,101
2001	102,000	19,202,583	19,203
2002	12,700	19,215,283	19,215
2003	19,951,333	39,166,616	39,167
2009	26,111,057	65,277,673	65,278
2010	32,638,836	97,916,509	97,917

## Analysts that continuously monitor Micronic Mydata

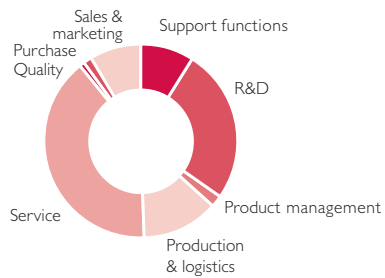
Investment bank/research company	Analyst
Carnegie	Mikael Laséen
Handelsbanken	Martin Nilsson
Redeye	Greger Johansson
Swedbank	Håkan Wranne

# Global, sustainable operations in a rapidly changing market

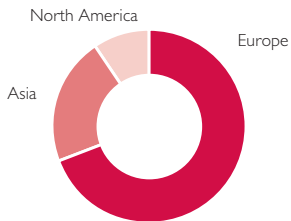
Sustainable profitable operations are a priority objective for the company. During the year, a major organizational change was implemented, including staffing reductions in order to further streamline and align activities to achieve objectives.

**538**  
employees globally in  
11 countries

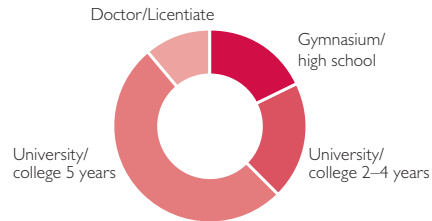
Employees per function



Employees per region



Employees in Sweden, level of education





### Diversity in a global market

Micronic Mydata is characterized by the global market within which it is active. The headquarters office, with development, production and management, is located in Sweden while the majority of customers, subsidiaries and distributors are located in Asia, the USA and Europe.

Understanding for each other's cultures and markets is an important element for pursuing a fruitful dialog on customer requirements for product and service development. With more than 30 years of experience, Micronic Mydata has a solid knowledge of markets and cultures from different parts of the world. One way of carrying out these dialogs is through regular, global sales and service conferences where the organization can forge tighter connections through exchange of information, establishment of common ways of working, and increased understanding for country-specific situations.

The company has worked continuously to build a strong, global corporate culture and work methodology with shared values. In order to establish a clear framework for moral and ethical issues, Micronic Mydata complemented its values with a Code of Conduct in 2012. This describes how the Group and its employees should behave in a variety of ethical and moral situations, both in their dealings with each other within the company and externally with customers, suppliers and the world at large.

The average number of employees in the Group during 2012 was 560 (561), of which 346 (356) were employed in Sweden. Employee turnover during 2012 was 12 (2) percent, of which the greatest proportion related to personnel cutbacks during the autumn. At year-end, the number of employees was 538 (568).

The organization consists of people from many different backgrounds, which benefits Micronic Mydata. The company strives after diversity both ethnically and in terms of gender and age. Women account for 18 (18) percent of the employees. During the latter part of the year, an organizational change took place in executive management, which resulted in an undesirable gender disparity. The company strives for as even a distribution of gender as possible, as described in the policy on equality. The board of directors consisted of three women and three men this year.

### Diversity in work areas

The electronics industry, where technological development occurs at a furious pace, places high demands on the company's personnel to understand market trends and customers' technical requirements for current and future products. Competence within the company is high. Work areas span development, product management, and marketing, as well as production, logistics, sales, service, finance and communication.

Micronic Mydata is densely populated with engineers, with competencies from all departments found within a technical university. Having development, production and service all under the same roof at headquarters allows for close, cooperation across boundaries as well as the possibility to follow products from start to finish. The company's structure allows for good opportunities to broaden competence and to work closely with customers, suppliers and employees worldwide.

### Competence development is vital

One condition for Micronic Mydata's success is to continuously move forward in terms of employee competence within different areas.

During 2012, Micronic Mydata focused on business development within product development. One of the objectives has been to clarify how the company chooses and guides product development. Training has been conducted, including Lean Product Development and Portfolio Management outsourced from authorities in these areas, in order to raise competence levels and to improve processes.

ESD (Electric Static Discharge) training for the ntire production department was an important initiative during 2012. Because production handles circuit boards worth up to SEK 500,000, work to prevent or reduce damage caused by static electricity has the potential to reduce costs substantially and contribute to increased customer satisfaction.

Business area PG worked with an initiative called One step Up, a competence boost intended to broaden employees' knowledge of several different mask writer platforms.

Within business area SMT, an exchange program has been underway where service engineers from headquarters and the subsidiaries are given the opportunity to swap workplaces in order to increase understanding of each other's problems as well as to make new contacts.

### Management training

During the year, situational management training – designed with the company's values in mind – was conducted. Being a manager at Micronic Mydata carries a broader definition than just line management. Project Leader and Specialist are examples of other management positions. The purpose of the training is to give all managers common tools and language in their leadership while simultaneously allowing them to network. This training will continue during 2013 for all of those who have not yet attended.

### Career pathways

In an organization that requires both depth and breadth of competence, being able to offer alternative career pathways is important. By reclassifying all positions within a global system, alternative career pathways can be suggested, for example during personnel development discussions, EDP (Employee Development Process). Reclassification of all positions in Sweden was finished in 2012. This work will continue at subsidiaries in 2013. In order to strengthen the corporate culture and thus the brand, the Group's values are used globally during EDP talks, as a yardstick for how the daily work is conducted relative to the values, as well as to monitor goals and individual development plans.

Within the development department a process has been developed to further technology careers. The purpose is to clarify such pathways within the development department, for example, alternatives to being a line manager. Innovation and well-educated personnel are vital to the company's future, and through the process for technology careers the company supports and rewards its experts.

### Micronic Mydata – an attractive employer

At the end of 2011, the Group conducted a global employee survey. The survey revealed an overall employee satisfaction of just over 80 percent globally. Based on the survey, each unit in the organisation identified improvement areas and then implemented measures to address these areas.

In 2012, Micronic Mydata participated in the contest Sweden's Best Employer. The purpose was to market the company in order to build attraction as an employer externally and pride in the company internally. The rating



Katarina Alnehäll represents the interest of those who did not choose a collective agreement. Veronica Wänman was elected as the second employee representative.



Mattias Allberg, application specialist, demonstrates the writing head (ejector) for solder paste.

was based on an index from 0 to 100. The evaluation consisted of identity, satisfaction and loyalty, where each part accounted for one third of potential points.

Micronic Mydata came 35th out of 100. The winning company got 75 points. Micronic Mydata came in at 56 points and scored above average in all areas.

During the year, Micronic Mydata worked out a solution for Swedish employees that met the interests of personnel wanting a collective agreement as well as an alternative agreement with conditions established by the company for those who opt out of the collective agreement. The company signed a local collective agreement with Unionen, which represents the interests of a quarter of the company's personnel, and established a model with employee representatives who represent the majority of personnel and their interests.

The company promoted itself to students by participating at an inspiration seminar at KTH (The Royal University of Technology) and at its job market days Armada, and by arranging field days at the company. Another important element of the marketing and networking was participation and presentation of scientific papers at carefully selected technology conferences worldwide.

Micronic Mydata contributes to higher education within technology fields by giving course-related lectures, and by providing and supervising thesis and project work with a high technological content. The company also provides support locally with inspiration seminars and through Hans Buhre's Memorial Fund inspires youth at Åva Gymnasium in Täby to higher studies within technology and the sciences with a yearly scholarship.

### A more efficient organization for sustainable profitability

There were major changes in the organization in 2012 for both management and employees. In order to create a more efficient organisation with sustainable profitability, the company implemented comprehensive organizational changes during the latter part of the year, which meant that 50 persons had to leave the company and the office in Gothenburg was closed. Those who had to leave the company were offered various types of career support. The adjusted organization will provide a stable workplace.

### Focus area employees 2013

Offering a workplace that attracts and retains employees is of major importance. Micronic Mydata will continue to strengthen its management culture and will start working with global management strategies. The training which began last year to help managers develop within situational leadership will continue.

The company seeks to increase motivation through its way of communicating. Goals and strategies should provide clarity, direction and confidence in the future. Strong efforts, projects and activities will be highlighted to inspire and motivate, thereby creating an attractive and enjoyable workplace. The company will again participate in the competition Sweden's Best Workplace with a goal of continuing to develop an attractive workplace. In the same way, activities to attract engineering students from technical universities will continue.

### Occupational health and safety

Micronic Mydata has very few repetitive tasks in its production that can lead to injury and only a few reported incidents. There are certain potential

risks, mainly in the form of laser sources. Use of these is regulated by clear instructions and routines. During the year, personnel who need it received training in Hot Work. The production area workplace environment was improved through a tidying-up project – work surfaces were optimized through uniform workplaces, and packing was moved to the new high-bay warehouse. Visibility of the production hall improved, with no shelves higher than 140 cm.

### The Group's environmental work

During the year, Micronic Mydata managed its environmental efforts by making it easier for personnel to sort waste, and by implementing energy-saving measures in the form of movement sensors for lighting in certain common areas. The new, high-bay warehouse, which was completed during first quarter 2012, allowed the Group to empty a number of storage spaces in the Stockholm area, thereby reducing the need for car and truck transports.

Micronic Mydata works with long-term goals to minimize the company's environmental impact. The Group's greatest environmental impact is in energy utilization, purchasing of materials, chemicals and services, transportation, and utilization of developing fluids and other chemicals.

The company's environmental policy builds on goals for working towards a sustainable society from an environmental perspective. To achieve these goals, Micronic Mydata has formulated a number of commitments. Micronic Mydata strives to operate in the most economical and energy-efficient way possible. The company will inspire and challenge external business partners to follow and respect international environmental regulations. However, the possibility of directly influencing the environmental efforts of

other players is limited. In a global perspective, the Group's main contribution to sustainable development is the provision of equipment that enables development of more energy-effective displays. Micronic Mydata's production has a very low environmental impact. Environmentally-hazardous chemicals, mainly etching acids, chromium, hydrogen peroxide and photo developer, are used only in limited amounts and are handled and recycled in a closed system. The Group has no in-house recycling. Rather, this is outsourced to certified subcontractors. Micronic Mydata's production unit has no permit requirements vis-à-vis environmental authorities except a notification requirement for coolant (HFC) used in the company's cooling plant. Product development and production of pattern generators requires a uniform, cool temperature for cooling of lasers and system electronics. If the coolant HFC were prohibited for environmental reasons, alternative coolants are available.

Activities are not governed by EU directives for Waste Electrical and Electronic Equipment (WEEE) or for Restriction of Hazardous Substances (RoHS). When new products are being developed, environmental aspects are weighed in, both in terms of production and product lifecycle. However, the Group has no take-back responsibility for the products it delivers. ISO 14000 certification of supplier operations is mandatory.

### The Group's quality assurance

During 2012 efforts continued to clarify responsibility for quality levels in respective processes.

Today's electronics industry has a high production pace. Micronic Mydata's strength is to offer high quality niche products. Requirements for increased performance constantly press quality levels upwards, which is why responsibility for quality levels must be secured within respective processes. Quality assurance therefore serves as a support and service function to establish and improve cross-functional processes. The function provides accurate quality data and ensures that relevant quality goals are set. Quality assurance spans the entire value chain, from development and design to sales, production and delivery – in other words, from customer requirements to satisfied customer. This means that the quality concept and quality work must be shared throughout the entire Group and its

Micronic Mydata's energy utilization has been declining for several years as a result of long-term efforts. Since 2008, when a geothermal heating system was installed, utilization has declined.

During 2012, utilization increased slightly. This is explained by construction of the high-bay warehouse with a floor surface of 700 square meters. This investment allowed the company to stop using external storage facilities.

subsidiaries to the highest degree possible. Internal audit of cross-functional work  
To ensure that work is conducted cross-functionally, the company conducted internal auditor training for a total of ten representatives from various parts of the headquarters organization during the year. The training and the Group's vision is to conduct audits that focus on the current situation and what steps need to be taken to achieve established goals. In this way, Micronic Mydata ensures continuous development of its processes.

Visualization of process outcomes  
Another important aspect of process development is to visualize process outcomes. During the year, intensive efforts have been made to visualize the outcome of the delivery process and the result is that the most important metrics (cost, precision and quality) can now be followed in real time.

Process for product development clarified  
Review and coordination of cross-functional pro-

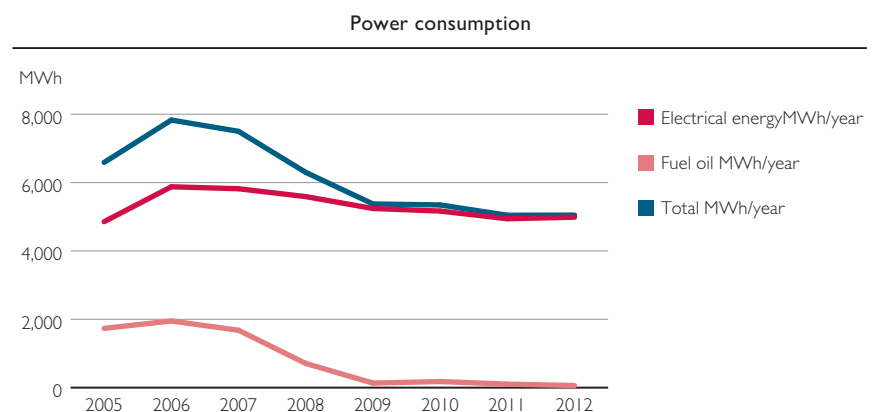
cesses continued during the year, with greatest focus on product development. A business development project was carried out to clarify how the company chooses and manages product development, and aligns, coordinates and makes the project model for development more effective. Additionally, processes to release changes to products have been worked out in detail.

Unified work methods globally

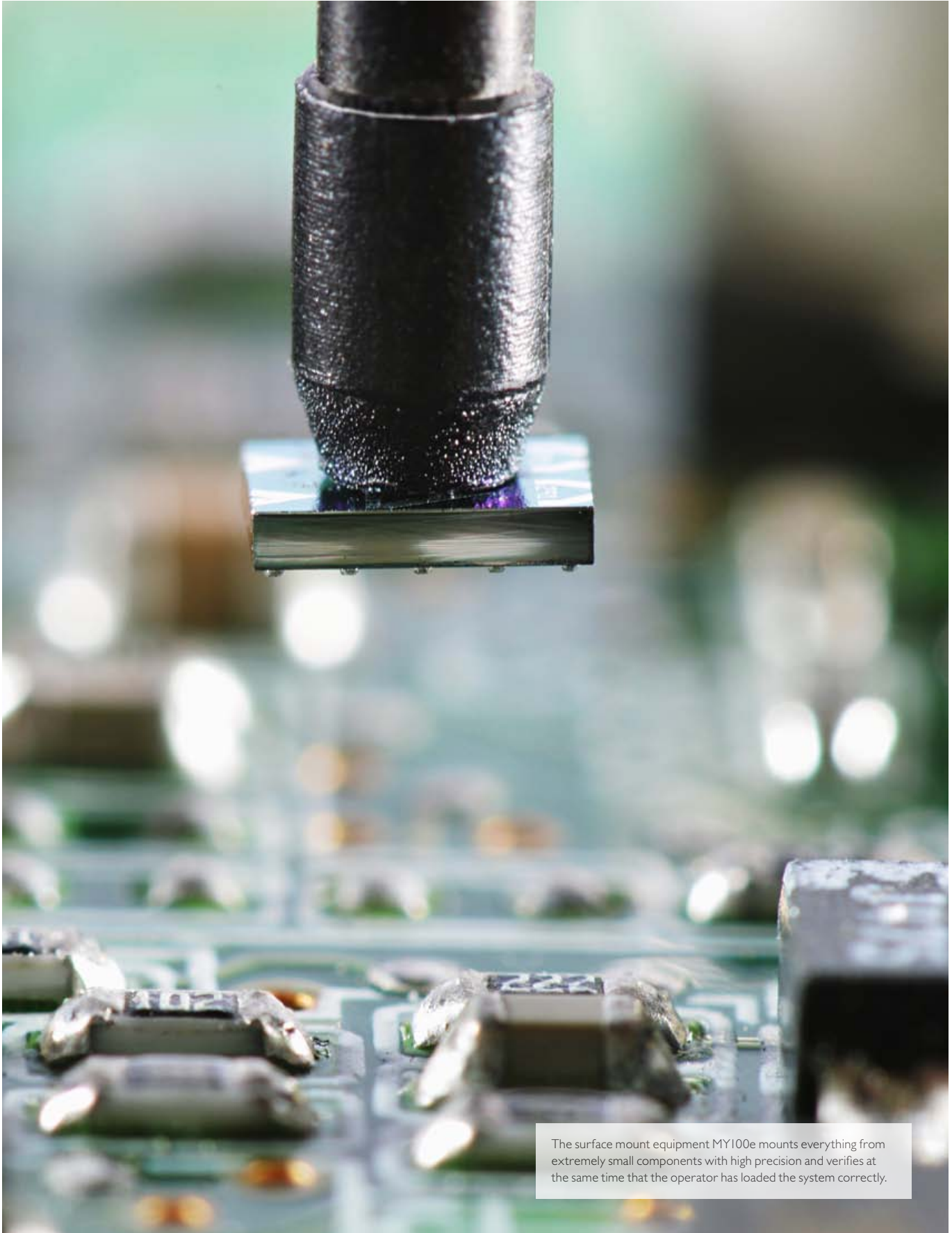
Major improvement efforts have been put into developing an entirely new case management system. The system has given the support organization worldwide an overview and a possibility for analysis that was previously lacking.

Focus area quality assurance 2013

In order to maintain efforts and focus on ensuring that responsibility for quality assurance lies within each process, the company needs relevant and accurate quality data. To further develop this, Micronic Mydata will continue efforts to unify the case management system in 2013 and to visualize quality data.







The surface mount equipment MY100e mounts everything from extremely small components with high precision and verifies at the same time that the operator has loaded the system correctly.



# Operations in two business areas

Micronic Mydata provides cost-effective and innovative solutions for manufacturing electronics products. Through two business areas, the company offers equipment to several levels of the manufacturing chain within the electronics industry.

Micronic Mydata offers production equipment for the manufacturing of electronics products through two business areas, SMT and PG.  
Sales include systems and aftermarket services. Aftermarket sales accounted for 44 percent of total sales in 2012.

**Business area PG 2012**  
43% of total sales



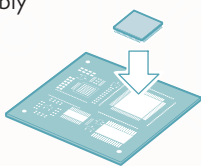
**Business area SMT 2012**  
57% of total sales



### Electronic equipment



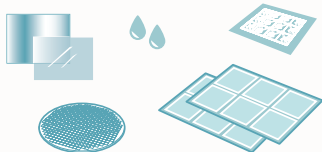
### Assembly



### Electronics components

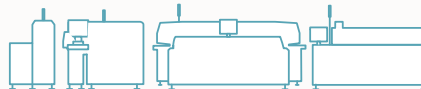


### Electronics material

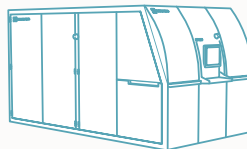


## Micronic Mydata's place in the electronics industry's manufacturing chain:

### Surface mount equipment



### Direct writer



### Mask writer



### Products

#### Surface mount equipment:

- Jet printing: MY500
- Pick and place: MY100

#### Direct writer:

- Electronic packaging: LDI

#### Mask writer:

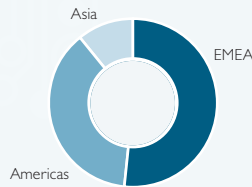
- Semiconductor: Sigma Omega
- Display: Precision LRS
- Electronic packaging: FPS

# Business area Surface Mount Technology (SMT)

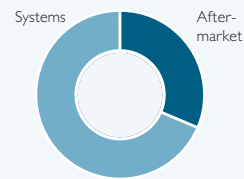
This SMT business area provides production solutions under the brand name MYDATA and holds a leading market position in the segment for flexible electronics production. SMT forms the link between the semiconductor industry and the finished product.

Business area SMT	2012	2011
Net sales, SEK million	778	804
Order intake, incl service, SEK million	734	791
Gross margin, %	43	43
Operating profits/loss, SEK million	106	139
Operating margin, %	14	17
R&D expenses, SEK million	85	70

Net sales 2012, SEK 778 million by geographic market



Net sales 2012, SEK 778 million by application



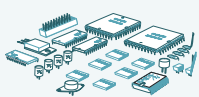
Micronic Mydata's SMT machines complete the PCB in two process steps. Firstly solder paste is applied on the PCB's contact surfaces, followed by mounting of the components.

1. A digital description with information about the circuit board's dimensions, material list, contact surfaces and component location is translated into a machine program.
2. Solder paste is applied to the PCB's contact surfaces and then the components are mounted. The equipped board is heated in a soldering oven and the contact surfaces of the component and circuit board are joined.
3. The finished circuit board size can vary significantly and it can be equipped with anything from a few components, up to several thousand. All are assembled with micrometer precision at extreme speeds.

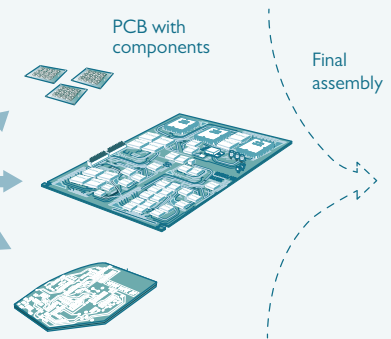
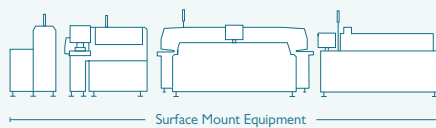
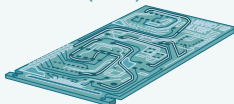
### Software



### Components



### Printed Circuit Board (PCB)



4. The finished circuit board then passes through an additional processing step, final assembly, where the final product is produced.

### Overall goals for SMT

Micronic Mydata shall continue to expand its leading position in the high-mix segment for SMT equipment by strengthening its product portfolio and expanding into new markets. The high-mix segment is made up of that part of the market that demands flexible equipment for mounting shorter series of advanced circuit boards. Micronic Mydata shall optimize the value of its products for its customers by expanding its range of offerings in the aftermarket, which is primarily made up of service, accessories, software and upgrades.

### Micronic Mydata enriches our everyday lives

Electronics products have become so pervasive in recent years that in many cases we are not even aware of them.

They can be found in all kinds of environments and are used in a wide range of applications; everything from a pure entertainment to life-saving medical equipment, such as pacemakers. Electronics makes it possible to communicate via satellite, watch TV or determine where we are on Earth.

As electronics become smaller and cheaper, their functionality is simultaneously expanding, and increasingly higher demands are being placed on electronics manufacturers. For 30 years, Micronic Mydata has been developing innovative and flexible production solutions that make it possible for the electronics

industry to provide the products that simplify and enrich our everyday life.

### Financial performance

2012 was a continued good year for the business area.

In a global market for SMT equipment, where the demand dropped by 20 percent, Micronic Mydata gained market share. Sales amounted to SEK 778 (804) million, a decrease of 3 percent. The MY100 surface mount machine accounted for 85 percent of system sales, while the jet printer for applying solder paste, the MY500, accounted for 15 percent. Aftermarket sales, including accessories, spare parts, software and service, increased by 5 percent. Sales were positively affected by currency trends. Converted to the same exchange rates which prevailed during the previous year, sales amounted to SEK 772 million.

The order intake, which includes aftermarket sales, amounted to SEK 734 (791) million, a reduction of 7 percent compared with the previous year.

The gross profit amounted to SEK 336 (342) million, representing a gross margin of 43 (43) percent. The product mix of delivered systems was comparable to the previous year. In terms of the aftermarket, the product mix has changed to include a higher percentage of service.

The business area's operating profit amounted to SEK 106 (139) million, which is equal to an operating margin of 14 (17) percent. The costs for development, sales and administration increased to SEK 164 (143) million. Selling expenses increased somewhat as a result of the strategic business development, including investments in the sales organization.

Expenses for research and development have

negatively affected the operating profits by SEK 69 (64) million. The increase is due to a higher percentage of product development at the end of the year. Previously capitalized development has been amortized in the amount of SEK 16 (15) million. There was no capitalization of development during 2012.

### Micronic Mydata's offerings

Micronic Mydata offers surface mount machines, software, inventory solutions and peripheral equipment that can handle all types of components and circuit boards. This solution enables efficient and flexible electronics production, with the highest quality and the market's shortest change-over times. Micronic Mydata is focusing on the market segment producing electronics with a relatively high added-value. This is where high quality, short change-over times and flexibility are very important.

Within these segments, electronics production is characterized by a broad spectrum of technology, an increasing number of applications and product variations, as well as shorter product lifecycles. This results in a growing challenge for manufacturers to achieve cost efficiencies in a very dynamic production environment.

A clear trend in the industry is that high-volume producers of, for example, consumer and automotive electronics, are increasingly confronted with these challenges.

In order to apply solder paste on circuit boards, Micronic Mydata uses its own, revolutionary technology - jet printing - which challenges the traditional method for applying solder paste with stencils. Jet printing provides electronics manufacturers access to a software-controlled process that offers rapid change-overs between products, high production quality and greater freedom for the circuit board designer.

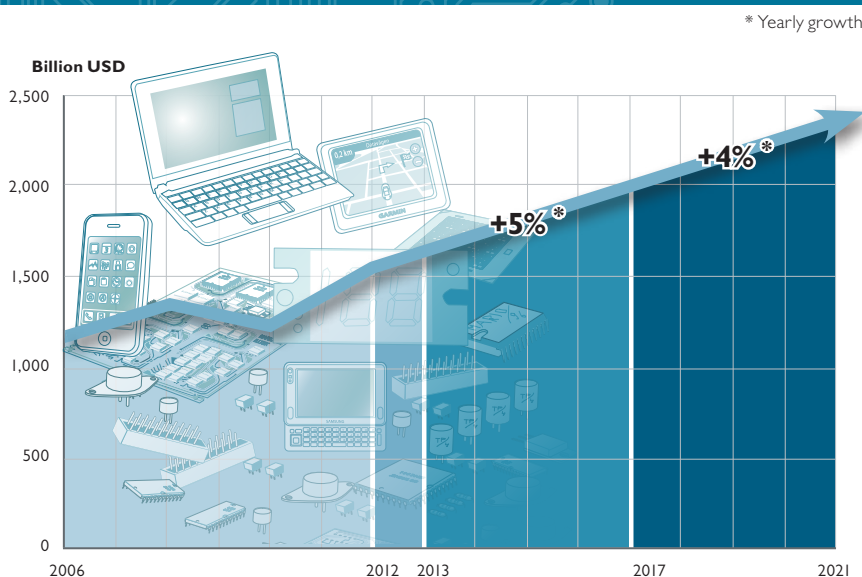
### Product portfolio

Micronic Mydata's product offerings are described in the table on page 22. Micronic Mydata offers a complete solution for flexible production of electronics. The products are well integrated in terms of the software, which creates synergies and a high degree of automation. The product range can be divided into component mounting, (pick and place), machines for applying solder paste (jet printing), and products for logistics and material flow (e.g. SMD Tower). In addition, aftermarket services are also offered within a number of areas, such as installation, service, training and production optimization.

### Market drivers

Consumers place high expectations on new electronics products and are demanding higher performance at a lower price. In order to meet

## Growth within the electronics industry



these requirements and simultaneously deliver products with a high level of quality, the electronics industry needs flexible equipment that provides higher production capacity while maintaining process quality. Suppliers of equipment to the electronics manufacturing industry must provide systems with a high level of capacity and accuracy that can efficiently handle shorter product lifecycles and an increasing number of product versions. For the foreseeable future, there does not appear to be a technology shift that would lead to a significantly different production process. However, the miniaturization of electronics products, primarily consumer products, is driving the trend toward increasingly smaller components and circuit boards with greater packing density.

Three key demands are driving new investment in SMT systems. These include increased production capacity, the introduction of new production technologies, and the need to replace older production lines. The total capacity requirements of the electronics industry strongly affect how the market will develop.

### The market for SMT equipment

Micronic Mydata operates within the electronics industry. After a decline in 2009 the electronics industry has had a positive trend and is expected to grow by 4 percent in 2012 which corresponds to USD 1,560 billion (Prismark, August 2012). The semiconductor market is a part of the overall electronics industry and in turn affects demand of SMT equipment. During 2012, the semiconductor market decreased by 3 percent compared with 2011 and reached USD 290 billion (Prismark, December 2012). After a weak start, the year is expected to have

ended in a positive trend. The market for SMT equipment normally follows the semiconductor market with a delay of a few quarters.

The global market for SMT equipment showed a reduction of 20 percent in 2012 compared to the previous year and a market size of USD 2.5 billion (PROTEC MDC, January 2013).

The global equipment market for applying solder paste where Micronic Mydata offers the MY500 also showed a decline of 20 percent in 2012.

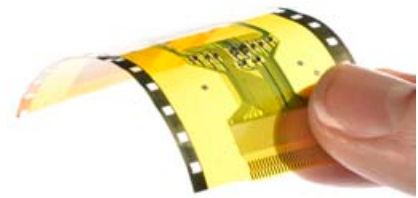
### Market position

Micronic Mydata is the market leader within the segment for flexible production of electronics, thanks to a unique combination of high quality and innovative system solutions. In addition to offering a large amount of flexibility and rapid change-overs, Micronic Mydata's products also minimize the need for operators to handle the equipment. For the customer, this means shorter lead times during production and the ability to realize a low production cost.

The new generation of surface mount machines, MY100e, with significantly higher production capacity, has expanded the available market to include longer production series, such as those found in the automotive industry.

There are approximately 4,300 MYDATA machines installed with more than 2,000 customers around the globe. More than 90 percent of the business area's sales are for export. The customers are contract manufacturers in the electronics industry or companies that manufacture their own products. These can be found in the aerospace, aviation, energy, medicine,

### Did you know that...

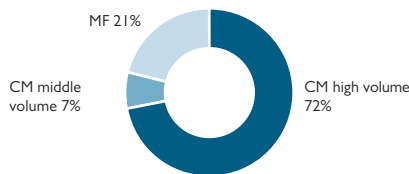


... jet printing technology is optimal for applying solder paste on extremely thin and flexible circuit boards without touching them. These boards are often found in ultra miniaturized consumer electronics products.

computer and telecom industries among others. Customers range from small producers to the largest global electronics producers. However, all of them have in common low to medium volume production levels, where the circuit boards contain the latest technology and have a high level of added value. The customers depend on flexible equipment that allows for rapid change-overs between different products and which can also handle the most advanced components with a high level of production quality.

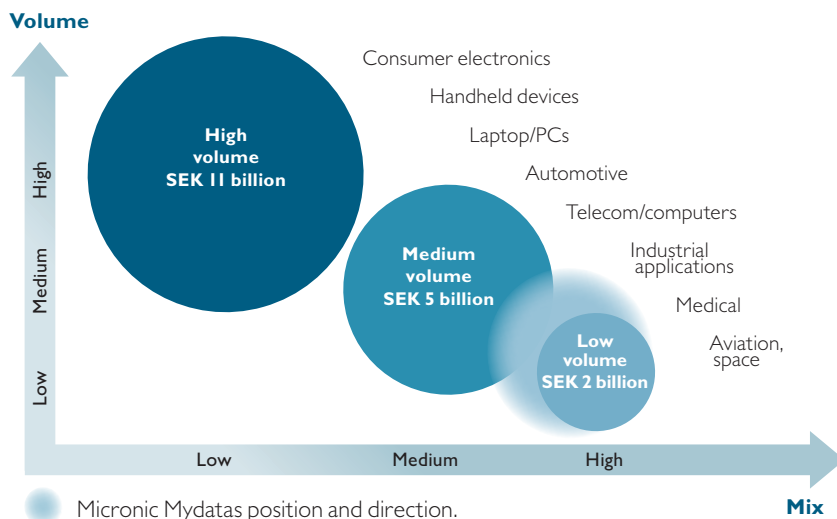
A typical customer is a manufacturer with two or three production lines, who produces a number of different products, is cost-conscious and faces constant challenges in the form of new types of components and printed circuit boards. The manufacturers are also highly dependent on maintaining a high level of quality and service for their end customers. Most of the customers are located in the US and Europe, where

World market SMT equipment  
SEK 17 billion (USD 2,5 billion)

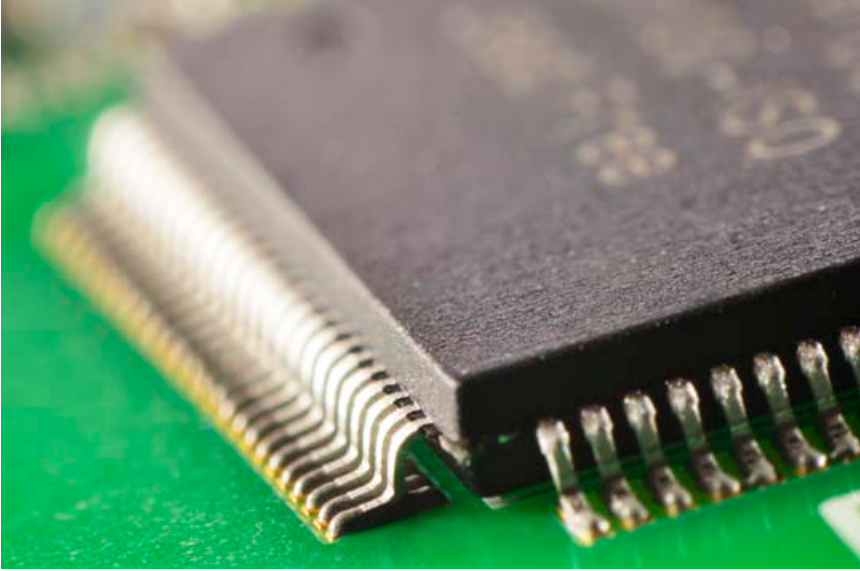


Distribution between chip mounters (CM) and multifunction machines (MF) who handle all types of components. Micronic Mydata's products address medium volume MF and CM. During 2012, the global market decreased by 20 percent overall. At the same time, Micronic Mydata experienced relatively strong growth and gained market share.

World market SMT equipment, SEK 17 billion (USD 2,5 billion)







labor costs are relatively high. The high degree of automation and the short change-over times are therefore of high importance for the majority of the business area's customers.

As more and more electronics manufacturers around the world produce ever shorter product series, the demand for flexible production equipment that can allow for fast change-overs is growing. This creates opportunities for growth in new markets. Micronic Mydata continues to invest in Asia and plans to further strengthen its market presence in China.

The SMT market includes roughly a dozen players of varying size and geographic range.

In terms of solder paste application, Micronic Mydata is unique in offering stencil-free jet printing technology with the MY500. However, there are a number of players in the market who all offer the traditional process method, stencil printing.

### Market outlook

The business area's primary markets in the US and Europe recovered in 2011 and returned to the levels that existed prior to the recession. The market situation, despite a generally weak market for SMT systems in 2012, remained stable for the business area, with favorable trends in North America and in a number of markets in Europe and Japan. Based on the estimated growth in the semiconductor market over the coming years, Micronic Mydata projects a stable market development for SMT equipment, although there is some uncertainty regarding the financial turbulence in the world market, which may have a dampening effect on growth.

Micronic Mydata has strengthened its market position in the segment for flexible electronics production. With the surface mount product line enhanced by the new MY 100e the company can also offer flexible production solu-

tions for customers with high demands in terms of mounting speed.

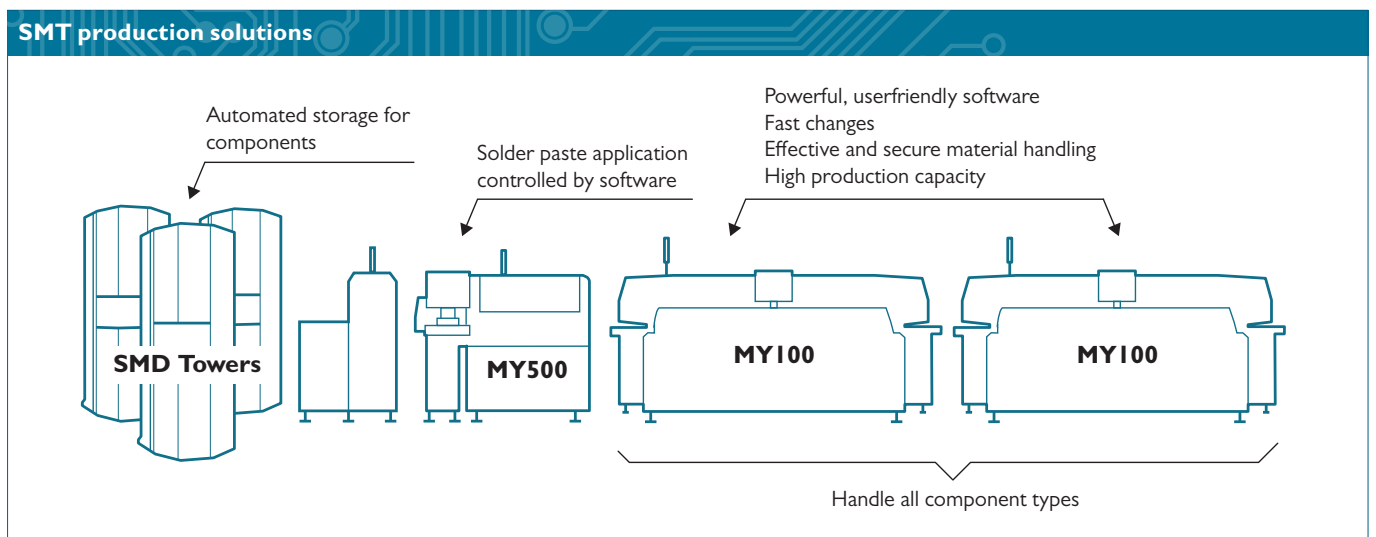
Micronic Mydata also continued during the year with targeted market investments including in China, where the service business has been expanded, a number of key persons have been recruited and the market position has been strengthened with new agents. A new local office was opened in Shenzhen in Southern China where a new demo center also was inaugurated.

### Aftermarket

The aftermarket is an increasingly important part of the business for the Group and provides service and maintenance, training, upgrades and accessories.

The business area offers service and aftermarket sales via the Swedish company and the local subsidiaries. In addition, there are roughly 70 distributors and agents who are part of the global sales and service organization. Support and service is handled by service technicians from roughly 30 service centers located around the world. Likewise, these service technicians receive support from application centers in Sweden, Singapore and the US, who also provide global support around the clock directly to the customer.

SMT equipment is a critical part of the production process for electronics, which means that customers demand products and services that can ensure a high level of availability and process certainty. The primary offering is service contracts with various terms; from basic machine maintenance to agreements that include spare parts, training and software upgrades. The training is aimed at production staff and covers operation, programming and maintaining production systems. As a complement, services are also available to optimize production processes and support improvement efforts.



Because the electronics industry is constantly evolving and new technologies are being introduced to the production process, there is a need to modernize the installed base. Therefore, there is a wide range of upgrades and accessories available that allow the customers to keep up with technology developments. The lifecycle for most systems is relatively long, and it is not unusual to find machines in production that are ten years old or older. The oldest systems are kept in operation, but they are often used for more mature products with less demanding technology.

In 2012, the Group continued to invest in expanding its aftermarket offerings, primarily in the form of service contracts. This investment has resulted in an increased demand from the business area's customers for products and services to modernize and streamline production equipment. Aftermarket sales grew by 5 percent and amounted to 32 percent of the business area's total sales.

### The development of current and future SMT solutions

The development projects are divided into technology development, prestudies and product

development. Technology development concerns projects with a long-term strategic focus. Prestudies combine market studies, technology studies and project preparations designed to start product development projects.




Development investments during the year During 2012, product development focused on reducing operating costs for our customers, primarily through reduced consumption of additional material and through a more efficient production process.

Developing the SMT aftermarket business is important for strengthening competitiveness and achieving long-term, sustainable profitability. Over the year, the company focused on continuing to develop existing products, among other things by launching upgraded versions of accessory software.

The business area's successful material handling software has been replaced by a more modern platform that provides a graphical guide for operators when loading component feeders. At the same time the software monitors the consumption of material in real time as well

as the flow of components in the factory. This provides the customers a unique advantage to ensure efficient and continuous production. The software suite also includes a powerful planning and optimization program that received a completely new optimization engine during the year. The result is a better scheme for how the component feeders should be placed in the machine, thereby achieving higher mounting speeds and improved productivity.

Within the field of ejector technology for applying solder paste, previous years' investments and efforts to improve lab equipment have started to yield results. During the year, Micronic Mydata made a number of key breakthroughs, which provided the company with important knowledge in terms of how to meet the industry's future needs for more advanced manufacturing methods. A large part of the development work in ejector technology takes place in close cooperation with suppliers and research institutes. One example is the partnership with Chalmers School of Engineering in a program financed by the Swedish Research Council (Vetenskapsrådet).

Business area Surface Mount Technology			
Application	Component mounting	Solder paste application	Logistics & material flows
			
Products	<ul style="list-style-type: none"> <li>• MY100 • Software for preparation and optimization</li> </ul>	<ul style="list-style-type: none"> <li>• MY500 • Software for preparation and optimization</li> </ul>	<ul style="list-style-type: none"> <li>• SMD Tower</li> <li>• Software for material handling</li> </ul>
Primary customer segment	Electronics manufacturers with requirements for short change-over times, high quality and flexible production.		
Alternate customer segments	Electronics manufacturers with special applications or one-off production.	Electronics manufacturers with special applications that cannot be handled by stencil printers.	Electronics manufacturers with large volumes and demands for efficient logistics flows and high quality.
Driving forces/ Challenges	End consumers are placing high demands on new electronics products and require higher performance at a lower price. Miniaturization of consumer electronics is driving the trend toward circuit boards with greater packing density and smaller components.		
Effects on Micronic Mydata	Micronic Mydata must provide equipment with a high level of quality, capacity and a degree of automation that allows for cost-efficient production. Micronic Mydata must follow the industry's development toward shorter product lifecycles and ever smaller components.		
Market position	Leading market position in the segment for flexible production of electronics.		
Competitors	Within the high-mix segment, there are a few small players, such as Europlacer. Within consumer electronics, a number of larger manufacturers dominate the market, including Panasonic, Fuji, Yamaha, Juki, ASM, Universal Instruments and Samsung.	Jet printing technology challenges the traditional stencil printing technology with brands such as DEK and Speedline. When the speed requirements are lower, Micronic Mydata also competes with companies such as Speedline and Asymtek, which offer dispensing equipment.	In the segment for storage solutions for electronics components, there are a few competitors, e.g. ESSEGI and MIMOT.



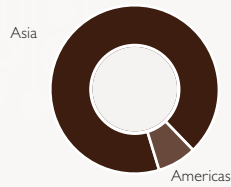
Micronic Mydata's mask writers are a condition for producing the displays and many of the components found in smart phones and tablets.

# Business area Pattern Generator

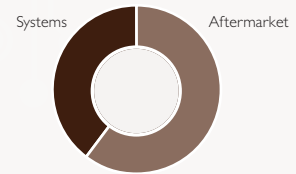
The business area Pattern Generator (PG) offers production solutions for pattern generation, which enable the development of more efficient electronics products and of new products with improved functionality.

Business area PG	2012	2011
Net sales, SEK million	576	394
Order intake, incl. service, SEK million	546	423
Gross margin, %	48	37
Operating profit/loss, SEK million	-91	-198
Operating margin, %	-16	-50
R&D expenses, SEK million	200	215

Net sales 2012 SEK 576 million by geographical market

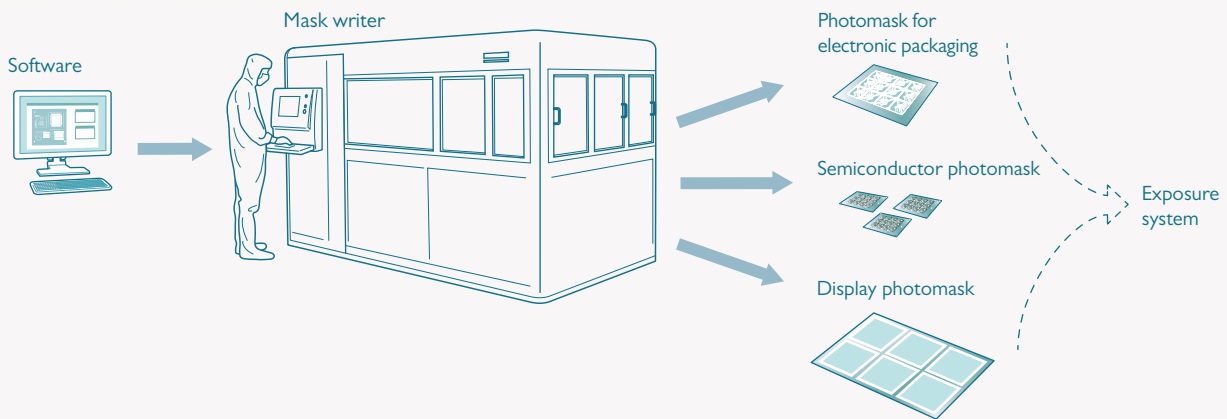


Net sales 2012 SEK 576 million by application



Micronic Mydata's mask writers are used to write photomasks. The photomasks function as templates for mass production of displays, semiconductor chips and for electronic packaging.

1. In order to manufacture electronic components a pattern, a component design, must first be created in a CAD system.
2. The pattern is written with a Micronic Mydata pattern generator onto a photomask, a plate of glass coated with a light sensitive material.
3. The photomask functions as a negative in a photographic process. Using an exposure system, the photomask can be repeatedly copied.





### Behind today's and tomorrow's consumer electronics technology

Smart phones and tablets have quickly become a great success. We can chat, create, search and surf the Internet from virtually anywhere in the world. All manufacturers want to offer products that have high resolution displays, long battery life, the ability to run multiple applications and yet still remain user-friendly. Products such as smart phones and tablets are driving the development of electronic solutions. Micronic Mydata's mask writers are needed to produce the display panels and many of the components found in these products.

### Micronic Mydata's offerings

Micronic Mydata offers pattern generators that address the needs of today and tomorrow in terms of photomask production. The product offering includes complete systems, service contracts and other accessory products. Annual system sales includes only a few systems, and so aftermarket sales are critical for ensuring sustainable profitability. In recent years, Micronic Mydata has developed the aftermarket business, so that today it currently accounts for around half of the total sales for the business area.

The business area has roughly 30 customers located around the globe. Local subsidiaries in Japan, South Korea, China and the US create opportunities for efficiently meeting the different needs of these customers. In Taiwan, the business is represented through an agent.

### Financial performance

For 2012, the business area reported an operating loss of SEK -91 (-198) million. The operating margin for current product areas, mask writers and the aftermarket, reached 34 percent.

Sales amounted to SEK 576 (394) million and included 3 (2) systems. The first LDI system was delivered and invoiced. The delivery of a Prexision-8 mask writer for advanced display panel applications, at a higher price than previously, as well as continued good growth in the aftermarket that increased by 18 percent in 2012, accounts for the increase in sales. Sales have been positively affected by currency trends. Converted to the same exchange rates which prevailed during the previous year, sales amounted to SEK 557 million.

The order intake amounted to SEK 546 (423) million and includes 1 (3) systems along with aftermarket sales.

The gross profit amounted to SEK 276 (146) million, which is equal to a gross margin of 48 (37) percent. The gross margin has been affected by non-recurring costs of SEK 27 million, by the mix of systems sold as well as the mix of products and services delivered for the aftermarket. Spending on research and development amounted to SEK 200 (187) million. The majority of this, SEK 178 (174) million, is related to LDI, which had its development pace decline in the fourth quarter.

The operating profit of SEK -91 (-198) million, was affected by an LDI operating loss of

### Overall goals for PG

Micronic Mydata shall maintain its strong position in the market for mask writers for photomask production by offering production solutions for current and future needs.

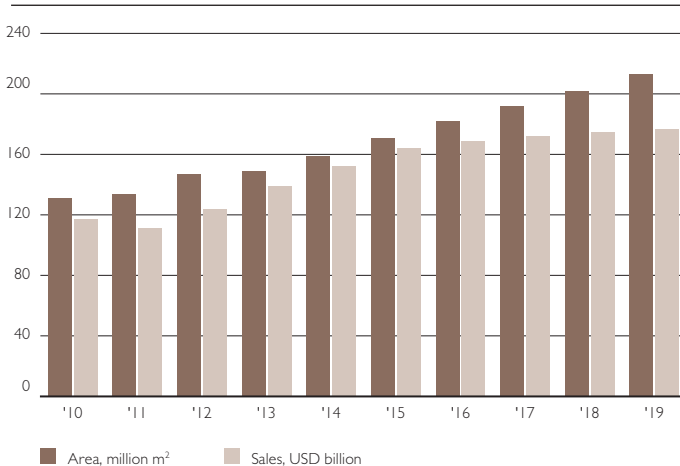
Micronic Mydata will use LDI to capture a leading position in the market for exposure equipment for electronic packaging and provide the company's customers with the conditions to move to the cutting edge of advanced electronic packaging.

Micronic Mydata shall optimize the value of its products for its customers by expanding its range of offerings in the aftermarket, which is primarily made up of service, upgrades and accessories.

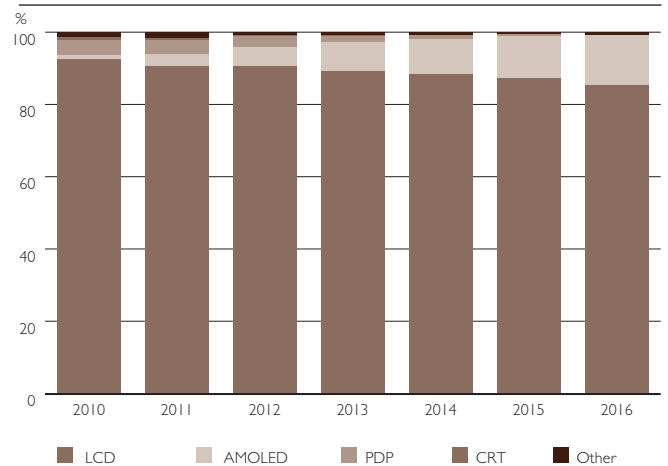
SEK 282 (174) million, which includes non-recurring costs of SEK 128 million. This refers to impairments for inventory and non-current assets. The corresponding amount from the previous year only concerns development costs for LDI.

The higher aftermarket sales have also resulted in increased costs for sales commissions. The investment in LDI increased the selling expenses overall for 2012, but these decreased during the fourth quarter.

Displays, estimated sales area



Sales divided by technology, %



### High quality displays

Flat panel displays can be divided into three main categories based on the technology that they represent.

TFT-LCD is the dominant technology and close to 90 percent of all displays use LCD technology (DisplaySearch, Sept 2012). The manufacturing process is continuously being optimized, which has resulted in very competitive pricing for TFT-LCD displays.

Plasma display panels (PDP) are produced in lower volumes but can still compete in terms of price with TFT-LCD within the large display panel segment. However, the technology is expected to completely disappear over the coming years.

AMOLED (Active Matrix Organic Light Emitting Diode) has gained ground recently particularly in smart phones. Many manufacturers are currently investing in this technology. An AMOLED display is simpler than a TFT-LCD display and can result in lower production costs over the long term. An AMOLED display also has the ability to become more energy efficient, thinner and offer better image quality than a TFT-LCD display. In addition, the technology provides better conditions for manufacturing displays that are flexible.

Both the TFT-LCD and AMOLED technology require photomasks written with Micronic Mydata mask writers.

### The display market

During the year, a large number of mobile products with high resolution displays were launched. These products included Apple's new iPad, which set a new standard for tablet computers with a 262 PPI (pixels per inch) display, as well as the iPhone 5 LCD display, which is considered to be the most advanced display ever produced. Both Sharp and LG Display launched 5 inch LCD screens with full HD resolution during the year.

Despite the many new innovations, most flat panel display manufacturers showed weak profitability during 2012. The average degree of utilization in the factories at the start of the year was low, but increased gradually during the second half of the year. One reason for the low degree of utilization was the sale price for many displays being too close to the production cost. Therefore, there was limited incentive to manufacture these types of displays.

However, the demand for advanced displays for mobile applications, such as tablets and smart phones increased during the year, which has led to a relatively stable pricing for these products. Therefore the total sales for the industry and the total display area produced increased gradually during 2012 (DisplaySearch, January 2013).

In South Korea, Samsung merged their production units for AMOLED and LCD into a new company, Samsung Display, which becomes the world's largest display manufacturer.

In total, sales for the display industry in 2012 were estimated at USD 124 billion, which is 12 percent higher than sales of USD 111 bil-

lion in 2011. For 2013, the forecast includes further increase to USD 139 billion (DisplaySearch, January 2013).

### Display market drivers

Display manufacturers are continuously striving to develop thinner displays that use less power and offer better image quality. The manufacturing process is being thoroughly scrutinized to uncover areas where costs can be reduced. At the same time, several manufacturers are trying to take a technological leap forward to be able to offer products that can utilize flexible, extremely thin displays.

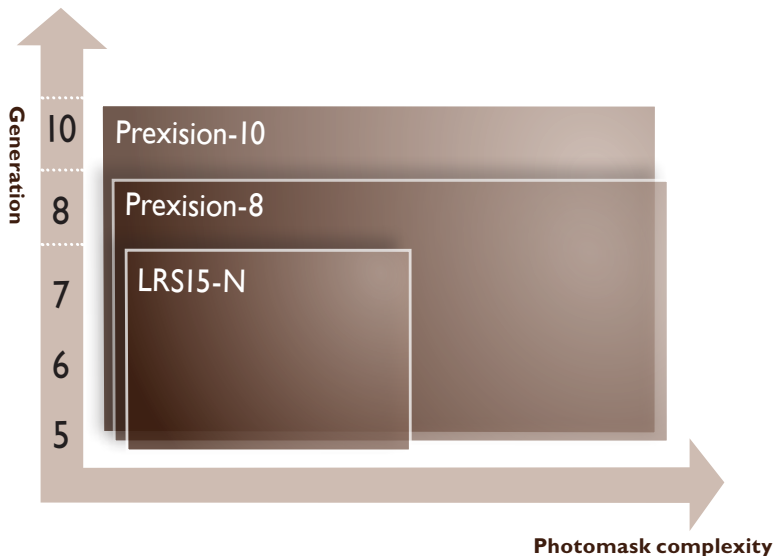
The trend toward thinner displays is being driven primarily by consumers who want lightweight and elegant products. For manufacturers, a thinner display means that they can charge a higher price, but they can also reduce their inventory and transport costs. One important step in the development of thinner TFT-LCD screens was the introduction of compact Light Emitting Diodes (LED) as a light source. A LED uses considerably less electricity, which results in a longer battery life for mobile products. The current design of the LCD display means that only a fraction of the light reaches the reader's eye. In order to lengthen battery life even further, manufacturers are trying to improve the light transmission of the screens.

Because the displays on mobile products, such as mobile telephones and tablets, are being used in an increasing number of areas of application, the demands for image quality are increasing. The screen resolution, viewing angle and refresh frequency are increasingly important. The highest-resolution displays are therefore found in mobile telephones and tablets where > 250 PPI is becoming the standard. The update frequency also gradually increases because moving images become sharper the higher the frequency. Certain 3D-technologies require twice the refresh frequency in order to provide the same image quality as 2D.

There is a fierce competition between display manufacturers. Low production costs are therefore critical for achieving profitability. Cost-cutting in combination with increased volumes is leading to older, less productive factories gradually being closed down, and production of small and medium-sized displays being moved to modern G6-G8 factories.

The photomask market – display-applications  
 Approximately ten photomasks are needed to produce one AMOLED or one TFT-LCD display panel. In most cases, display manufacturers purchase photomasks from subcontractors – so-called “mask shops” – which are companies that specialize entirely in producing photomasks. The five largest display manufacturers all use at

### Product positioning mask writers for display applications



Mask writers from the Precision series is needed for the most advanced photomasks. LRS15-N is a replacement tool for manufacturing mature photomasks for display applications.

least two photomask suppliers to ensure delivery times and to get the best possible price. Due to the recent overcapacity among photomasks producers, the prices for photomasks have been forced downward. Overall, sales have decreased despite the volumes of photomasks increasing.

At the beginning of 2012, the degree of utilization for the installed base of mask writers dropped somewhat, only to then increase as a result of an increased demand for photomasks for mobile applications. The prices continued to drop during 2012, but at a somewhat slower pace.

**Market position- mask writers for displays**

Micronic Mydata has a strong position in the mask writer market for display panel applications. All the manufacturers of TFT-LCD displays currently use photomasks written on the company's mask writers.

Many installed mask writers are now over 10 years old. Micronic Mydata has therefore launched a replacement product, the LRS15-N, for producing the more mature photomasks needed for display applications. Manufacturing more complex photomasks requires the advanced mask writer, Prexision.

**Market outlook – mask writer for displays**

In line with consumption, the total display area is expected to show a gradual increase, particularly in developing countries. As a result of price reductions, however, sales are expected to increase at a slower pace than volume. A gradual shift towards more advanced displays will contribute to ease the price drop. Mobile applications are predicted to increase their market share. Production is also expected to be shifted toward more productive G6-G10 factories.

During 2011 and the start of 2012, TV sales

were generally weaker than predicted. New investment in factories that produce large displays has therefore stopped, with the exception of China. The Chinese TV market has grown rapidly to become the single, largest market in the world. With financial support from the Chinese government and the provincial governments, several display manufacturers established operations in China. Despite the increase in sales volumes at the end of 2012, there is some concern that the gradual increase of production capacity in China will mean the end of stable prices.

The forecast for total investment in production equipment for display manufacturing is estimated at USD 7.5 billion for 2013, double the historically low level in 2012. The majority of the investments are made in factories intended to produce AMOLED and high resolution LCD displays.

For photomask manufacturers, this development has meant that the volumes of smaller photomasks have increased during the year, while the volumes for larger photomasks (G7-G10) have remained relatively constant. Over the next four years, the volume of photomasks is expected to increase by an average of 3 percent per year. (DisplaySearch, November 2012).

The trend toward larger volumes of smaller displays and more stable volumes of larger displays is reflected in photomask requirements. The strong demand for high resolution displays and the introduction of new manufacturing techniques, such as AMOLED, also means that requirements placed on photomasks are increasing. Modern mask writers are therefore in higher demand and utilized increasingly in photomask manufacturers' production. Demand for photomasks is stable, which has contributed to a slackening of the downward pressure on pho-

tomask prices. This also resulted in an order for a Prexision-8 system during the year.

Despite more stable demand for photomasks in 2012, the situation for photomask manufacturers – as for display manufacturers – continues to be difficult with weak profitability.

The degree of utilization for mask writers is expected to be relatively stable going forward.

**The semiconductor market**

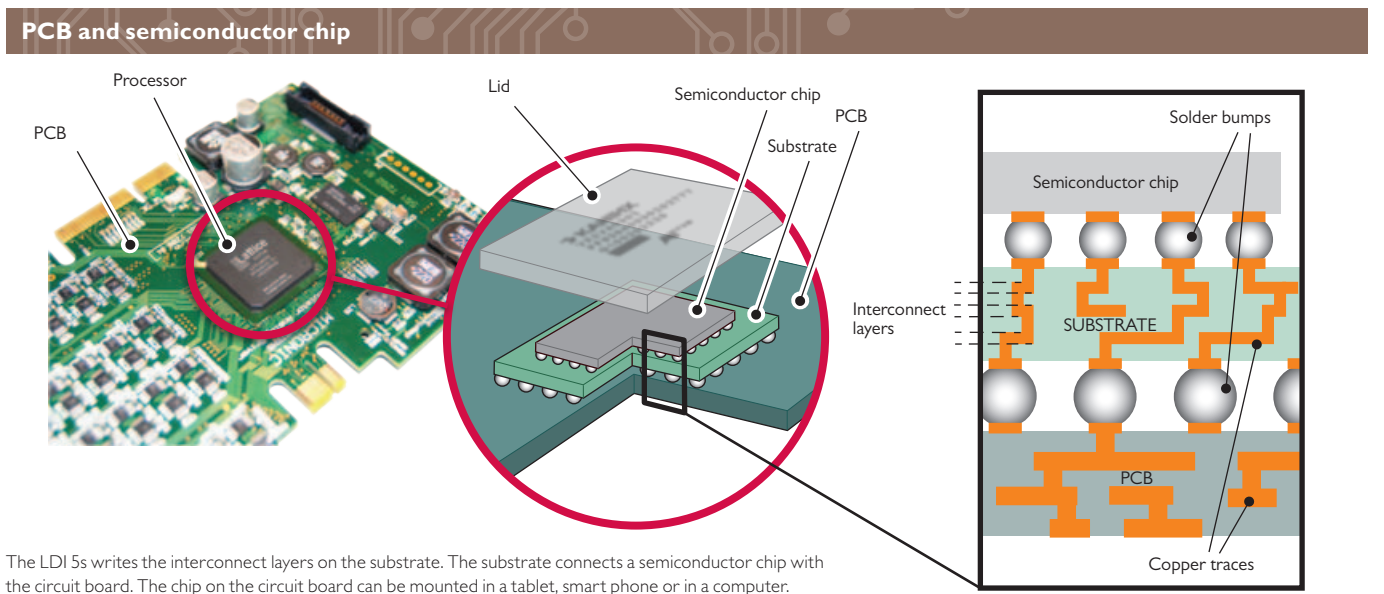
Semiconductor sales for 2012 are estimated to amount to USD 290 billion, which is a decrease of 3 percent compared with 2011's historic high sales. The forecast for 2013 is for weak growth (Prismark, December 2012).

**Market drivers – semiconductor market**

The main factors that are driving the semiconductor industry are cost-reduction, increased functionality and more mobile products. By making circuits smaller, more chips will fit on a silicon wafer, reducing the cost per chip. At the same time, the semiconductor uses less power, takes up less space, and there is more functionality in a given area. Overall, this results in manufacturers systematically reducing the width of the interconnect from year to year in accordance with "Moore's Law". For the photomask industry, this development means that customers are continuously demanding photomasks with higher resolution and better image quality.

**Market position – mask writers for semiconductors**

Micronic Mydata is an established supplier of laser-based mask writers for the semiconductor market. The systems that Micronic Mydata offers are requested primarily by photomask manufac-



The LDI 5s writes the interconnect layers on the substrate. The substrate connects a semiconductor chip with the circuit board. The chip on the circuit board can be mounted in a tablet, smart phone or in a computer.

riters who need more capacity for mature technology nodes. Most of the current investment in mask writers, however, is made in so-called electron beam writers, which offer higher resolution. The electron beam writers are however less productive than laser-based mask writers, meaning there is still interest in investing in laser-based systems for those cases where the resolution is sufficient.

The dominant supplier for electron beam systems is NuFlare Technology in Japan. Apart from Micronic Mydata, Applied Materials also offers laser-based mask writers.

Micronic Mydata's Sigma 7700 is the most advanced, laser-based system and offers high productivity. The system can be used to write photomasks down to the 22 nanometer technology node.

Market outlook – mask writers for semiconductor

Capital investments amounted to USD 56 billion in 2012 (Prismark, December 2012).

During 2011, the market for photomasks used for semiconductor applications reached a sales record of USD 3.12 billion. The number of photomasks used annually in semiconductor applications is predicted to remain stable at around 600,000 units for the foreseeable future. Because prices on the most complex photomasks are expected to increase, sales are forecasted to grow 5 percent annually until 2016 (VLSI Research, July 2012).

The investments in photomask production equipment also hit record levels in 2011, amounting to USD 1.1 billion (SEMI, May 2012). The great majority of investment in mask writers is for the most advanced electron beam writers, but there are still opportunities

for selling both Omega6000 and Sigma7700 to customers who need additional capacity in the production of semi-critical photomasks or to replace old systems.

### Pattern generators for electronic packaging

Micronic Mydata offers pattern generators in the form of mask writers and direct writers for electronic packaging. Electronic packaging is a part of the production chain for electronics products and has two functions. Each chip requires a form of protective packaging, and the packaging is an adapter that connects the contact points on the advanced chips to the contact points on the less advanced circuit boards. For the more advanced packaging technologies, this adapter acts as a microcircuit board called a substrate.

The substrate market

The total market for substrates amounted to USD 8.6 billion in 2011. The rate of growth is estimated at 6.5 annually between 2011 and 2016. The market for advanced substrates, one segment of the total market, amounted to USD 5.2 billion in 2011, with a rate of growth estimated at 8.7 percent annually between 2011 and 2016 (Prismark, March 2012).

Market drivers – electronic packaging

The need for more performance, smaller and thinner mobile electronics products, longer battery life and the ability to quickly offer new products for consumers are powerful driving forces in the electronic packaging market and result in increased demands on chip. In turn, this drives substrate manufacturers to achieve even higher levels of resolution and increasing pattern alignment requirements on cost-effective substrates. Despite the increased requirements, a lower production speed is not permitted due to the large focus on costs.

Market position – Mask writers

Virtually, all current substrate manufacturing for electronic packaging is done with photomask-based exposure equipment.

Micronic Mydata is an established supplier of mask writers for the production of photomasks for electronic packaging. Typical customers are small and medium-sized photomask producers, primarily in Asia but also in the US. Heidelberg Instruments also offers mask writers for electronic packaging.

Market position – Direct writers

Solutions using direct writers are well on their way to becoming the established, standard method, especially in substrate manufacturing for mobile applications. Companies such as Orbotech, Hitachi Via Mechanics and Fujifilm

have recently had success with direct writers for manufacturing circuit boards. Circuit boards resemble substrates but are much easier to produce. These companies are now trying to establish their technology for significantly more advanced substrate production. Micronic Mydata's direct writer is based on a new and innovative technology with technical capabilities considerably beyond tools from other manufacturers.

Micronic Mydata has well established relations in the substrate industry. The major players make up a dominant part of the market and include Ibiden and Shinko Electric Industries in Japan, SEMCO (Samsung Electro-Mechanics) in South Korea and NanYa, Kinsus and Unimicron in Taiwan. Large semiconductor manufacturers set the requirements for substrates, including Intel, Samsung Electronics, Qualcomm, Texas Instruments and Renesas Electronics.

During 2012, it became clear that higher requirements on substrates are being introduced at a slower pace than what was previously estimated. A broader introduction of the increased requirements for advanced substrates is likely to be postponed a couple years into the future. Interest in LDI continues to be high, but the changes in the market requirements have led to greater uncertainty regarding when additional orders will come. The work with evaluation systems over the year has achieved its goal. The experiences from this have resulted in one partner having approved a system for invoicing in 2012.

Market outlook – pattern generators for electronic packaging

Micronic Mydata estimates that the market for exposure equipment for substrate production is currently USD 100-150 million per year. The market is concentrated in Asia. The company's objective with the LDI 5s Series is to become a leading supplier of exposure equipment for the substrate market. The changes in the market over the past year have resulted in increased uncertainty regarding when new production technology will be introduced. Micronic Mydata's assessment is that additional deliveries will occur after a phase when the technology is qualified by the substrate manufacturers.

The market for mask writers for electronic packaging applications is limited to a few systems per year and is predicted to remain at this level.

### Aftermarket

The business area's customers must be able to use their systems for production around the clock. A high level of system availability is the focus of the PG aftermarket business.

The subsidiaries are responsible for service, customer support and aftermarket sales. The Asia Technical and Application Center (ATAC)

### Did you know that...



... if you were to lay all the telephones expected to be sold in 2013 in one long row, it would stretch five times around the earth

... in 2013, sales of tablets are expected to reach 170 million units

... nearly half of all displays are manufactured in South Korea.



located in Japan supports the Asian region. The service organization also participates in the installation and set-up of new systems at customer sites. The parent company is responsible for setting up new systems and for supporting escalated support issues. In addition, the parent company is also responsible for operational support, as well as training, spare parts management and preparing to support future products.

The aftermarket, which includes service contracts and accessories, compensates for the volatile system sales. In recent years, the aftermarket has been a stable and growing business that has become increasingly important for the Group.

The base of the aftermarket business consists of servicing mask writers. Competition between photomask manufacturers is intense, and factors such as on-time delivery, short lead times and high product quality are important competitive advantages. Stable mask writers are therefore crucial for customer success. Of the installed base of mask writers, approximately 90 percent have a service contract. The manufacturers' slim profit margins have made them cautious about investing in new systems, yet they are more willing to invest in their existing systems. The company of-

fers accessory products, such as expanded functionality for their installed base, consulting services and supplemental support. The market for these types of products is driven primarily by new pattern designs and a drive to reduce costs. The interest in these accessories has been stable over the year. The total aftermarket sales for the year amounted to 60 percent of the business area's sales.




### Development of current and future production solutions

Development projects are divided into technology development, prestudies and product development. Technology development concerns projects with long-term strategic focus and is critical to Micronic Mydata's objective of contributing to the development of future electronics products. Prestudies combine market studies, technology studies and project preparations designed to start product development projects. Thorough prestudies are an important tool in reducing the project risk.

Investments during the year  
The largest development project LDI achieved

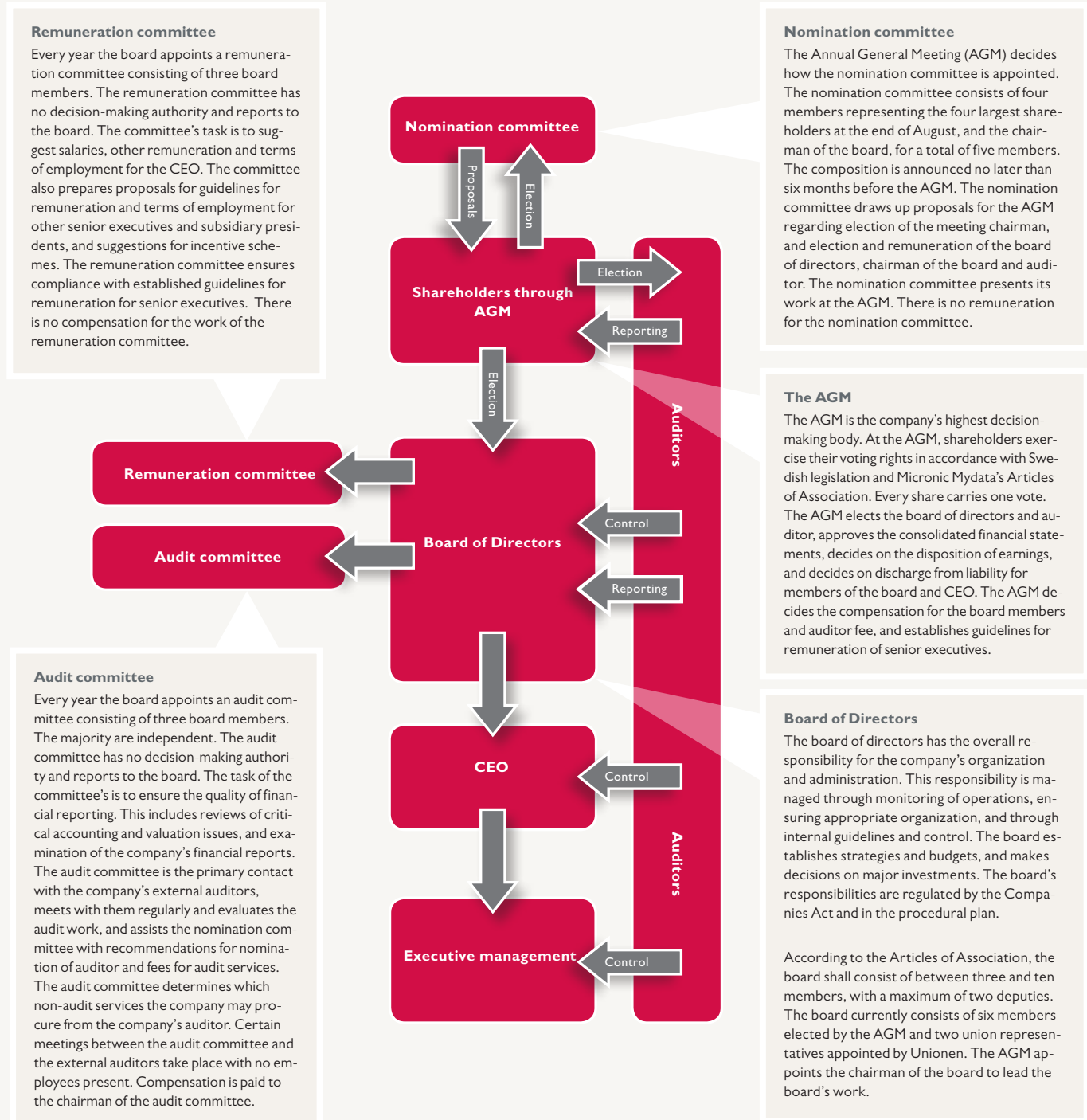
acceptance during the year for the first production system. The production system is based on the experiences of two evaluation systems which have been at the partners' location since 2011. The purpose of the evaluation systems has been to qualify the LDI 5s for the customers' manufacturing process, and to provide feedback for developing a version of the product that is suited to volume production. The feedback has been particularly useful in terms of how the system functions in an entire production line at the customers' location with respect to peripheral equipment and interfaces with other equipment.

Development within mask writers during the year has focused on supporting the aftermarket business. This took place through ongoing product maintenance, quality improvements and the development of accessory products. Service and accessory sales are important areas for achieving sustainable profitability. The trend in the display industry toward high-resolution displays with over 300 PPI has a clear effect on the demand for photomasks. During 2012, the company performed preliminary technology studies to consider the next generation of mask writers.

Business area Pattern Generators			
Application	Displays	Semiconductors	Elektronik packaging
			
<b>Products</b>	• Prexision-10, Prexision-8, LRS15-N	• Sigma7000, Omega6000	• FPS5500, LDI 5s
<b>Market position</b>	Micronic Mydata has a strong position, all large display manufacturers use photomasks written on Micronic Mydata mask writers.	Established supplier of laser-based mask writers for manufacturers who need more capacity for mature technology nodes.	Established supplier of mask writers for the production of photomasks for electronic packaging. The LDI 5s direct writer addresses the market for production equipment for substrates.
<b>Customers</b>	Manufacturers of photomasks intended for display panel applications.	Manufacturers of photomasks intended for semiconductor applications.	Manufacturers of substrates for electronic packaging.
<b>Industry drivers</b>	Panel makers want to develop products which are thinner, larger and have higher resolution and this must be done at a lower cost than previously.	Chip makers need a more cost-efficient way to produce chips that are smaller, contains more functionality and are more energy efficient.	Manufacturers need equipment that can handle both better resolution and better pattern alignment while maintaining productivity.
<b>Effects on Micronic Mydata</b>	Micronic Mydata's customers are demanding mask writers that offer high resolution, better image quality and the highest possible availability.	Micronic Mydata's customers are demanding laser-based systems in order to be able to quickly write looser mask layers.	Micronic Mydata has a unique possibility to address a growth market by enabling cost-effective production of substrates.
<b>Competitors</b>	There is little competition.	Applied Materials, NuFlare and JEOL.	Heidelberg Instruments offers mask writers. Orbotech, Hitachi Via Mechanics and Fujifilm offer direct writers.

# Corporate Governance at Micronic Mydata

Micronic Mydata AB is a Swedish public company listed on the Stockholm stock exchange. The company complies with the Swedish Code for Corporate Governance based on Swedish legislation adopted in 2005 for listed companies.



**Remuneration committee**

Every year the board appoints a remuneration committee consisting of three board members. The remuneration committee has no decision-making authority and reports to the board. The committee's task is to suggest salaries, other remuneration and terms of employment for the CEO. The committee also prepares proposals for guidelines for remuneration and terms of employment for other senior executives and subsidiary presidents, and suggestions for incentive schemes. The remuneration committee ensures compliance with established guidelines for remuneration for senior executives. There is no compensation for the work of the remuneration committee.

**Nomination committee**

The Annual General Meeting (AGM) decides how the nomination committee is appointed. The nomination committee consists of four members representing the four largest shareholders at the end of August, and the chairman of the board, for a total of five members. The composition is announced no later than six months before the AGM. The nomination committee draws up proposals for the AGM regarding election of the meeting chairman, and election and remuneration of the board of directors, chairman of the board and auditor. The nomination committee presents its work at the AGM. There is no remuneration for the nomination committee.

**The AGM**

The AGM is the company's highest decision-making body. At the AGM, shareholders exercise their voting rights in accordance with Swedish legislation and Micronic Mydata's Articles of Association. Every share carries one vote. The AGM elects the board of directors and auditor, approves the consolidated financial statements, decides on the disposition of earnings, and decides on discharge from liability for members of the board and CEO. The AGM decides the compensation for the board members and auditor fee, and establishes guidelines for remuneration of senior executives.

**Board of Directors**

The board of directors has the overall responsibility for the company's organization and administration. This responsibility is managed through monitoring of operations, ensuring appropriate organization, and through internal guidelines and control. The board establishes strategies and budgets, and makes decisions on major investments. The board's responsibilities are regulated by the Companies Act and in the procedural plan.

According to the Articles of Association, the board shall consist of between three and ten members, with a maximum of two deputies. The board currently consists of six members elected by the AGM and two union representatives appointed by Unionen. The AGM appoints the chairman of the board to lead the board's work.

**Audit committee**

Every year the board appoints an audit committee consisting of three board members. The majority are independent. The audit committee has no decision-making authority and reports to the board. The task of the committee's is to ensure the quality of financial reporting. This includes reviews of critical accounting and valuation issues, and examination of the company's financial reports. The audit committee is the primary contact with the company's external auditors, meets with them regularly and evaluates the audit work, and assists the nomination committee with recommendations for nomination of auditor and fees for audit services. The audit committee determines which non-audit services the company may procure from the company's auditor. Certain meetings between the audit committee and the external auditors take place with no employees present. Compensation is paid to the chairman of the audit committee.

## Corporate Governance at Micronic Mydata

Micronic Mydata conforms to the Swedish Code for Corporate Governance (the Code). The Code is based on the principle “comply or explain” and is available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

Corporate governance defines the decision-making system through which the owners, directly or indirectly, control the company. The Code is followed in order to clarify the division of responsibilities between the board, management and control bodies in order to ensure transparency for the Group’s stakeholders and to help the business achieve established goals. The Board has delegated the operative responsibility for the company’s and the Group’s administration to the company’s CEO. The internal steering processes consist of a vision, mission, business concept, business strategy and an annual business plan with clear objectives.

### External regulations

Corporate governance is based on Swedish legislation, primarily the Companies Act, and NASDAQ OMX Stockholm’s regulation.

### Internal regulations

The internal regulation affecting the Group’s corporate governance includes Articles of Association, the board’s procedural plan, CEO in-

structions, policy documents (authorization instruction, communication policy, etc.) and the Code of Conduct.

### Deviation from the Code

Micronic Mydata deviates from the Code on one item. Major shareholders have put forth requests that a representative of the largest shareholder be appointed chairman of the nomination committee. For this reason, the chairman of the board is also chairman of the nomination committee.

### Corporate governance in 2012 AGM

At the AGM held 23 April, 2012 in Täby, 55 percent of shares were represented. All board members were present, as was the CEO, CFO and the company’s accountants. The AGM approved the financial statements for the parent company and the Group, decided on discharge from liability for the board and CEO, approved the board’s proposal on guidelines for remuneration of senior executives, approved fees for board members, auditors, and elected directors of the Board.

### Nomination committee

The composition of the nomination committee for the 2013 AGM was announced on 24 October, 2012.

The nomination committee conducts an annual evaluation of the board and its work. Thereafter, the nomination committee puts forth proposals for a new board which are submitted in connection with the notice to attend the AGM.

### Board of Directors


Six board members were elected at the AGM and serve until the next AGM concludes.

During 2012, a collective agreement was concluded with Unionen. Unionen subsequently appointed two representatives to the board.

Additionally, two staff representatives have been designated to represent those employees who opted out of the collective agreement. These two representatives sit as adjunct board members at board meetings.

### Board remuneration

The 2012 AGM decided on a total fee for board members of SEK 1,500,000 for the period until the end of the next AGM. Of this total, SEK 500,000 is the chairman’s fee, and SEK 200,000 represents the fee to each of the other board members elected at the AGM. In addition, the AGM approved remuneration to the chairman of the audit committee in the amount of SEK 50,000.



**MICRONIC MYDATA**

Composition of the nomination committee		
Name	Representing	Holdings at August 31, %
Henrik Blomquist	Bure Equity	38.0
Ulf Strömsten	Catella Fonder	4.4
Annelie Enquist	Skandia Fonder	3.0
Peter Edwall	Ponderus Securities AB	2.9
Patrik Tigerschiöld	Chairman Micronic Mydata	

## Board and committees 2012

Name	Elected	Independent <sup>1)</sup>	Holdings	Committees		Attendance <sup>3)</sup>		
				Audit committee	Remuneration committee	Board meetings	Audit committee	Remuneration committee
Patrik Tigerschiöld, chairman	2009	no	–		chairman	15/15	2/2	2/2
Anders Jonsson	2011	yes	20,000		x	13/15		3/3
Magnus Lindquist	2007	yes	–	chairman		13/15	5/5	
Katarina Bonde	2010	yes	2,000	x		15/15	5/5	
Ulla-Britt Fräjdin-Hellqvist <sup>2)</sup>	2012	yes	10,000		x	8/9		2/2
Eva Lindqvist <sup>2)</sup>	2012	yes	–	x		7/9	2/3	

1) Independent according to the Swedish Code of Corporate Governance

2) member of the board from the 2012 AGM

3) Attendance per member in relation to the number of meetings since access

## Board work practices

The procedural plan describes the board's tasks and the division of responsibilities between the board and its committees, and between the board and the CEO. According to the procedural plan, the board decides on strategy and budget, adopts the annual report and other external financial reports, key policies and authorization instructions, appoints the CEO and evaluates the performance of the CEO, adopts rules for internal control and monitors how these internal controls work, decides on major investments and agreements, appoints the audit and remuneration committees, and evaluates the board's work practices. The board monitors that guidelines decided upon for remuneration of executive managers are followed and proposes guidelines for remuneration to the AGM.

The chairman leads the board's work and ensures that the board receives the information necessary to fulfill its obligations. The chairman represents the company in matters relating to shareholder issues. At the 2012 AGM, Patrik Tigerschiöld was elected chairman.

The board meetings are prepared by the chairman together with the company's CEO. Prior to each board meeting, board members are provided with written material. Certain questions are prepared by the audit and remuneration committees. Reoccurring items include reviews of the business situation and financial reporting. Board meeting minutes are recorded by the company's CFO.

## Evaluation of board performance

The board evaluates its performance in accordance with the procedural plan. This is done through discussions within the board and sometimes through external evaluation. During 2012, an internal evaluation was completed. The results were presented to the nomination committee prior to fulfilling its task of providing proposals of board members.

## Summary of board meetings

The board held 15 meetings, of which a few were held via circulation. Each regular meeting was used to deal with the business situation and financial reporting. The audit committee and remuneration committee presented their work and put forth issues for decision. The external auditors participated at one board meeting in order to meet with the entire board. Other issues taken up in addition to regular items included reviews of major projects, decisions concerning a slowing of the development pace for LDI, decisions on downsizing of operations and reorganization, determining strategies and business plan, decisions on changes within executive management, and property investment issues.

## Audit committee

The board appoints an audit committee consisting of three board members. The members are Magnus Lindquist (chairman), Katarina Bonde and Eva Lindqvist. The audit committee held five meetings in 2012. Certain meetings or parts of meetings with the external auditor take place with no employees present.

## Remuneration committee

The board appoints a remuneration committee consisting of three board members. The members are Patrik Tigerschiöld (chairman), Anders Jonsson and Ulla-Britt Fräjdin-Hellqvist. The committee held three meetings during 2012.

## Audit

The company's auditors are elected at the AGM normally for a period of four years, but can be elected for a period of three years. At the 2010 AGM, KPMG was elected as auditor, with Authorized Public Accountant Anders Malmby as senior auditor, for a period of three years. At the request of the board, the auditor conducted a review of three interim reports in 2012. Other statutory audits of the an-

nual report, the consolidated accounts and accounting records, as well as the administration of the board of directors and CEO, are conducted in accordance with generally accepted standards in Sweden. The auditors meet the audit committee regularly and the entire board annually.

## Financial reporting to the board

The board determines which reports are to be prepared to enable the board to monitor developments at the company. The board examines the external financial reports. The quality of financial reporting is evaluated by the audit committee.

## External financial information

In accordance with the investor relations policy adopted annually by the board, the company provides financial information in the form of interim reports, year-end reports, the annual report, and press releases in connection with major orders or other significant events. Information is released in accordance with the requirements laid out in NASDAQ OMX Stockholm's regulations. In connection with interim and year-end reports, presentations are held for analysts, investors and media. Executive management meets with analysts and investors.

The board has adopted a communication policy which establishes how communication will occur and which individuals may speak on behalf of the company.

Information distributed through press releases is also available on the company's website, as is other information deemed valuable.



# Internal control of financial reporting

The board's report relates to the internal control of financial reporting for the Group. Internal control consists of processes and methods to ensure the accuracy of financial reporting and is affected by the board of directors, company management and other employees. Micronic Mydata describes internal control based on the control environment, risk assessment, control activities, information and communication, as well as monitoring.

## Control environment

The foundation for a good control environment is built with the help of the organization, decision-making procedures, and proper authority and responsibility as expressed in policies and guidelines. Common corporate values create consensus and strengthen the internal control. Development, purchasing and production are largely based in Sweden where operations are ISO certified.

Steering documents have been prepared in the form of a procedural plan for the board and its committees, and instructions for the CEO. The board establishes certain policies and instructions, including the authorization policy. A strong financial and controller function supports the organization in optimizing operational efficiency. Evaluation of internal control within the Group follows a plan approved annually by the audit committee.

Responsibility for creating processes with a high degree of internal control is assigned to each department manager.

## Risk assessment

The company has a process for risk assessment to ensure that those risks to which the company is exposed are managed within the framework established by the board. Business processes are assessed in terms of efficiency and risk. Risks for errors in financial reporting are identified.

The most critical business processes and the most significant values are found in the Swedish operations. An overall risk assessment is conducted annually, based on significant items in the balance sheet and income statement. Risks are graded and linked to processes. Processes which have been deemed critical include development, purchasing, manufacturing, sales, and installation, as well as support pro-

cesses associated with year-end and IT. The processes for payments and administration of salaries and pensions are also deemed critical and subject to evaluation. Risk for significant errors or deficiencies in the financial reporting are reported to the audit committee. A review of risk areas from a broader perspective is performed by the board in connection with the annual strategy work.

## Control activities

Risks relating to financial reporting are dealt with through effective control activities. Significant processes are documented and evaluated to improve efficiency in the control system. The control structure includes established powers, roles and responsibilities, as well as management's continuous review of financial information. Control activities can be automated, for example, power structures in the IT system, or manual, such as double controls of payments and closing values. Regular analysis of results complements daily control activities.

## Information and communication

The board and executive management have established information and communication channels to ensure complete and accurate financial reporting. Steering documents, such as policies, guidelines and instructions are available through a quality system. During 2012, there was a major push to further develop analysis tools and the information system.

Personnel from headquarters visit subsidiaries regularly. These visits include validation of the company's self-assessment, analyses of financial performance, review of processes and internal controls, as well as spot checks to test that the controls are working as intended.

During 2012, a global authorization instruction was formulated, as well as clear and uniform guidelines regarding, for example counter-signing, in all of the Group's companies.

## Monitoring

The board has determined that monitoring of internal control will be achieved through self-assessment. Following a risk assessment based on the balance sheet and income statement, a decision is made about which processes shall be

evaluated. The process is documented and its effectiveness evaluated with respect to identified risks and control activities. Self-assessment means that employees within each department evaluate the process. This approach involves employees and increases understanding for the importance of internal control. Responsibility for developing processes lies within each unit.

Every year at the request of the board, an external evaluation of one or more processes is undertaken. In 2012 external audits consisted of follow-up of reviews of IT processes conducted during previous years, and a review of routines for salary administration focusing on automatic controls.

In 2012 the company focused on the internal control environment within the company's international operations through visits to several subsidiaries. The purpose of visiting the subsidiaries is to review the control environment, identify risk areas, and establish common rules for control issues. When there are personnel changes within the finance function, ensuring continuity of internal control is essential.

In 2012 the business system was implemented in yet another foreign subsidiary, thus increasing opportunities for monitoring and control and ensuring consistency in reporting.

The audit committee monitors the company's internal control work. The audit committee maintains continuous contact with the external auditors, which contributes to the board's overall picture of internal control regarding financial reporting.

## Planned activities

During 2013, review of the control environment of foreign subsidiaries will continue. Evaluation of one or more business processes will be updated, either through self-assessment or an external audit. A more detailed plan for internal control work to be carried out in 2013 will be presented to the audit committee for approval.

## Statement

In light of the Group's structure and its management of risks in the processes as described above, it is the board's assessment that establishment of a special internal audit function is currently not necessary.

# Board of directors and auditor



From the left upper line: Eva Lindqvist, Ulla-Britt Fräjdin-Hellqvist Bottom line: Anders Jonsson, Katarina Bonde, Patrik Tigerschiöld, Magnus Lindquist, Peter Sundström and Johan Densjö.

## Board members elected by the AGM 2012

### **Patrik Tigerschiöld, born 1964**

Chairman since 2012

Director since 2009

President of Bure Equity

Education: M.Sc. in Business and Economics

Other board assignments: Chairman of PartnerTech AB and Vitrolife AB. Board member of Stockholm University.

Previous positions: CEO Skanditek Industriförvaltning 1999-2010, CEO of SEB Allemansfonder 1995-1999.

Shareholding in Micronic Mydata: 0

### **Magnus Lindquist, born 1963**

Director since 2007

Investment adviser at Triton Advisers AB

Education: Economist

Other board assignments: Board member of Ambea AB, Ovako AB samt Polygon AB.

Previous positions: CFO of Autoliv 2001-2008, CFO of Perstorp 1996-2001, CFO of Stora Cell Group 1993-1996

Shareholding in Micronic Mydata: 0

## Auditor

### **Anders Malmeby, born 1955**

Auditor of Micronic Mydata since 2006

Authorized Public Accountant, KPMG AB

Other auditing assignments: Boule Diagnostics, Concentric, Fujitsu Services, Bankgirocentralen.

### **Anders Jonsson, born 1950**

Director since 2011

Education: M. Sc. Mechanical Engineering and IFL Handelshögskolan i Stockholm

Other board assignments: Chairman of Alimak Hek Group. Board member of Rejler Group and Battenfield Cincinnati AG. Vice chairman of Swedish Swiss Chamber of Commerce in Zürich.

Previous positions: Member of ABB executive management in Zürich, manager of Robot Division and ABB cost reduction program 2006-2010, manager of ABB Automation Segment in China 2005-2006, global management positions within ABB in Zürich 1988-2005, various management positions in ABB Sweden 1979-1987

Shareholding in Micronic Mydata: 20,000

### **Katarina Bonde, born 1958**

Director since 2010

President of Kubi LLC

Education: Master's degree in Engineering Physics

Other board assignments: Chairman of Propellerhead Software AB. Board member of Sjätte AP-fonden, Microsystemation AB, Image Systems AB, eBuilder AB and The Royal Opera.

Previous positions: President of UniSite Software Inc 2000-2003, President of Captura International 1997-2000, Marketing director Dun & Bradstreet Software Inc 1996-1997, Vice President of Timeline Inc 1994-1995, President of Programator Industri AB 1989-1992

Shareholding in Micronic Mydata: 2,000

### **Eva Lindqvist, born 1958**

Director since 2012

Education: M. Sc in Business and Economics, Master's degree in Engineering Physics

Other board assignments: Board member of Assa Abloy, Bodycote, Episerver, Tieto, Transmode, Innovationsbron and Blekinge Technical University

Previous positions: President of Xelerated Holding 2009-2011, President of TeliaSonera International Carrier 2002-2007, Sr VP Telia Equity 2000-2002, leading positions at Ericsson 1981-1999

Shareholding in Micronic Mydata: 0

### **Ulla-Britt Fräjdin-Hellqvist, born 1954**

Director since 2012

Fräjdin&Hellqvist AB

Education: Master's degree in Engineering Physics

Other board assignments: Chairman of Kongsberg Automotive ASA, SinterCast AB and The Foundation for strategic research. Board member of Castellum AB, DataRespons ASA, e-man AB, Fouriertransform AB, Fräjdin&Hellqvist AB, Stockholm Environment Institute, Tällberg Foundation and Vindora Holding.

Previous positions: Several leading positions in Svenskt Näringsliv 2001-2006, leading positions in Volvo Personvagnar 1979-2001.

Shareholding in Micronic Mydata: 10,000

## Board members appointed by Unionen:

**Johan Densjö, born 1971, Director since 2012**

Shareholding in Micronic Mydata: 0

**Peter Sundström, born 1976, Director since 2012**

Shareholding in Micronic Mydata: 0

# Executive management



From the left: Lars Sundberg, Håkan Färdig, Per Ekstedt, Magnus Råberg, Robert Göthner, Lars Josefsson and Niklas Edling.

**Lars Josefsson**, born 1953, President since 2012  
Acting President and CEO  
*Education:* Master's degree in Engineering Physics  
*Previous positions:* Leading positions at ABB, Alstom, Siemens and Sandvik.  
*Shareholding in Micronic Mydata:* 10,000

**Per Ekstedt**, born 1964, employed since 2012  
Sr. Vice President CFO  
*Education:* Bachelor of Business administration  
*Previous positions:* CFO at Selecta, CFO at Group4 Securicor and CFO at Siemens Business Services  
*Shareholding in Micronic Mydata:* 0

**Robert Göthner**, born 1959, employed since 2007  
Sr. Vice President, General Manager, business area SMT  
*Education:* Masters degree and MBA in Engineering and Business administration  
*Previous positions:* Vice President, Marketing and Sales MYDATA automation AB, General Partner at Nordic Venture Partners and InnovationsKapital, and several executive positions with IBM corporation.  
*Shareholding in Micronic Mydata:* 0

**Håkan Färdig**, born 1969, employed since 2008  
Sr. Vice President, Human Resources  
*Education:* Degree in organization and management and labor law.  
*Previous positions:* Country HR Manager GE Healthcare Sverige, VP HR Manager Getinge Maquet Critical Care, Country HR Manager SUN Microsystems.  
*Shareholding in Micronic Mydata:* 4,000

**Lars Sundberg**, born 1971, employed since 2001  
Sr. Vice President, Research & Development  
*Education:* Masters degree in Computer Science and Engineering  
*Previous positions:* Several positions at Micronic Laser Systems, department manager Research & Development at Micronic Mydata.  
*Shareholding in Micronic Mydata:* 900

**Magnus Råberg**, born 1966, employed since 1996  
Sr. Vice President, General Manager, business area PG  
*Education:* Masters degree in Engineering  
*Previous positions:* Head of global support, Head of system sales semiconductor applications, and other positions at Micronic Laser Systems.  
*Shareholding in Micronic Mydata:* 0

**Niklas Edling**, born 1963, employed since 2011  
Sr. Vice President Operations  
*Education:* Masters degree in engineering and MBA  
*Previous positions:* VP Supply Chain & Manufacturing Laerdal Medical, VP Operations Hudson RCI.  
*Shareholding in Micronic Mydata:* 25,000.



# Operations and organization

Micronic Mydata develops, manufactures and sells cost-effective and innovative production solutions for the manufacture of electronics products. World-leading companies use equipment from the two business areas – Surface Mount Technology (SMT) and Pattern Generators (PG).

## Operations and product offering

Micronic Mydata is a high-tech company that develops, manufactures and sells cost-effective and innovative production equipment for manufacturing electronics products. The product offering consists of pattern generators used for manufacturing of photomasks and substrates, and advanced SMT equipment for flexible production of electronics.

Pattern generators are used for manufacturing semiconductor circuits, advanced electronic packaging, and the displays used in tablets, smart phones, TVs and computers.

SMT equipment is used for surface mounting electronic components on circuit boards and for stencil-free application of solder paste on circuit boards.

## Organization

The Group is comprised of the parent company Micronic Mydata AB and wholly-owned subsidiaries in Japan, China, South Korea, Taiwan and the US, and the wholly-owned subsidiary MYDATA automation AB with its subsidiaries in France, the Netherlands, Singapore, Great Britain, Germany and the US.

The Group's product development, manufacturing and marketing activities are conducted primarily within Micronic Mydata AB and MYDATA automation AB. Subsidiaries within business area PG are responsible for after-market sales, service and customer support. In Taiwan the business area also works through an agent. Within business area SMT, the subsidiaries are responsible for system and after-market sales, as well as for service and customer support. Sales of SMT equipment also take place through distributors.

The company is organized into two business areas: SMT and PG. Certain functions, such as research and development, product management, production and purchasing, as well as administration are common for both business areas, while functions such as marketing, sales and aftermarket are organized within each business area.

The average number of employees in the Group during 2012 was 560 (561), of whom 346 (356) work in Sweden. Women make up 18 (18) percent of the average number of employees. Employee turnover was 12 (2) percent and is explained by the staff reduction in late 2012.

## The Board of Directors

At the 2012 AGM, it was decided that the board should consist of six members and no deputies for the period up to the end of the next AGM. The AGM decided to re-elect board members Katarina Bonde, Anders Jonsson, Magnus Lindquist and Patrik Tigerschiöld, and elected new members Eva Lindqvist and Ulla-Britt Fräjdin-Hellqvist. Patrik Tigerschiöld was elected chairman of the board.

During 2012, the company signed a collective agreement with Unionen, which has appointed two representatives to the board. Additionally, the company appointed two representatives to sit as adjunct board members to represent employees who opted out of the collective agreement.

## Executive management

A reorganization was conducted during 2012, including changes in Group management. As of 1 October, 2012 executive management consists of seven individuals. Per Ekstedt took over as CFO, after having acted in the position since 1 May. On 20 November Lars Josefsson took over as acting CEO and president succeeding Peter Uddfors. Lars Josefsson will act in this position until such time as a new, permanent CEO and president is appointed.

## Highlights of the year

### First quarter

The global market for SMT equipment was favorable during the first quarter, which meant strong sales of the Group's surface mount systems. System sales increased 18 percent compared to last year, primarily due to strong demand for machines from the MY100e series launched in 2011.

### Second quarter

A slowdown in demand for SMT equipment was noticeable, especially in Europe, which affected the order intake.

### Third quarter

An LDI system was invoiced, which was an affirmation of the system's performance. At the same time, it was noted that a broader implementation of the next generation of advanced substrates is being pushed out in time, which affects demand for LDI. Therefore growth driven by a rapid increase in LDI sales will be delayed.

As a result of this delay, it was decided that LDI's development pace should be slowed, thereby reducing costs by SEK 60 million annually. The third quarter was charged with SEK 30 million related to staff reduction and SEK 90 million related to write down of LDI assets.

### Fourth quarter

The LRS 15-N product series was launched as a replacement tool for older mask writers used in the manufacturing of mature photomasks for display applications. One mask writer for advanced display applications was delivered.

A reorganization was conducted to adapt the business to the slower development pace of LDI. Measures included staffing reductions of 50 positions, primarily in the Swedish operations, as well as replacement of the CEO.

## The Parent Company

Micronic Mydata AB is the Parent Company of the Group. Sales from within the parent company consist of pattern generators and to some extent aftermarket sales. At the end of 2012, the parent company had 225 employees.

Net sales during 2012 were SEK 479 (212) million and include 3 (2) pattern generators. The operating profit amounted to SEK -105 (-255) million and include non-recurring costs amounting to SEK 118 million.

At the end of 2012, cash and cash equivalents were SEK 282 (302) million.



# Other Group information



## Research and development

Costs for research and development amounted to SEK 290 (289) million. Of these costs, SEK 178 (174) million, relate to development costs within the LDI project.

It was decided in September to slow the pace of development for LDI, partly as a consequence of changes in market conditions.

## Environment and permit issues

The Micronic Mydata Group has a low environmental impact for a manufacturing company.

Micronic Mydata's production unit has no permit requirements vis-à-vis the environmental authorities, other than an obligation to report regarding use of the coolant (HFC) used in the company's cooling facilities.

## Micronic Mydata share

The share was first listed in March 2000, and listed on NASDAQ OMX Stockholm, Small Cap, Information Technology since 2008.

Share capital is SEK 98 million. The total number of shares is 97,916,509, all in one series. Each share carries one vote. At the end of 2012, Micronic Mydata had 5,961 shareholders. One shareholder, Bure Equity, owns more than 10 percent of shares. At the end of 2012, Bure Equity owned 38 percent of the company.

Micronic Mydata has no restrictions regarding share negotiability due to conditions in the Articles of Association. The company has no knowledge of agreements between shareholders that would restrict the right to transfer shares. Furthermore, the company is not party in any agreements which take effect, change or cease to apply if control of the company should change as a result of public tender offer.

The Group has no contractual obligations between the company and board members or between the company and employees other than those described below. Such agreements can define remuneration if employees resign voluntarily, are dismissed without reasonable grounds, or if their employment is terminated as a result of a public tender.

## Corporate governance

Micronic Mydata applies the Swedish Code of Corporate Governance, see pages 26-29. The Group's internal control systems are described on page 29.

## Guidelines for remuneration of senior executives

The board has decided to propose unchanged guidelines for remuneration of senior executives at the AGM in 2013. The proposed guidelines for remuneration to senior executives include the CEO and those individuals who, together with the CEO, comprise executive management for the Group. External advisors are consulted in handling matters regarding remuneration to senior executives when this is deemed necessary.

The main principle is to offer senior executives market-based remuneration and terms of employment. Actual levels of remuneration are determined on the basis of factors such as competence, experience and performance.

Total remuneration consists of fixed basic salary, variable salary, pension benefits and other benefits. The fixed basic salary is subject to annual review. Variable salary is based on performance targets for the company as a whole and on the attainment of operational targets for the individual employee or unit.

The maximum amount of variable salary is 50 percent of the fixed basic salary. Senior executives are entitled to a company car and health insurance.

The contractual retirement age for senior executives is 65 years. All pension benefits for senior executives are of the so-called defined contribution type. This means that the company pays an individually contracted defined contribution pension premium and has no further legal pension obligations. The latest approved guidelines for remuneration to senior executives are described in Note 14.

The board may deviate from these guidelines in individual cases if there is special reason to do so.

## Information about agreements for termination benefits

The employment contract with former CEO Peter Uddfors specifies a notice period of nine months in the event of dismissal by the company. Additionally, since termination was initiated by the company, termination benefits equivalent to 12 months' basic salary shall be paid (Note 14).

For other senior executives employed in Sweden, there is a notice period of six months in the event of dismissal by the company, and termination benefits equal to a maximum of six months' basic salary. During the notice period, the employment contract applies with all related benefits. In cases where termination benefits are received, no other benefits are payable.

## Outlook

The company's assessment is that sales in 2013 will reach approximately the same level as 2012.

For possible risks, see pages 36-38.

# Financial performance and financial position

Development within current product areas contributes to create the foundation for sustainable profitability. The operating profit adjusted for non-recurring costs was SEK 107 million. Non-recurring costs affected earnings in the amount of SEK 128 million.

## Financial performance

### Order intake and order backlog

The order intake, which includes aftermarket sales for both business areas, was SEK 1,280 (1,214) million in 2012.

The order intake for PG totaled 1 (3) system, of which 1 (0) mask writer for display applications, 0 (2) mask writers for semiconductor applications, and 0 (1) mask writers for applications within electronic packaging.

The order intake within SMT declined 7 percent compared with last year. The order backlog at year end was SEK 90 (176) million and comprised pattern generators worth SEK 14 (56) million and SMT equipment worth SEK 76 (120) million.

### Sales

Sales in 2012 were SEK 1,354 (1,198) million, an increase of 13 percent. Aftermarket sales accounted for 44 percent.

System sales within PG comprised 3 (2) systems, of which 1 (0) mask writer for display applications, 1 (0) mask writer and 1 (0) direct writer for applications within electronic packaging, and 0 (2) mask writers for semiconductor applications. One Prexision-8 for advanced display applications was delivered at a higher price than for previous deliveries.

Sales of SMT equipment declined 3 percent compared with last year. At the same time, total global sales declined 20 percent (PROTEC MDC, January, 2013).

The Group's aftermarket experienced good growth and sales increased 12 percent compared with last year.

Exchange rates affected sales positively. Recalculated to the same exchange rates in effect for the same period last year, sales reached SEK 1,329 million.

### Gross profit and gross margin

The consolidated gross profit reached SEK 612 (488) million, which corresponds to a gross margin of 45 (41) percent.

The gross margin was affected by non-recurring costs related to LDI-related impair-

ment losses, the mix of systems sold, positive growth within aftermarket, as well as the mix of products and services delivered within aftermarket. The consolidated gross profit adjusted for non-recurring items was SEK 639 (488) million or a gross margin of 47 (41) percent.

### Research and development

A major portion of the Group's development resources were allocated to the development of LDI 5s. In 2012, costs for development of LDI reached SEK 178 (174) million.

Development within business area SMT during the year included focus on reducing consumption of additional materials and on developing a more effective production process. The year's efforts within development are described in more detail in each business area section.

During 2012, no capitalization of development took place, compared with SEK 9 million last year. Amortization of previously capitalized development took place in the amount of SEK 16 (42) million, of which SEK 16 (15) million related to SMT.

The consolidated operating profit in 2012 was affected by amortization of acquired technology in the amount of SEK 5 (5) million.

### Sales and administration

Costs for sales reached SEK 212 (174) million in 2012. Of the total sales costs, SEK 25 (33) million related to commissions. Sales costs increased as a part of the business development for LDI and within business area SMT.

Included in sales costs are product management costs of SEK 42 (42) million. These costs were previously presented as administration costs. Comparative figures have been adjusted.

Administration costs in 2012 were SEK 79 (95) million. Administration costs were affected by increased investment within IT among others.

### Operating profit

The market for advanced electronic packaging develops at slower pace than previously expected. A wider implementation of the next genera-

tion of advanced substrates is estimated to be postponed by two years. As a consequence, the company has slowed the development pace of LDI and adjusted operations to reduce costs.

Operating profit was charged with non-recurring costs of SEK 128 million. This include workforce reductions of 50 persons globally and a reorganization which included changing to a new CEO. The down-sizing cost of SEK 38 million is a part of the total amount of SEK 128 million. The major impact on cash flow will show in 2013.

Annual costs will drop by around SEK 60 million from 2013. During 2012, the operating profit was also affected by impairment costs of LDI-related assets of SEK 90 million. Impairment costs are related to evaluation systems and test equipment, and certain components utilized during the development phase. The impairment has no effect on cash flow.

The consolidated operating profit for 2012 was SEK -21 (-66) million, corresponding to an operating margin of -2 (-5) percent.

The operating profit adjusted for these non-recurring costs was SEK 107 (-66) million. The operating margin adjusted for non-recurring costs was 8 (-5) percent.

The underlying business showed improved results during 2012 compared with the previous year. This is primarily explained by positive growth within the Group's aftermarket business and the sale of a Prexision-8 mask writer at a higher price than previously, which had a positive effect on the gross and operating profits.

### Tax

The consolidated loss before tax was SEK -15 (-57) million in 2012. Consolidated net profit and equity were affected negatively in the amount of SEK 12 million as a result of the tax rate in Sweden being adjusted from 26.3 to 22 percent as of 2013.

The Group's tax costs was SEK -29 (-32) million. Most of this derives from current tax from foreign subsidiaries, the effect from changes in tax rate and changes of transfer price model

within the Group.

At year-end, Micronic Mydata AB had closing accumulated loss carry forwards of SEK 643 (589) million. In the balance sheet, a deferred tax asset of SEK 63 million, corresponding to accumulated loss carry forwards in the amount of SEK 288 (288) million, was reported.

Profit for the year and earnings per share  
The consolidated loss after tax for 2012 was SEK -44 (-89) million. The number of outstanding shares was 97,916,509 (97,916,509). Earnings per share were SEK -0.45 (-0.91).

## Financial position

### Assets

Consolidated assets at the end of 2012 were SEK 1,472 million, compared with SEK 1,587 million at the end of 2011.

The Group's fixed assets were SEK 284 (409) million. Intangible assets decreased SEK 26 million and were SEK 119 (144) million and consisted primarily of acquired assets. In connection with the acquisition of MYDATA Automation AB, values in the form of technology, brand, customer relations and goodwill were identified, items which were reported as intangible assets.

No development projects were capitalized during 2012. Amortization of previously capitalized development took place in the amount of SEK 16 (42) million and related entirely to SMT. In addition, there was amortization of acquired intangible assets in the amount of SEK 6 (6) million.

An individual assessment of all development projects is made to evaluate whether all

criteria for capitalization of costs in the balance sheet are met.

The value of the balance sheet item capitalized development is assessed quarterly through an impairment test to ensure accurate reporting. The value of the brand and goodwill, identified during the acquisition of MYDATA, is similarly tested every six months.

Net investment for the year in tangible fixed assets was SEK 5 (31) million, while depreciation of tangible fixed assets reached SEK 27 (16) million. During 2012, tangible fixed assets attributable to LDI were written-down in the amount of SEK 63 million.

Accounts receivable reached SEK 219 (223) million at year-end. Cash and cash equivalents increased during 2012 by SEK 45 million reaching SEK 581 (536) million at year-end.

### Equity

Consolidated equity at year-end was SEK 1,168 million, compared to SEK 1,232 million at the end of 2011. The number of outstanding shares at year-end was 97,916,509.

The equity/assets ratio, the percentage of equity for total assets, was 79 (78) percent.

At year-end Micronic Mydata's market capitalization was SEK 1,004 (1,170) million, or 86 (95) percent of equity. An employee stock option program expired without any subscription of new shares.

### Financing

Consolidated interest-bearing liabilities in 2012 sank by SEK 5 million to SEK 2 million.

Short-term operating liabilities dropped SEK 43 million to SEK 282 million. Trade pay-

ables decreased from SEK 109 to SEK 77 million, while advance payments from customers decreased from SEK 28 to SEK 7 million. Advance payments from customers are linked to the existing order backlog.

The Group strives to the greatest degree possible to obtain advance payments from customers in connection with orders, especially when selling mask writers.

### Cash flow

Consolidated cash and cash equivalents at year-end were SEK 581 (536) million. Cash flow in 2012 was positive at SEK 61 (-52) million.

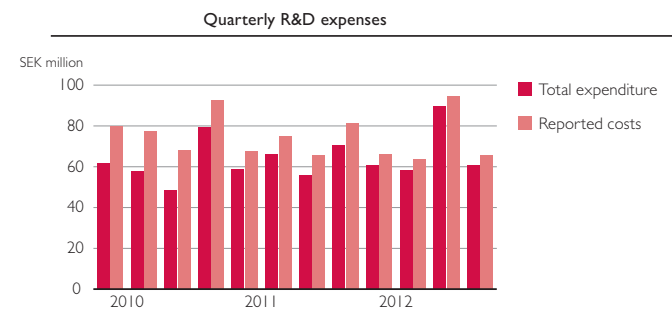
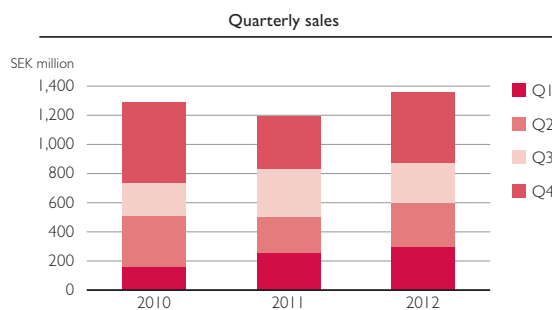
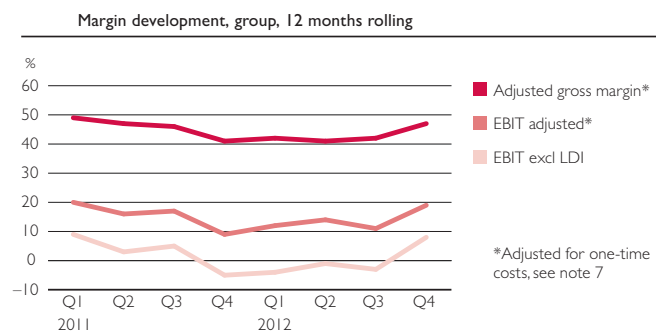
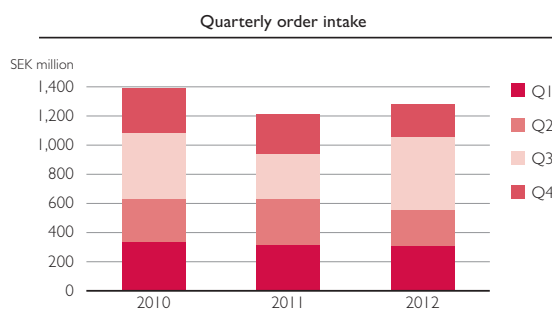
Operations generated SEK 70 (-15) million. This is explained primarily by a positive operating profit, adjusted for non-recurring non-cash items, and impairment losses in inventory. Changes in working capital accounted for SEK 94 (19) million, primarily generated by stockpiled inventory within PG and reduced trade payables.

Investment activities accounted for SEK 5 (31) million, of which investment in development claimed SEK 0 (9) million. Other investments, SEK 5 (22) million, related primarily to investments in product development within PG, and property expansion in Täby.

Financing activities accounted for SEK 4 (6) million and represent continued reduction in operations-related loans in foreign subsidiaries.

### Events after year end flow

Micronic Mydata received order for an LDI 5s with expected shipment in Q1, 2014.



# Risks and risk management

Through its operations, Micronic Mydata is exposed to a variety of risks which may impact the Group, parent company or the Group's subsidiaries to a greater or lesser degree. Micronic Mydata can influence these risks in varying degrees. Significant risks that can affect Micronic Mydata and how these are managed are described below.

Through process reviews, existing risks in the Group's companies, business areas and processes are identified, assessed and managed. Through development of processes and systematic risk management and through the Group's insurance solutions, risks, and thus their cost, are limited.

Risk management at a general level is handled by the board and at an operating level by the Group's executive management. Risks are managed through balancing development of an efficient control environment and control activities.

Financial risk management is centralized to the parent company's finance department as is management of insurance.

Financial risks are managed in accordance with the finance policy adopted by the board.

## Operating risks

### Market risk

To a large extent, sales are influenced by investments within the electronics industry. Sales, and thus profitability, are also affected by general economic trends both in terms of price developments and sales volumes.

### Risk management – market risk

To achieve better risk diversification, Micronic Mydata invests continuously in product development. In this way, a wider scope of application areas and customer segments are addressed. A decline in certain application areas can be compensated with growing demand in others, thereby increasing revenues in other product areas.

Micronic Mydata also develops its offering of aftermarket products, such as service and accessories, including software and other services, to reduce dependence on system sales.

With an increasing number of systems installed at customer sites, the opportunities for aftermarket sales and service also increase.

### Political risks

Micronic Mydata's operations are affected by po-

litical decisions and regulations in the more than 50 countries where the Group operates through its subsidiaries, or via distributors and agents.

The Group's production and development are located in Sweden.

Most customers within business area PG are in Asia, and particularly in Japan, South Korea, Taiwan and to some extent China. For business area SMT, the largest proportion of customers is in Europe, North America and to a lesser extent Asia.

### Risk management – political risks

Micronic Mydata has subsidiaries in France, Japan, China, the Netherlands, Singapore, Great Britain, South Korea, Taiwan, Germany and the US. A local presence serves to increase knowledge of each market.

Subsidiaries within business area SMT are responsible for sales of surface mount equipment, service and customer support, and for sales of aftermarket products.

Subsidiaries within business area PG are responsible for aftermarket sales and support the parent company with sales of pattern generators.

At present, those countries where Micronic Mydata has subsidiaries are not deemed to represent any significant political risks.

### Customer risks

If Micronic Mydata cannot deliver products and services according to the requirements established by customers, or if the Group's customers cannot meet their payment obligations, Micronic Mydata's profit and financial position can be negatively affected.

Business area SMT is active on a market where there are several players. Competition is relatively tough and several of the business area's competitors also have greater resources, for example, within product development.

Business area PG has a customer base of around ten larger companies, most of which are located in Asia. Dependence on individual customers is great, which concentrates customer risk. Sales are spread over a few machines of high value. Sales processes take a long time. A low order intake from, and sales to, one of these customers can affect the company's profit and financial position in the short term. The earnings for a report period, for example one quarter, can also be significantly affected by postponements in deliveries of a single pattern generator.

### Risk management – customer risks

Business area SMT has a large customer base, around 2,000 customers worldwide, mainly in Europe and the US. Dependence on any one customer is low. Customers range from small manufacturers to global electronics manufacturers. The customer base also varies from contract manufacturers within the electronics industry to customers who manufacture their own products. Sales are spread over a large volume of machines. The products' application areas are suitable within several different branches.

Customers within business area PG are either major electronics manufacturers with their own photomask manufacturing or suppliers to other major electronics manufacturers. Business relations are long-term and there are few competitors. See also under Credit risks.

### Product development risks

Technical development is very rapid within the electronics industry where Micronic Mydata is active.

Micronic Mydata is thus exposed to development risks. This risk includes the possibility that research and development efforts may not lead to new, profitable business opportunities to the extent desired, that the launch or delivery of a product will not take place on time, or that the cost of developing new products is difficult to assess.

Uncertainty over when a broader implementation of the next generation of substrates will occur increased during 2012. This entails a risk that sales growth for the newly-developed LDI 5s will occur later than previously thought.

### Risk management – product development

Micronic Mydata is active within the electronics industry, an industry that is expected to have an average annual growth of 5 percent during the coming years. Consumption of electronics products, such as mobile phones and tablets, is increasing worldwide. This trend affects Micronic Mydata greatly.

Development activities are governed by the company's strategic plan.

Micronic Mydata's development projects are based on prestudies which combine market and technology studies, and project preparations, with the intent to start product development projects. Thorough prestudies are an im-



portant tool for minimizing business risk in product development projects.

Development activities are often conducted in close cooperation with customers and the sales organization.

#### Supplier risk

Fluctuations in price and lead-times for components used in manufacturing can influence consolidated earnings. Certain components are manufactured by a limited number of suppliers.

#### Risk management – supplier risks

No single component constitutes a significant proportion of the manufacturing cost. Several components are purchased in Swedish kronor.

Micronic Mydata assesses alternative suppliers of critical components, and ensures competitive prices and lead-times.

The Group also works to optimize the flow of materials.

#### Product liability and intellectual property risks

Through its activities, Micronic Mydata assumes normal product liability. This means that injury or property damage caused by the company's equipment at a customer site or at a third party can influence Micronic Mydata's profit.

Micronic Mydata's long term earnings are also dependent on its ability to protect strategically important technology and brands.

#### Risk management – product liability and intellectual property risks

For risks associated with product liability Micronic Mydata has taken out insurances whereby the level of risk is deemed low.

The Group works to identify and protect new technology at an early stage through patent applications. These efforts, combined with analyses of the intellectual property potential for products, minimize the Group's risks.

#### Production facility risks

Micronic Mydata rents a property in Täby for manufacturing equipment which is sold worldwide. Events causing damage, such as fire, electrical disruptions and water damage, can lead to production disruptions and delivery problems, and can influence the consolidated earnings and financial position.

#### Risk management – production facility

The Group works actively with preventative measures to ensure operational reliability in the production facility. This work includes regular maintenance and providing all employees with fire safety training among others.

The Group carries standard insurances, such as property and business disruption insurance. The production facility is fully ensured by the property owner.

Micronic Mydata has prepared a contingency plan to ensure fast action and limit losses in the case of a disruption.

#### Financial risks

Financial risks arise due to fluctuations in Micronic Mydata's profit and cash flow as a consequence of movement in exchange rates and interest rates, credit risks and financing risks. The single largest financial risk is exchange rate fluctuations.

#### Foreign exchange risk – transaction exposure

Transaction exposure is the risk that changes in exchange rates for sales and sourcing in foreign currencies will affect consolidated earnings and the value of assets and liabilities.

#### Comments – transaction exposure

Micronic Mydata's sales are done almost exclusively in foreign currency. Most of the Group's expenses are incurred in Swedish kronor.

Sales of surface mount equipment, with rel-

atively large volumes and delivery times of 8–10 weeks, occur primarily in US dollars and Euros. Sales of pattern generators are fewer in number with long periods between customer orders and delivery. All sales within business area PG are in foreign currency, primarily US dollars, Japanese yen and Korean won.

Changes in exchange rates have a greater impact on income than on expenses. Micronic Mydata's net currency exposure is significant (refer to the table below for revenue and expenses by currency).

Currency hedging is undertaken in accordance with the established finance policy.

For sales of pattern generators the company uses forward exchange contracts to hedge contracted cash flows, which consist of orders received. As the delivery date approaches, the hedged portion of the respective contracted inflows increases. Forecasted inflows not covered by underlying orders are not hedged. Hedged accounting is used within business area PG.

For sales of surface mount equipment, forward exchange contracts, corresponding to at least 50 percent of the order backlog in Euros and US dollars, are sold. Hedged accounting is not used within business area SMT.

If sales for 2012 within business area PG were translated at the average exchange rates for 2011, without consideration given to forward exchange contracts, sales revenues would have been SEK 19 million lower. Turnover was negatively affected in the amount of SEK 2 million as a result of forward exchange contracts in force. The operating profit for the business area was positively affected by SEK 3 million as a result of forward exchange contracts in force.

If sales for 2012 within business area SMT were translated at the average exchange rates for 2011, sales revenues would have been SEK 5 million lower. The operating profit for the

#### Revenues and expenses by currency 2012

Currency	% of revenues	% of expenses	Average rate in 2012	Average rate in 2011	Rate at year-end 2012	Rate at year-end 2011
USD	34	11	6.7754	6.4969	6.5156	6.9234
EUR	23	12	8.7053	9.0335	8.6166	8.9447
JPY (100)	29	7	8.5067	8.1658	7.5627	8.9110
GBP	4	1	10.7340	10.4115	10.4914	10.6768
SEK	2	66	1.0000	1.0000	1.0000	1.0000
KRW (100)	6	1	0.6017	0.5868	0.6092	0.5973

business area was affected positively in the amount of SEK 2 million as a result of forward exchange contracts in force.

Based on 2012 sales volumes and expenses, without consideration given to forward exchange contracts, the effect on consolidated operating profit of a 10 percent change in the average exchange rate of the most important currencies compared to the Swedish krona would be about SEK 86 (69) million. Equity would be affected in the same amount after tax.

**Foreign exchange risk – translation exposure**  
Translation exposure is the risk Micronic Mydata is exposed to when translating the financial statements of subsidiaries to Swedish kronor.

**Comments – translation exposure**  
Even if a relatively large proportion of sales occur outside of Sweden, the net investment in foreign subsidiaries is limited. Micronic Mydata's policy is to not hedge translation exposure in the financial statements.

At end of 2012, net investment in foreign subsidiaries was SEK 256 million. Translation of the balance sheets of foreign subsidiaries to Swedish krona generated a translation difference of SEK -20 million after tax.

A change of 1 percent against those currencies where Micronic Mydata has foreign net investments would affect the Group's equity by SEK 3 million after tax.

#### Interest risks

Interest risk refers to the risk for changes in interest rate levels affecting consolidated earnings.

#### Comments – interest risks

Micronic Mydata's interest risk is limited. Investments in interest-bearing financial instruments or bank accounts with fixed interest are done in accordance with liquidity plans,

meaning that investments, which may not exceed a duration of six months, are held to maturity. During 2012, no investments were made in interest-bearing financial instruments.

Interest risk with regard to financial liabilities is limited. There is only one small loan in a foreign subsidiary.

#### Credit risks

Credit risk is partly tied to sales and partly to liquidity management. For sales, there is a risk that customers do not fulfill their payment obligations. For liquidity management, there is a risk that the counterparty will not be able to fulfill its payment obligations.

#### Comments – credit risks

Micronic Mydata sells only a few pattern generators to a limited number of customers, which concentrates the credit risk. Customers are, however, major manufacturers of photomasks where the pattern generator comprise a small portion of the equipment in a production facility. Customers are well-known and have good credit worthiness historically. In order to reduce customer credit risk, Micronic Mydata strives to obtain advances from customers to the highest degree possible.

Especially in business transactions with new customers or within new geographic areas, the credit risk is managed through Micronic Mydata requiring letters of credit or other collateral.

Sales of SMT equipment are spread over a large number of customers and the credit risk is therefore limited. Credit risk is managed as needed through credit control. Credit limits are established and monitored.

Credit exposure in trade receivables at year-end was SEK 219 (223) million. The average credit period was 42 (44) days for business area SMT and 68 (46) days for business area PG.

For information on the ageing structure of trade receivables and provisions for impaired trade receivables see note 31.

Financial investments are made in high quality financial instruments or in bank deposits. Micronic Mydata's maximum financial credit exposure consists of the fair values of financial assets (see Note 32). At year-end 2012, the total financial credit exposure was SEK 584 (536) million, of which SEK 581 (536) million was liquid assets.

#### Liquidity risks

Liquidity risk refers to the risk that a counterparty may not be able to meet its payment obligations on the settlement date.

Liquidity reserve		
SEK million	2012	2011
Credit line	35	60
Cash	581	536
Total	616	596

#### Comments – liquidity risks

Micronic Mydata's net cash at the end of 2012 was SEK 579 million.

Investments of excess liquidity are done in such a way that the Group assumes no significant liquidity risk. This means that excess liquidity is placed in bank deposits or in other interest-bearing instruments where it is possible to liquidate on short notice.

Liquidity is monitored continuously. Liquidity forecasts are compiled quarterly in order to provide a basis for decisions on possible investments.

Additional information on financial assets and liabilities can be found in Note 32.

# Financial overview

SEK million	2012	2011	2010	2009	2009 <sup>1)</sup>	2008	2008 <sup>1)</sup>	2007	2006
<b>Order intake</b>	1,280	1,214	1,388	631	854	378	970	634	604
<b>Profit and loss accounts</b>									
Net sales	1,353.9	1,197.6	1,287.8	828.9	1,051.9	568.6	1,193.9	523.0	1,204.1
Operating profit/loss	-21.4	-65.7	72.5	-145.8	-179.1	-37.5	-131.6	-290.8	122.6
Net financial items	6.8	8.7	1.2	-2.0	-2.8	1.9	1.9	3.3	3.7
Profit/loss before tax	-14.6	-57.0	73.7	-147.8	-181.9	-35.5	-129.6	-287.5	126.2
Tax	-29.4	-31.8	-36.9	3.7	12.4	4.9	29.7	80.0	-33.3
<b>Profit/loss for the year</b>	<b>-44.0</b>	<b>-88.8</b>	<b>36.8</b>	<b>-144.1</b>	<b>-169.5</b>	<b>-30.6</b>	<b>-99.9</b>	<b>-207.5</b>	<b>92.9</b>
<b>Statements of financial position</b>									
Non-current assets	283.9	409.3	402.9	472.7		341.5	570.6	413.4	482.8
Inventories	329.2	357.5	321.2	341.0		309.7	431.3	333.6	353.3
Other receivables	277.9	283.5	407.0	318.1		353.8	487.0	309.0	245.8
Cash and cash equivalents	581.1	536.4	582.6	276.6		371.4	392.4	450.7	627.8
<b>Total assets</b>	<b>1,472.1</b>	<b>1,586.7</b>	<b>1,713.8</b>	<b>1,408.4</b>		<b>1,376.4</b>	<b>1,881.3</b>	<b>1,506.7</b>	<b>1,709.7</b>
Equity	1,168.3	1,231.7	1,314.7	1,047.2		888.6	1,213.2	907.5	1,109.8
Interest-bearing liabilities	2.3	6.9	12.3	18.7		163.3	163.6	246.5	295.7
Other liabilities	301.5	348.1	386.8	342.5		324.7	504.6	352.7	304.2
<b>Total equity and liabilities</b>	<b>1,472.1</b>	<b>1,586.7</b>	<b>1,713.8</b>	<b>1,408.4</b>		<b>1,376.6</b>	<b>1,881.3</b>	<b>1,506.7</b>	<b>1,709.7</b>
Capital employed	1,170.6	1,238.6	1,327.0	1,065.9		1,051.9	1,376.7	1,154.0	1,405.5
Net interest-bearing debt	-578.8	-529.4	-570.4	-257.8		-208.1	-228.9	-204.2	-332.1
<b>Cash flow</b>									
Cash flow from operating activities	69.9	-15.4	120.9	81.6		-105.8		-77.3	219.0
Cash flow from investing activities	-5.3	-30.8	-36.2	-0.5		124.5		-44.6	-97.4
Cash flow from financing activities	-4.0	-5.7	223.7	-172.9		-102.2		-54.5	-50.9
The year's cash flow	60.6	-51.9	308.4	-91.8		-83.5		-176.3	70.7
<b>Key ratios</b>									
Gross margin, %	45.2	40.8	49.2	39.5	40.0	28.4	28.9	29.3	54.3
Operating margin, %	-1.6	-5.5	5.6	-17.6	-17.0	-6.6	-11.0	-55.6	10.2
Adjusted operating margin, %	7.9	-5.5	6.0	-11.1	-11.9	-9.3	-12.3	-55.6	10.2
Profit margin, %	-3.2	-7.4	5.7	-17.8	-17.3	-6.2	-10.9	-55.0	10.5
Equity/assets ratio, %	79.4	77.6	76.7	74.4		64.6	64.5	60.2	64.9
Return on capital employed, %	-1.1	-4.4	6.3	-13.3		-2.2	-9.3	-21.6	9.8
Return on equity, %	-3.7	-7.0	3.1	-14.9		-3.4	-9.4	-20.6	8.7
Capital turnover, times	1.1	0.9	1.1	0.8		0.5	0.9	0.4	0.9
<b>R&amp;D</b>									
R&D expenditure	269.4	251.4	247.0	186.7	225.8	197.3	307.8	198.4	221.7
R&D expenses	290.0	289.0	318.1	251.4	303.1	149.6	269.4	279.0	318.5
R&D expenditure/sales, %	19.9	21.0	19.2	22.5	24.5	34.7	25.8	37.9	18.4
R&D expenses/sales, %	21.4	24.1	24.7	30.3	28.8	26.3	22.6	53.3	26.5
Capitalized development costs	-	9.1	2.9	1.4	3.0	71.9	86.4	34.1	32.4
Amortization on capitalized development costs	16.0	42.1	69.5	63.8	87.8	24.2	2.8	114.7	129.2
<b>Data per share</b>									
Number of shares at year end, millions	97.9	97.9	97.9	65.3		39.2		39.2	39.2
Average number of shares, millions	97.9	97.9	82.5	52.3		39.2		39.2	39.2
Share price at 31 December, SEK	10.25	11.95	17.70	14.30		5.80		32.20	77.00
Dividend	-	-	-	-		-		-	-
Earnings per share (average number), SEK	-0.45	-0.91	0.45	-2.76		-0.78		-5.30	2.37
Equity per share (average number), SEK	11.93	12.58	15.93	20.00		22.69		23.17	28.34
Cash flow per share (average number), SEK	0.62	-0.53	3.74	-1.76		-2.13		-4.50	1.81
P/E-ratio (number of shares at year end)	neg	neg	47	neg		neg		neg	32
Price/equity ratio (number of shares at year end), SEK	0.95	0.95	1.32	0.89		0.26		1.39	2.72

1) The pro forma figures are presented in order to illustrate how an acquisition at 1 January, 2008 would have affected the Group's profit and financial position. Pro forma figures are presented when relevant.

# Group

## Profit and loss accounts

SEK thousand	Notes	2012	2011
Net sales	12	1,353,927	1,197,580
Cost of goods sold	8,9	-742,020	-709,545
<b>Gross profit</b>		<b>611,907</b>	<b>488,035</b>
Other operating income		1,981	5,052
Research and development expenses	11	-289,967	-288,997
Selling expenses	8,9	-212,429	-173,617
Administrative expenses	8,9	-78,774	-95,293
Other operating expenses	10	-54,090	-897
<b>Operating profit/loss</b>	<b>7</b>	<b>-21,372</b>	<b>-65,717</b>
Financial income		7,651	9,590
Financial expenses		-842	-860
<b>Net financial items</b>	<b>15</b>	<b>6,809</b>	<b>8,730</b>
<b>Profit/loss before tax</b>		<b>-14,563</b>	<b>-56,987</b>
Tax	17	-29,409	-31,843
<b>Profit/loss for the year</b>		<b>-43,972</b>	<b>-88,830</b>
Earnings per share, SEK		-0.45	-0.91
Average number of shares, thousands		97,917	97,917

## Statements of comprehensive income

SEK thousand	2012	2011
Profit/loss for the year	-43,972	-88,830
<b>Other comprehensive income</b>		
Translation differences for the year	-19,959	6,337
Tax relating to translation differences	135	-147
The year's changes in fair value on cash flow hedges	-	-520
Transferred to profit/loss	520	-
Tax relating to items recognized in hedge reserve	-137	137
<b>Other comprehensive income for the year</b>	<b>-19,441</b>	<b>5,807</b>
<b>Total comprehensive income for the year</b>	<b>-63,413</b>	<b>-83,023</b>

## Statements of cash flow

SEK thousand	Notes	2012	2011
<b>Operating activities</b>			
Profit/loss before tax		-14,563	-56,987
<i>Adjustments for non-cash items</i>			
Depreciation/amortization and impairment of assets		116,151	78,805
Capital gain on the sale of non-current assets		4,706	455
Unrealized foreign exchange differences		13,426	4,174
Provisions for employee benefits		1,500	474
Other provisions		-369	9,503
Other non-cash items		94,884	15,268
Paid income tax		-51,964	-47,680
		<b>163,771</b>	<b>4,012</b>
<i>Cash flow from changes in working capital</i>			
Inventories		-32,578	-97,985
Trade receivables		-15,727	29,264
Other receivables		11,276	90,091
Trade payables		-31,494	2,161
Other liabilities		-25,309	-42,967
<b>Cash flow from operating activities</b>		<b>69,939</b>	<b>-15,424</b>
<b>Investing activities</b>			
Sale of subsidiaries		-15	-
Investments in intangible assets	18	-	-9,604
Investments in tangible assets	19	-8,604	-24,116
Sale of tangible assets	19	601	97
Increase in non-current assets	22	-425	-321
Decrease in non-current assets	22	3,154	3,124
<b>Cash flow from investing activities</b>		<b>-5,289</b>	<b>-30,820</b>
<b>Financing activities</b>			
Repayment of debt		-4,018	-5,671
<b>Cash flow from financing activities</b>		<b>-4,018</b>	<b>-5,671</b>
<b>The year's cash flow</b>		<b>60,632</b>	<b>-51,915</b>
Cash and cash equivalents at beginning of year		536,369	582,646
Exchange differences in cash and cash equivalents		-15,918	5,638
<b>Cash and cash equivalents at end of year</b>		<b>581,083</b>	<b>536,369</b>
<b>Interest received and paid</b>			
Interest received		7,695	8,518
Interest paid		-719	-650
		<b>6,976</b>	<b>7,868</b>
<b>Other non-cash items</b>			
Write down of inventory and similar items		55,821	17,880
Changes in provisions for restructuring		34,348	-
Changes in provisions for variable salary		4,715	-2,612
		<b>94,884</b>	<b>15,268</b>



## Statements of financial position

SEK thousand	Notes	31 Dec, 2012	31 Dec, 2011	SEK thousand	Notes	31 Dec, 2012	31 Dec, 2011
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
Intangible assets	18	118,502	144,191	<b>Equity</b>			
Tangible assets	19	39,818	123,424	Share capital		97,917	97,917
Non-current receivables	22	29,202	32,876	Other contributed capital		1,337,386	1,337,386
Deferred tax assets	17	96,406	108,847	Reserves		-21,687	-2,246
<b>Total non-current assets</b>		<b>283,928</b>	<b>409,338</b>	Retained earnings including profit/loss for the year		-245,330	-201,358
Inventories	23	329,191	357,493	<b>Total equity</b>		<b>1,168,286</b>	<b>1,231,699</b>
Tax receivables		12,506	1,974	<b>Liabilities</b>			
Trade receivables	31, 32	218,757	222,990	Non-current interest-bearing liabilities	25, 32	-	2,727
Prepaid expenses and accrued income	24	22,299	18,456	Non-current provisions	26	12,445	12,758
Other receivables		24,290	40,094	Deferred tax liabilities	17	7,358	10,490
Cash and cash equivalents		581,083	536,369	<b>Total non-current liabilities</b>		<b>19,803</b>	<b>25,975</b>
<b>Total current assets</b>		<b>1,188,126</b>	<b>1,177,376</b>	Current interest-bearing liabilities	32	2,312	4,213
<b>TOTAL ASSETS</b>		<b>1,472,054</b>	<b>1,586,714</b>	Advance payments from customers		6,908	27,726
				Trade payables	32	77,176	109,297
				Tax liabilities		3,449	21,571
				Other liabilities		30,403	29,006
				Accrued expenses and deferred income	27	136,026	108,950
				Current provisions	28	27,691	28,277
				<b>Total current liabilities</b>		<b>283,965</b>	<b>329,040</b>
				<b>Total liabilities</b>		<b>303,768</b>	<b>355,015</b>
				<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,472,054</b>	<b>1,586,714</b>

## Consolidated statements of changes in equity

The share capital consists of 97,916,509 (97,916,509) shares. The shares are of the same class and each share carries one vote.

SEK thousand	Share capital	Other contributed capital	Hedge reserve	Translation reserve	Retained earnings	Total equity
<b>Opening balance, 1 January 2011</b>	97,917	1,337,386	-	-8,053	-112,528	1,314,722
Profit/loss for the year					-88,830	-88,830
<b>Other comprehensive income</b>						
Translation differences for the year				6,337		6,337
Tax relating to translation differences				-147		-147
Recognized in hedge reserve			-520			-520
Tax relating to items recognized in hedge reserve			137			137
<b>Total other comprehensive income</b>			<b>-383</b>	<b>6,190</b>	<b>-</b>	<b>5,807</b>
<b>Total income and expenses recognized in equity, excl transactions with owners</b>			<b>-383</b>	<b>6,190</b>	<b>-88,830</b>	<b>-83,023</b>
<b>Closing balance, 31 December 2011</b>	<b>97,917</b>	<b>1,337,386</b>	<b>-383</b>	<b>-1,863</b>	<b>-201,358</b>	<b>1,231,699</b>
Profit/loss for the year					-43,972	-43,972
<b>Other comprehensive income</b>						
Translation differences for the year				-19,959		-19,959
Tax relating to translation differences				135		135
Transferred to profit/loss			520			520
Tax relating to items recognized in hedge reserve			-137			-137
<b>Total other comprehensive income</b>			<b>383</b>	<b>-19,824</b>	<b>-</b>	<b>-19,441</b>
<b>Total income and expenses recognized in equity, excl transactions with owners</b>			<b>383</b>	<b>-19,824</b>	<b>-43,972</b>	<b>-63,413</b>
<b>Closing balance, 31 December 2012</b>	<b>97,917</b>	<b>1,337,386</b>	<b>-</b>	<b>-21,687</b>	<b>-245,330</b>	<b>1,168,286</b>

The translation reserve contains differences arising on translation of foreign operations after 1 January, 2004.

# Parent Company

## Profit and loss accounts

SEK thousand	Notes	2012	2011
Net sales	12	478,765	212,234
Cost of goods sold		-210,887	-187,601
<b>Gross profit</b>		<b>267,878</b>	<b>24,633</b>
Research and development expenses	11	-200,864	-188,855
Selling expenses	8,9	-93,577	-63,726
Administrative expenses	8,9	-34,030	-40,991
Other operating income		728	14,369
Other operating expenses	10	-44,983	-693
<b>Operating profit/loss</b>		<b>-104,848</b>	<b>-255,263</b>
<i>Result from financial investments</i>			
Interest income and similar items	15	69,283	133,636
Interest expenses and similar items	15	-39	-143
<b>Profit/loss before tax</b>		<b>-35,603</b>	<b>-121,770</b>
Tax	17	-13,060	130
<b>Profit/loss for the year</b>		<b>-48,664</b>	<b>-121,640</b>

## Statements of other comprehensive income

SEK thousand	2012	2011
<b>Profit/loss for the year</b>	<b>-48,664</b>	<b>-121,640</b>
<b>Other comprehensive income</b>		
Translation differences	-449	493
Tax relating to translation differences	118	-130
<b>Other comprehensive income for the year</b>	<b>-331</b>	<b>363</b>
<b>Total comprehensive income for the year</b>	<b>-48,995</b>	<b>-121,277</b>

## Cash flow statements

SEK thousand	Notes	2012	2011
<b>Operating activities</b>			
Profit/loss after financial items		-35,603	-121,770
<i>Adjustments for non-cash items</i>			
Depreciation/amortization and impairment		90,266	27,355
Unrealized foreign exchange differences		9,948	-1,092
Capital gain on the sale of non-current assets		4,509	1
Provisions		984	5,157
Not settled group contribution		-43,012	-108,666
Other non-cash items		34,337	-864
Paid income tax		-	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>61,429</b>	<b>-199,879</b>
<i>Changes in working capital</i>			
Inventories		-38,069	24,583
Trade receivables		10,577	54,196
Other receivables		-16,054	71,991
Trade payables		-1,083	-9,323
Other liabilities		-33,772	-14,264
<b>Cash flow from operating activities</b>		<b>-16,972</b>	<b>-72,696</b>
<b>Investing activities</b>			
Sale of subsidiaries		-9	-
Investments in intangible assets	18	-	-963
Investments in tangible assets	19	-4,991	-62,126
Sale of tangible assets	19	602	-
Changes of non-current receivables	22	2,200	4,684
<b>Cash flow from investing activities</b>		<b>-2,198</b>	<b>-58,405</b>
<b>Cash flow from financing activities</b>			
		-	-
<b>The year's cash flow</b>		<b>-19,170</b>	<b>-131,101</b>
Cash and cash equivalents at beginning of year		301,522	432,623
<b>Cash and cash equivalents at end of year</b>		<b>282,352</b>	<b>301,522</b>
<i>Additional information</i>			
<b>Interest received and paid</b>			
Interest received		7,197	7,974
Interest paid		-39	-43
		<b>7,158</b>	<b>7,931</b>
<b>Other non-cash items</b>			
Write down of inventory and similar items		4,757	713
Changes in provisions for restructuring		25,926	-
Changes in provision for variable salary		3,662	-1,577
Profit/loss from sale of subsidiaries		-8	-
		<b>34,337</b>	<b>-864</b>

## Balance sheets

SEK thousand	Notes	31 dec, 2012	31 dec, 2011	SEK thousand	Notes	31 dec, 2012	31 dec, 2011
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Non-current assets</b>				<i>Restricted equity</i>			
Intangible assets	18	3,281	6,532	Share capital		97,917	97,917
Improvements to leased property	19	3,440	3,594	Statutory reserve		1,141,707	1,141,707
Tangible assets	19	23,936	105,822			1,239,624	1,239,624
<i>Financial assets</i>				<i>Non-restricted equity</i>			
Participation in group companies	20	351,053	351,153	Fair value reserve		-1,189	-859
Receivables from group companies	21	7,167	7,616	Share premium reserve		201,916	201,916
Other non-current receivables	22	21,080	23,280	Accumulated deficit		-324,498	-202,858
Deferred tax receivables	17	63,401	76,343	Profit/loss for the year		-48,664	-121,640
<b>Total financial assets</b>		<b>442,701</b>	<b>458,392</b>			-172,435	-123,441
<b>Total non-current assets</b>		<b>473,358</b>	<b>574,340</b>	<b>Total equity</b>		<b>1,067,189</b>	<b>1,116,183</b>
<b>Current assets</b>				<i>Current liabilities</i>			
Inventories	23	64,044	35,083	Advance payments from customers		525	13,040
<i>Current receivables</i>				Trade payables		15,431	16,408
Trade receivables		11,540	22,965	Liabilities to group companies		1,128	326
Receivables from group companies		331,403	282,878	Other liabilities		4,755	4,439
Other receivables		6,291	9,004	Accrued expenses and deferred income	27	81,960	73,901
Tax receivables		3,185	1,855	Current provisions	28	15,310	14,326
Prepaid expenses and accrued income	24	14,125	10,976	<b>Total current liabilities</b>		<b>119,109</b>	<b>122,440</b>
<b>Total current receivables</b>		<b>366,544</b>	<b>327,678</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,186,298</b>	<b>1,238,623</b>
Cash and cash equivalents		282,352	301,522				
<b>Total current assets</b>		<b>712,940</b>	<b>664,283</b>				
<b>TOTAL ASSETS</b>		<b>1,186,298</b>	<b>1,238,623</b>				
<i>Pledged assets and contingent liabilities</i>							
<b>At 31 December</b>							
Pledged assets	30	89,000	89,000				
Contingent liabilities	29	-	-				

## Parent Company statements of changes in equity

The share capital consists of 97,916,509 (97,916,509) shares. The shares are of the same class and each share carries one vote.

SEK thousand	Share capital	Statutory reserve	Share premium reserve	Fair value reserve <sup>1)</sup>	Accumulated deficit incl loss for the year	Total equity
Opening balance, 1 January 2011	97,917	1,141,707	201,916	- 1,223	-202,858	1,237,459
Profit/loss for the year					-121,640	-121,640
<b>Other comprehensive income</b>						
Translation differences recognized in other comprehensive income				493		493
Tax relating to items recognized in other comprehensive income				- 130		- 130
<b>Other comprehensive income for the year</b>				<b>363</b>		<b>363</b>
<b>Total comprehensive income for the year</b>				<b>363</b>	<b>- 121,640</b>	<b>- 121,277</b>
Closing balance, 31 December, 2011	97,917	1,141,707	201,916	- 859	- 324,498	1,116,183
Profit/loss for the year					-48,664	-48,664
<b>Other comprehensive income</b>						
Translation differences recognized in other comprehensive income				- 448		- 448
Tax relating to items recognized in other comprehensive income				118		118
<b>Other comprehensive income for the year</b>				<b>- 330</b>		<b>- 330</b>
<b>Total comprehensive income for the year</b>				<b>- 330</b>	<b>-48,664</b>	<b>-48,994</b>
Closing balance, 31 December, 2012	97,917	1,141,707	201,916	- 1,189	- 373,162	1,067,189

1) The fair value reserve in its entirety comprises the translation reserve.

# Additional information and notes

## Note 1 Accounting policies, general information

### Compliance with norms and laws

Micronic Mydata (publ) and its subsidiaries, together comprising the Group, are engaged in the development, manufacture and sales of advanced pattern generators for the production of photomasks and advanced equipment for surface mounting of electronic components. All development and manufacturing takes place in Sweden, while sales are generated almost exclusively outside Sweden. The subsidiaries are based in France, Japan, China, Netherlands, Singapore, Great Britain, South Korea, Taiwan, Germany and USA. In addition, there are a large number of distributors and agents around the world.

The Parent Company is listed on the NASDAQ OMX, Stockholm in the category Small Cap, Information Technology.

The consolidated annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as endorsed by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has been applied. Applying the changes from IFRS as of 2012 have not affected the Group's accounting. The Group's accounting policies are otherwise unchanged compared with the previous year.

The Parent Company applies the same accounting principles as the Group, with the exception of cases listed below under the section "Parent Company's accounting policies".

A number of new or revised IFRSs will take effect in the coming financial year and have not been applied early in the preparation of these financial reports. Additions or modifications to be applied in the future are not planned to be applied in advance.

IFRS 9 Financial Instruments is intended to replace IAS 39 Financial instruments: Accounting and valuation at the latest as of 2015. IASB has published the first two parts of what will make up IFRS 9. The first part deals with classification and valuation of financial assets. The categories of financial assets found in IAS 39 have been replaced by two categories, those measured at fair value and those measured at amortized costs. Amortized cost is used as a tool as part of a business model, with the objective of attaining the contractual cash flows, which will constitute payments of a capital sum and interest on the capital sum on specified dates. Other financial assets are measured at fair value and the "fair value option" as in IAS 39 is retained. Changes in fair value are recognized in the profit or loss, with the exception of changes in the value of equity instruments that are not held for trading and for which the entity has initially chosen to report value changes in other comprehensive income. Changes in the value of derivative instruments in hedged accounting are not affected by this part of IFRS 9, rather they are temporarily reported according to IAS 39. In October of 2010, IASB also published the parts of IFRS 9 that affect classification and valuation of financial liabilities. The majority agree with the previous rules in IAS 39 except in terms of financial liabilities that are voluntarily valued according to the "Fair Value Option". For these liabilities, the changes in valuation are divided into changes that are attributable to their own creditworthiness and changes that are attributable to changes in the reference rate.

IFRS 12 Disclosure of Interest in Other Entities is a new standard for providing information regarding investments in subsidiaries, joint arrangements, associated companies and non-consolidated "structured entities" which involve increased disclosure requirements. The standard shall be applied for the financial year starting 1 January, 2014 or later and shall apply retroactively.

IFRS 13 Fair Value Measurement is a new, uniform standard for measuring the fair value and improved disclosure requirements. The standard shall be applied in the future for the financial year starting 1 January 2013 or later.

Other new and revised standards and interpretations are not considered to have any effect on the Group's financial reports.

### Basis of valuation

The assets and liabilities are stated at cost, unless otherwise specified.

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the reporting currency of the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts are stated in SEK thousand unless otherwise specified.

### Accounting estimates and classifications

The preparation of financial reports in accordance with IFRS requires the company's management to make certain accounting judgments, estimates and assumptions that affect how accounting policies are applied and the reports of the amounts of assets, liabilities, revenues and expenses. The actual results may differ from these estimates and assessments.

The estimates and assumptions are reviewed regularly. Adjustments to estimates are reported for the period in which they occur if the change only affected this period or in the period that the change is made and future periods if the change affects both the current and future periods.

Assessments made by the company management in terms of applying IFRS that significantly impact financial reports and completed estimates and that can result in major adjustments to the financial reports for the subsequent year are described in more detail in Note 4.

Non-current assets and liabilities essentially consist of amounts that are expected to be recovered or settled within twelve months from the closing date. Current assets and liabilities essentially consist of amounts that are expected to be recovered or settled within twelve months from the closing date.

Where applicable, any deviations from these principles for recovery or payment are specified in a note to the affected item in the statement of financial position.

## Note 2 Accounting policies, general information for the Group

### Consolidated reporting

Subsidiaries are companies where the Parent Company has governing influence.

Governing influence is defined as the right to govern, directly or indirectly, a company's financial and operating policies for the purpose of gaining economic advantage.

The consolidated financial statements are prepared in accordance with the purchase method of accounting, whereby the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's cost of acquisition is determined through an acquisition analysis in connection to the purchase. The analysis determines the acquisition value of the shares or operations, as well as the fair value on the date of acquisition for acquired identifiable assets as well as assumed liabilities or contingent liabilities. The cost of acquisition for the subsidiary shares and operations is measured as the aggregate of the fair values on the date of acquisition of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control of the acquired net assets, plus any costs directly attributable to the acquisition through 2009. Costs of acquisition after 2009 are charged directly to the year's profit and loss. In business combinations where the cost of acquisition exceeds the fair value of acquired assets, assumed liabilities and contingent liabilities that are reported separately, the difference is recognized as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the year's profit or loss.

The financial statements of the subsidiaries are included in the consolidated financial statement from the date of acquisition and up to the date on which governing influence passes from the Group.

Intra-group receivable and liabilities, revenues or costs and unrealized profits or losses that arise from intra-group transactions between group companies are eliminated in full when the consolidated financial statements are prepared.

### Foreign currency translation

#### Functional currency

Items included in the financial statements of the Group's subsidiaries are measured using the currency of the primary economic environments in which the subsidiary operates (functional currency).

#### Transactions

Transactions in foreign currency are translated to the functional currency at the rate of exchange in effect on the transaction date.

Sales transactions in foreign currency within the pattern generator segment are translated at the spot rate with the exception of sales of spare parts and service contracts for which an approximate exchange rate for the month is used. Sales transactions in foreign currency in the surface mount technology segment are reported at an approximate exchange rate for the month. When a contract sale is hedged, the cumulative gain or loss on the hedging instrument, normally a forward exchange contract, is recognized in the profit and loss account when the hedged sales transaction affects profit or loss.

Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing day rate. Foreign exchange gains/losses arising on translation are recognized in the profit and loss account for the year. Non-monetary assets and liabilities carried at cost are translated at a rate of exchange that applied on the transaction date. Non-monetary assets and liabilities carried at fair value are translated to the functional currency at the rate of exchange prevailing on the date when the fair value was determined. Forward exchange contracts are used to protect assets and liabilities from foreign exchange risk. Hedge accounting is not applied for offsetting of foreign exchange risk since a financial hedge is reflected in the accounts, in that both the underlying asset/liability and the hedging instrument are translated at the closing day rate of exchange, while changes in the exchange rates are recognized through profit and loss. Foreign exchange differences arising on operating receivables and liabilities are recognized in the operating profit, while exchange differences arising on financial assets and liabilities are recognized among financial items.



#### Financial statements of foreign operations

Assets and liabilities in foreign group companies are translated from that company's functional currency to SEK at the closing day rate of exchange. Revenue and expenses in the respective group company's profit and loss account are translated to SEK at the average rate of exchange that is a reasonable approximation of actual rates on the respective transaction dates. All exchange differences arising from the translation of foreign operations are recognized in other comprehensive income and are accumulated in a separate translation reserve within consolidated equity.

#### Net investments in foreign operations

Exchange differences arising with the translation of long-term loans that form part of the net investment in a foreign operation are deferred to a translation reserve in equity together with the related tax effects. Investments in foreign subsidiaries are not hedged.

Accumulated translation differences are reported as a separate shareholders' equity category and include exchange differences as of the switch to IFRS on 1 January 2014. When a foreign operation is disposed of, the cumulative exchange differences relating to that foreign operation are recognized in the consolidated profit or loss.

#### Reporting of operating segments

A business segment is an identified part of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. A business segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess performance. In the Group, this function has been identified as the CEO. The business segments correspond to the Group's business areas.

#### Intangible assets

##### Capitalized costs for business systems

Capitalized costs for business systems are recognized as intangible assets at cost with a deduction for accumulated amortization. The investment in a business system refers to costs incurred for adaptation and implementation of a fully integrated business system and consists of both internally generated and externally acquired assets. Capitalized costs for business systems are amortized straight-line over the expected useful life of the asset, which is three years. Amortization is initiated when the business system is ready for use. Costs for maintenance of the business system are expense as they are incurred.

##### Capitalized development costs

Costs related to research undertaken with the prospect of gaining new scientific or technical knowledge in the Group's operations are expenses as they are incurred. Development projects where knowledge and understanding gained from research and practical experience are directed towards developing new products, processes or systems, are recognized as intangible assets in the statement of financial position when they meet the criteria for capitalization. Development costs may be capitalized if the company can demonstrate the technical and commercial feasibility of completing the product or process, the intention and ability to complete the development and use or sell the asset. It must also be probable that future economic benefits related to the asset will flow to the company and the asset cost can be reliably measured. The reported value includes all directly attributable costs, such as those for materials and services as well as compensation to employees.

Other development costs are expensed in the profit and loss account for the period in which they arise.

Individual assessment is made of all ongoing research and development projects to determine which costs for the respective project are capitalizable and to look for any indications of impairment.

Amortization of capitalized development costs is started when the respective development project is completed, normally when it begins generating revenue and is carried out on a straight-line basis over a period of three years for pattern generators and five years for SMT equipment.

##### Goodwill

Goodwill is measured at a cost less accumulated impairment losses. Goodwill is distributed to cash-generating units and is tested for impairment annually. Goodwill is attributable to the acquisition of MYDATA automation AB.

##### Other intangible assets

Other intangible assets consist of brands and customer relationships, and are measured at cost less accumulated amortization and impairment losses. These assets are attributable to the acquisition of MYDATA automation AB.

##### Tangible assets

Capitalized costs for machines and equipment are measured at cost less accumulated depreciation. The acquisition costs include the acquisition price as well as charges for

transportation to the site and preparation efforts in order to use the equipment according to the intended purpose of the acquisition. Borrowing costs that are directly attributable to the purchase or production of assets that require a significant time to prepare for their intended use or for their sale are included in the acquisition costs.

The item "equipment" includes self-produced equipment used primarily for research and development as well as test and training equipment. The acquisition cost of self-produced, non-current assets includes expenses for materials, employee benefits and salaries, other production costs that are considered to be directly attributable to the asset and estimated costs for the dismantling and disposal of the assets and restoring the location or area where they are located.

The reported value of a tangible asset is removed from the statement of financial position upon disposal or sale of the asset or when there are no future economic benefits anticipated from using or disposing/selling the asset. Gains/losses on the sale or disposal of tangible assets are calculated as the difference between the net realizable value and carrying amount of the item and are recognized in the profit and loss account among other operating income/expenses.

Subsequent expenses are added to the acquisition cost if it is likely that the future economic benefits of the assets will be realized by the company and the acquisition cost can be estimated reliably. All other additional expenditures are accounted as costs when they arise.

A future expense is added to the acquisition cost if the expense involves the replacement of identified components or parts thereof. In the cases where a new component has been produced, the expense is added to the acquisition cost. Any non-depreciated costs for replacement components or parts of such components are discarded and expensed as the replacement is made. Repairs are expensed on an ongoing basis.

Tangible assets are depreciated on a straight-line basis over their expected useful life starting from the month of preparation or acquisition as follows:

Land improvements	20 years
Clean room facilities	10 years
Other permanent equipment	5-40 years
Machinery and equipment	3-5 years
Computers	3 years

The time "other permanent equipment" is of lesser significance and includes components such as boilers and lightning conductors. Costs related to PC computers are expensed as incurred.

#### Leases

Leases are classified either as financial or operating leases. A financial lease is a lease where the economic risks and benefits linked to the ownership are substantially transferred to the lessee. Other leases are classified as operating leases. All existing lease agreements, including property leases, are classified as operational leasing.

Assets that are leased according to operating leases are as a rule not reported as assets in the report of financial position. Operating lease agreements do not give rise to liabilities. In these cases, the lease expense is reported within operating expenses, although not depreciation, in the profit and loss account. The leasing charge, consisting of a fixed portion and an interest portion, is recognized as a lease expense in the profit and loss account. Variable charges are expensed in the periods in which they are incurred.

#### Financial instruments

The financial assets recognized in the statement of financial position include cash and cash equivalents, loans and receivables and derivatives. Financial liabilities include trade payables, loans payable and derivatives.

##### Recognition and derecognition from the statement of financial position

A financial asset or liability is recognized in the statement of financial position when the company initially becomes party to the contractual provisions of the instrument. Financial assets are recognized when the company has performed and there is a contractual obligation for the counterparty to pay, even if no invoice has been sent. Trade receivables are recorded in the statement of financial position when an invoice has been sent. Financial liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even if no invoice has been received. Trade payables are recorded when an invoice has been received.

A financial asset is derecognized from the statement of financial position when the company's rights under the agreement are realized, expire or the company has relinquished control of the asset. The same applies for a part of a financial asset. A financial liability is derecognized from the statement of financial position when the obligation specified in the agreement is discharged or otherwise extinguished. The same applies for a part of a financial liability.

A financial asset and a financial liability are set off and netted in the statement of financial position only when a legal right of setoff exists and there is an intent and ability to set off and net these items or to simultaneously realize the asset and settle the liability.

Acquisitions and sales of financial assets are recognized on the trade date. The trade date is the date on which the company commits to acquire or sell the asset.

#### *Classification and valuation*

Non-derivative financial instruments are initially measured at cost, corresponding to fair value including transaction costs for all financial assets and liabilities not carried at fair value through profit or loss, which are measured at fair value less transaction costs. On initial recognition, a financial instrument is classified based on the intent for acquisition of the financial instrument. Subsequent measurement depends on how the instruments have been classified upon initial recognition as well as described below.

Derivative instruments are initially recognized at the fair value, which means that the transaction costs affect the profit/loss for the period. After the initial recognition, the derivative instrument is recognized as below. If derivative instruments are effectively used for hedged accounting, the changes in the value of the derivative instrument are listed on the same row in the annual report as the hedged item. Even if hedged accounting is not used, increases or decreases in the value of the derivative are respectively recognized as revenues or expenses in the operating profits or the net financial income or expense based on the purpose for using the derivative

instrument and the extent to which using the derivative is related to an operating item or a financial item. With hedged accounting, ineffective portions are recognized in the same way as changes in the value of derivatives that are not used for hedged accounting.

Cash and cash equivalents comprise cash in hand at a bank or equivalent institutions and other highly liquid short-term investments that have original maturities of less than three months and are not subject to any material risk for value fluctuations. The Group has not held any short-term investments during the financial year.

#### *Financial assets at fair value through profit or loss*

This category consists of two subgroups - financial assets held for trading and other financial assets which the company has designated to this category on initial recognition. Assets in this category are subsequently measured at fair value with fair value changes recognized in profit or loss. A financial asset is classified as held for trading which it is acquired for the purpose of selling in the short term. Derivatives are classified as held for trading except when being used for hedging. Derivatives are classified as held for trading when hedge accounting is discontinued.

#### *Loans and receivables*

Loans and receivables are financial assets that are not derivatives, that have set or settable payments, and that are not listed on an active market. These assets are measured as amortized cost. The amortized cost is determined based on the effective interest rate calculated at the date of acquisition. Trade receivables are reported at the amount in which they are expected to be received after deduction of probable credit losses.

#### *Financial liabilities at fair value through profit or loss*

This category consists of financial liabilities held for trading and derivatives not designated as hedging instruments. Liabilities in this category are subsequently measured at fair value and changes in fair value are recognized in profit or loss. Derivatives with negative fair value are classified as held for trading except for derivatives that are identified as efficient hedging instruments. Derivatives are classified as held for trading when hedge accounting is discontinued.

#### *Other financial liabilities*

Financial liabilities not held for trading are measured at amortized cost less transaction costs. This category includes the Group's loans payable and trades payable.

#### *Derivatives used for hedging purposes*

All derivatives are measured at fair value in the statement of financial position. Changes in the fair value of derivatives designated as fair value hedges are recognized in profit or loss.

Changes in the fair value of derivatives designated as cash flow hedges and hedges of net investments in foreign currency are recognized in other comprehensive income and cumulative changes are deferred to a special reserve in equity, the hedge reserve or translation reserve, until the hedged item is recognized in profit or loss. Net investments in foreign currency are currently not hedged.

#### *Reporting of derivatives and hedges*

Derivatives consist of forward exchange contracts that are only used to reduce transaction exposure in foreign currencies and are not used for speculative purposes. Derivatives are recognized in the statement of financial position and are measured at fair value. The method for reporting gains/losses arising from changes in the fair value of a derivative depends on whether the derivative has been identified as a hedge instrument and, in such case, the nature of the hedged risk. In hedge accounting, the Group identifies derivatives as:

- a hedge on the exposure of the changes in fair value of a recognized asset or liability or
- a firm commitment (fair value hedge)
- a hedge of a highly probable forecast transaction or the hedge of a foreign exchange risk in a firm commitment (cash flow hedge)
- a hedge of a net investment in foreign operations.

At present, only cash flow hedges are used.

When a contract is entered into, the relationship between the hedge instrument and the hedged risk is formally documented, including the company's risk management objective and strategy for undertaking the hedge. The Group also documents its assessment, both at the inception of a hedge and at each reporting date, on the effectiveness of the derivatives used in the hedge transaction in offsetting changes in the fair value or cash flows of the hedged item. Changes in the hedge reserve in equity are recognized in other comprehensive income.

In the Group, derivatives that are used to hedge probably future commercial inflows in foreign currency, in other words, inflows from sales, and which meet the requirements for hedge accounting, are reported according to the rules for hedge accounting for cash flow hedges. This means that the effective portion of fair value changes on derivative instruments is recognized in the hedge reserve in other comprehensive income. The profit or loss attributable to the ineffective portion is recognized immediately in the profit and loss account. The fair value of derivatives is measured as the quoted market prices of currency and interest rates on the closing date.

Amounts accumulated in equity are reversed to profit or loss in the periods when the hedged item is reflected in profit or loss, i.e. upon revenue recognition.

When a hedged instrument expires, is sold or no longer meets the hedge accounting criteria and the cumulative gains/losses are deferred in equity, these gains/losses are retained in equity and are recycled to profit or loss when the forecast transaction is recognized in the profit and loss account. The effective portion is recognized in net sales when the hedged item affects profit or loss, while the ineffective portion is recognized in other operating income/expense. When a forecasted transaction is not longer expected to occur, the cumulative gains/losses deferred in equity are immediately released to the profit and loss account among other operating income/expense.

#### **Inventories**

Inventories are valued at the lowest acquisition value and net realisable value.

Inventories are carried out at cost calculated on a standard cost basis, which provides an approximate acquisition value and include all costs of purchase, costs of conversion and other costs incurred in bringing the goods to their existing location and condition. Self-produced finished and semi-finished goods are valued with the approximate acquisition value according to the standard cost method, including a reasonable share of indirect manufacturing overheads based on normal capacity. The standard costs are regularly reviewed and revised when necessary based on current circumstances.

Net realizable value is the estimated selling price less the direct costs to sell in operating activities. Deductions are made for internal profit arising from intra-group sales. The necessary obsolescence provision has been made.

#### **Impairment**

The carrying amounts of the Group's assets are reviewed at the end of each closing period to look for any indication that an asset may be impaired.

#### *Impairment testing of tangible and intangible assets and participation in subsidiaries*

If there is an indication of impairment, the asset's recoverable amount is calculated (see below). For goodwill and other intangible assets with indefinite useful lives and intangible assets that are not ready for use, the recoverable value is calculated annually. If it is not possible to establish an independent cash flow for an individual asset, and its fair value less the sales costs cannot be used, the assets are grouped during impairment testing at the lowest level at which the identifiable cash flow can be identified, a so-called cash-generating unit.

An impairment is recognized when the recorded value of asset or cash-generating unit (group of units) exceeds the recoverable value. An impairment is recognized as a cost in the profit and loss account for the year. When the need for impairment has been identified for a cash-generating unit (group of units) the impairment amount is firstly distributed to goodwill. Then the remaining assets in the unit (group of units) are impaired proportionally.

The recoverable value is the highest fair value minus the selling costs and value in use. In measuring value in use, a discount rate is used that reflects current market assessments of the time value of money and the risks specific to the asset.

#### *Impairment testing of financial assets*

A review is carried out at the end of each reporting period to look for any indication that a financial asset may be impaired. Indications of impairment may arise from adverse changes in circumstances that affect the ability to recover an asset's carrying amount or parts thereof, such as assessment of trade receivables. The recoverable amount of financial assets carried at amortized costs is measured as the present value of future cash flows discounted at the effective interest rate on initial recognition. Assets with a short time to maturity are not discounted in calculating the recoverable value. Impairment losses are recognized in the profit and loss account.

#### **Taxation**

Income tax consists of current tax and deferred tax. Income tax is reported in the profit/loss account for the year, except when underlying transactions were reported in other comprehensive income or in equity, whereby related tax effects are reported in other comprehensive income or in equity.

Current tax is the tax payable or refundable for the current year, with the tax rates enacted or substantively enacted by the closing date. Current tax also includes

adjustment of current tax from previous periods.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the carrying amount of an asset or liability and its tax base. Temporary differences are not observed in the consolidated goodwill and neither for differences that arise on initial recognition of assets and liabilities that are not business combinations which at the date of the transaction do not affect either the recognized or taxable profit. Also not observed are temporary differences for shares in subsidiaries and associated companies that are not expected to be reclassified in the foreseeable future. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be recognized or paid. Deferred tax is calculated using the tax rates and tax regulations enacted or substantively enacted by the closing date.

Deferred tax receivables for deductible temporary differences and tax loss carry-forwards are only recognized to the extent that they are expected to be used. The values of deferred tax receivables is reduced when it is no longer expected to be used.

Any additional income tax that arises in relation to distribution is recognized on the same date as the distribution is recognized as a liability.

#### Employee benefits

##### *Pension commitments*

Pension commitments are normally fulfilled through payment of premiums according to a defined contribution pension plan. A defined contribution pension plan is classified as the plans where a company's obligation is limited to the charges the company has undertaken to pay. In such cases, the size of the employee's pension is dependent on the charges paid by the company to the plan or to an insurance company and the capital return offered by the charges. Consequently, the employee carries the actuarial risk (that the compensation may be lower than expected) and the investment risk (that the invested assets will be insufficient to offer the expected compensation). The company's obligations regarding changes to defined contribution plans are charged to the profit and loss account for the period in which the employees render the related service to the company.

##### *Other long-term employee benefits*

In the Japanese subsidiary, there is a minor long-term employee benefit obligation. When employment ceases, through termination or retirement, the accumulated amount of benefit is paid out immediately.

##### *Termination benefits*

A provision is recognized on the termination of employees only when the company is demonstrably committed, without realistic possibility of withdrawal, by a detailed, formal plan to terminate an employee or group of employees before the normal retirement date. When termination benefits are provided as a result of an offer made to encourage voluntary redundancy, the expense is recognized if it is probably that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

##### *Short-term employee benefits*

For short-term employee benefits, the undiscounted amount of benefits expected to be paid in respect of service rendered in a period are recognized in that period. A provision for the expected cost of dividend and bonus payments is recognized when the Group has a legal or constructive obligation to make such payments in respect of service rendered by employees and a reliable estimate of the expected cost can be made.

#### Provisions

A provision is different from other liabilities because the payment time or the size of the payment is not clear. A provision is recognized in the statement of financial position when there is a legal or informal obligation as a result of an event occurring, and it is likely that an outflow of financial resources will be needed to meet the obligation and that this amount can be reliably estimated.

Provisions are made using the best estimate of what will be required to fulfill the existing obligation on the closing date. If the time at which the payment is made is significant, provisions are calculated by discounting the anticipated future cash flow at a pre-tax interest rate that reflects the current market assessments of the time value of the money, and if appropriate, the risks that are associated with the liability.

##### *Warranties*

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical data regarding warranties and an overall review of potential outcomes in relation to the probabilities of such outcomes.

##### *Restructuring*

A provision for restructuring is recognized when there is an established, detailed and formal restructuring plan, and the restructuring has either been started or has been made public. No provisions are made for future operating costs.

#### Revenue recognition

The company's net sales consist entirely of revenue arising from the sale of goods (systems and system upgrades, spare parts and accessories) and services. Sales are denominated mainly in USD, EUR or JPY.

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the company and when the amount of revenue can be measured reliably. Revenue arising from the sale of goods to a customer is recognized upon delivery in accordance with the agreed conditions of sale and delivery, i.e. when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is reported net of any discounts.

Revenues related to the sale of services, primarily linked to service agreements, is recognized upon provision of the service. Service agreements that are invoiced in advance are progressively recognized over the term of the agreement. Service contracts that are invoiced in arrears are reported as income over the course of the agreement.

#### Expense recognition

Expense recognition of the delivered goods occurs in connection with the delivery of goods and recognition of income from a sale. Expense recognition implies that all expenses for the delivered goods are recognized in the profit and loss account. The expenses include all remaining expenses at the delivery date, including provisions for setup and warranty. These are reported under "Accrued expenses" and "Short-term provisions" in the statement of financial position. The costs for setting up a system at a customer site is easy to assess and limited in relation to the value of the system as a whole. When setup is completed at the customer site, a warranty period begins and normally lasts for 12 months.

Costs for the provision of service are expensed as incurred.

#### Financial revenues and expenses

Financial revenues consist of interest income on invested assets, and dividend income. Dividend income is reported when the right to receive dividends has been established.

Financial costs consist mainly of interest costs on loans. Borrowing costs are recognized using the effective interest method, except when directly attributable to purchasing, construction or production of assets that take considerable time to complete for the intended use or sales, in which case they are included in the acquisition value of the assets.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received by contract parties that are part of the effective interest, transaction costs and all other premiums and discounts.

#### Operating expenses

The Group's expenses mainly refer to materials and supplies, personnel costs and other external expenses, primarily consisting of consulting fees. An assessment is made of costs incurred but not invoiced by suppliers for work performed during the financial year, and a corresponding provision is recognized in "accrued expenses" in the statement of financial position. Costs related to research are expensed as incurred. Costs for development projects that meet the criteria for capitalization are reported as intangible assets.

#### Earning per share

Earnings per share are calculated on consolidated profit for the year attributable to equity shareholders in the Parent Company divided by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated on profit for the period and the average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which during the reported periods consisted of options/warrants granted to employees. Dilution from options affects the number of shares and only occurs when the strike price falls below the market price, and increases in proportion to the difference between the strike price and the market price. The strike price is adjusted with an addition for the value of future services linked to equity-paid employee stock option program recognizes as share-related in accordance with IFRS 2. The Group company currently does not offer an employee stock option program.

### Note 3 Accounting policies of the Parent Company

The annual financial statements of the Parent Company are presented in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities (September 2012). The Swedish Financial Reporting Board's statements for listed enterprises are also applied. RFR 2 means that in the report for the legal entity, the Parent Company shall apply all EU-approved IFRSs and statements as far as possible within the framework of the Annual Accounts Act, the law of safeguarding pension commitments and with respect to the connection between accounting and taxation. The recommendation indicates which exceptions and additions to IFRS shall be made.

The differences between the Group's and the Parent Company's accounting policies are shown below. The accounting policies for the Parent Company shown below have been consistently applied to all periods presented in the Parent Company's financial statements.

**Changes in accounting policies**

Unless otherwise specified below, the Parent Company's accounting policies in 2012 have been modified in accordance with what is specified above for the Group.

**Classification and disposition**

A profit and loss account and a statement of comprehensive income are reported for the Parent Company and the Group. The Parent Company is using the titles of balance sheet and cash flow analysis for the statements that in the Group are titled as statement of financial position and statement of cash flows. Profit and loss account and balance sheet for the Parent Company are presented according to the Swedish Annual Accounts Act structure, which the statement of comprehensive income, report of changes in equity and cash flow analysis are based on IAS 1 Presentation of Financial Statements and IAS 7 Consolidated Cash Flow Statements.

**Development expenses**

All costs, for both research and development, are expensed as incurred.

**Leases**

The Parent Company classifies all leases as operating leases, which means that the lease expense is recorded as an operating expense in the profit and loss account.

**Taxation**

In the Parent Company, untaxed reserves are reported gross, including equity and the deferred tax portion, in contrast to the Group reporting. In the Parent Company, correspondingly, appropriations are reported gross, including deferred tax liabilities.

**Group contribution**

Group contributions received are reported as dividends and group contributions submitted are reported as investment in subsidiary shares.

**Subsidiaries**

In the Parent Company, shares in subsidiaries are accounted for according to purchase method. This means that transaction expenses are included in the reported value of holding in subsidiaries. Transaction expenses are recognized in the consolidated financial statements directly in the earnings when these arise. The Parent Company recognizes the full amount of dividends received from subsidiaries as revenue in profit or loss for the year.

**Intra-group receivables that comprise net investments in foreign operations**

The Parent Company's long-term loans to a foreign subsidiary that form part of the Parent Company's net investment in the foreign subsidiary are translated at the closing day rate of exchange. Foreign exchange differences arising on translation of such monetary items are recorded separately within a translation reserve in equity.

**Financial instruments and hedge accounting**

In view of the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied by the Parent Company as a legal entity.

In the Parent Company, financial assets are valued at cost, less any impairment and financial current assets at the lower value of cost or net realizable value. The acquisition cost for fixed-income instruments is adjusted for accrual difference between initial cost, less transaction costs, and the sum paid on the closing date (premiums and discounts).

When hedging receivables and liabilities in foreign currency using forward contracts, the spot exchange rate is used on the day when the currency is hedged to value the hedged receivable or liability. The difference between the forward contract rate and the spot rate at the time of entering into the contract (forward premium) is periodized over the life of the forward contract. Periodized forward premiums are reported as other operating income and other operating expenses, respectively.

**Note 4 Critical accounting estimates and assumptions**

The company management and the audit committee discussed the development, selection and information regarding the Group's critical accounting policies and estimates, as well applying these policies and estimates.

**Critical estimates when applying the Groups accounting policies**

The preparing of financial statements to conform with IFRS requires the management to make certain assumptions that affect the application of the company's accounting policies. When preparing the financial statements, the company's management is also required to make certain estimates and assumptions about the future that affect the reported amounts of assets and liabilities on the closing date. Revenues and expenses are also affected by the estimates. The actual results may differ from these estimates. The key assumptions and estimates are specified below.

**Capitalized development costs**

Development projects where knowledge and understanding gained from research and practical experience are directed towards developing new products, processes or systems, are recognized as intangible assets in the statement of financial position when they meet the criteria for capitalization. Development costs may be capitalized if the company can demonstrate the technical and commercial feasibility of completing the product or process, the intention and ability to complete the development and use or sell the asset. It must also be probable that future economic benefits related to the asset will flow to the company and the asset cost can be reliably measured. The reported value includes all directly attributable costs, such as those for materials and services as well as compensation to employees. Individual assessment is made of major ongoing research and development projects to determine whether these criteria have been met.

However, because it may be difficult to distinguish between research and development projects, this judgment can be affected by individual interpretations.

**Evaluating useful life periods and impairment requirements for capitalized development costs**

The company regularly reviews capitalized development costs to look for any indication of impairment. Each development project is individually tested for impairment through a quarterly estimation of discounted future cash flows that includes intangible assets not yet completed.

This valuation is made and judged by the company and is also reviewed by the audit committee.

Amortization of intangible assets is based on the estimated useful life of the asset. Depending on which useful life is determined for an asset, this can have a significant impact on the Group's reported profit. The expected residual value of an intangible asset at the end of its useful life is always set to zero.

Amortization of capitalized development costs is started when the respective development project is completed, normally when it begins generating revenue. At that time, a straight-line amortization is started over a three to five year period.

The reported value of goodwill and brand with unidentified useful life is tested for impairment at least once a year. The impairment test is based on value in use, which in turn is normally based on cash flow estimates for five years for the cash-generating entity to which the values belong. These assessments can have a large impact on the Group's reported profit.

**Deferred tax assets**

Deferred tax assets are continuously assessed. In such an impairment test, the tax assets are put against future profit, based on strategic plans and management judgments.

**Note 5 Capital management**

The Board of Micronic Mydata AB has established a financial goal for the company, to maintain a good capital structure that ensures financial stability and provides a solid foundation for ongoing development of business operations. The Board oversees the Group's capital structure and financial management, approves matters related to acquisitions, investments and financing and continuously monitors the Group's exposure to financial risks.

Micronic Mydata AB has not paid dividends on any occasion, but has instead reinvested the generated profits mainly to finance ongoing development activities and thereby create growth for the company.

Micronic Mydata AB defines capital as shareholders' equity according to the balance sheet, SEK 1,168,286 (1,231,699) thousand, less unrealized gains/losses in the hedge reserve that are recognized in other comprehensive income and share-based payments recognized directly in equity, SEK 1,157,055 (1,220,851) thousand.

The Group's long-term financial targets have been to achieve an operating margin of more than 15 percent and an equity/assets ration of more than 60 percent over a business cycle. In 2012 the longterm financial targets will be evaluated.

Neither the Parent Company nor any of the subsidiaries is subject to any external capital requirements.

**Note 6 Events after the end of the financial year**

Micronic Mydata AB received order for an LDI 5s with expected shipment in Q1, 2014.



## Note 7 Items affecting comparability

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Write down of LDI assets	90,000	–	90,000	–
Restructuring of operations	38,128	–	28,399	–
Operating profit/loss	128,128	–	118,399	–

The operating profit is affected by non-recurring costs. Write downs of LDI assets are reported as cost of goods sold, development expenses and selling expenses. Out of the total, SEK 90 million, SEK 63 million is related to write down of tangible assets and SEK 27 million is related to write down of inventories. Costs related to restructuring of operations are reported as other income/expenses.

## EBIT comparison

	GROUP	
	2012	2011
Operating profit/loss according to profit and loss account	–21,372	–65,717
Net capitalization/amortization of R&D	15,974	32,985
LDI development, excl write down	141,456	163,388
Revaluation of LDI evaluation system	–	10,651
Write down LDI assets	90,000	–
Restructuring of operations	38,128	–
Amortization on acquired intangible assets	6,458	6,458
EBIT comparable	270,644	147,765

The table illustrates the effect of a number of items in a comparison of operating profit between 2011 and 2012.

## Note 8 Operating expenses

	GROUP	
	2012	2011
<i>Costs allocated by function and cost type (excl work performed by the company for its own use and capitalized)</i>		
Raw materials and consumables	466,223	487,831
Changes in product inventories and products in progress	–12,583	–37,515
Personnel costs	476,549	452,884
Depreciation and write down	116,151	68,154
Other external costs	361,523	341,978
	1,407,863	1,313,332

## Intra-group transactions:

Of the parent company's purchases this year SEK 256 (127) million was attributable to group companies. Of the parent company's sales this year SEK 197 (74) million was attributable to group companies.

## Note 9 Fees for auditing and non-auditing services

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
<i>Fees and compensation, auditing, etc</i>				
Auditing assignments, KPMG	1,836	1,724	225	437
Non-auditing assignments	128	848	128	600
Tax counselling	1,303	257	1,180	30
Other assignments	588	484	588	484
	3,855	3,313	2,121	1,551

Auditing assignments refer to the auditing of the consolidated financial statements, the accounts and the administration of the board of directors and the CEO, other tasks that befall on the company's auditor and advice or other assistance prompted by observations from such audits or the performance of such tasks. All other work is classified as other assignments or counselling. The 2010 AGM elected KPMG as the company's auditor for a three year period.

## Note 10 Other operating income/expenses

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
<b>Other operating income</b>				
Foreign exchange gains	–	1,899	–	–
Other	1,981	3,153	728	14,369
	1,981	5,052	728	14,369
<b>Other operating expenses</b>				
Foreign exchange losses	11,455	–	14,208	986
Other	42,635	897	30,775	–293
	54,090	897	44,983	693
of which, positive exchange rate differences on non-hedge accounting derivatives	7,177	4,330	4,092	1,460

## Note 11 Research and development expenses

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
<b>R&amp;D expenditure</b>				
Pattern generators	200,072	187,127	–	–
SMT equipment	69,321	64,284	–	–
	269,393	251,411	200,864	188,855
<b>Capitalized development</b>				
Pattern generators	–	–	–	–
SMT equipment	–	–9,114	–	–
	–	–9,114	–	–
<b>Amortization on capitalized development</b>				
Pattern generators	–	27,594	–	–
SMT equipment	15,974	14,506	–	–
	15,974	42,100	–	–
<b>R&amp;D costs</b>	285,367	284,397	200,864	188,855
Amortization on acquired technology	4,600	4,600	–	–
Reported cost	289,967	288,997	200,864	188,855

## Note 12 Segment reporting

	2012			Group
	Pattern generators	SMT equipment	Group-wide	
<i>Income</i>				
Income from external customers	576,395	777,532	–	1,353,927
<b>Total income</b>	<b>576,395</b>	<b>777,532</b>	<b>–</b>	<b>1,353,927</b>
of which customers representing more than 10 percent of pattern generator sales	300,505	–		
Gross profit	275,968	335,939		611,907
Gross margin	48%	43%		45%
<i>Operating expenses and operating profit</i>				
R&D expenses	–200,072	–69,321		–269,393
Capitalized development costs	–	–		–
Amortization of capitalized development costs	–	–15,974		–15,974
Amortization of acquired intangible assets	–	–	–6,458	–6,458
<b>Operating profit/loss</b>	<b>–90,565</b>	<b>105,556</b>	<b>–36,363</b>	<b>–21,372</b>
<i>Assets</i>				
Capitalized development	–	17,478		17,478
Inventories	219,510	109,681		329,191
Trade receivables	114,352	104,405		218,757
<i>Investments</i>				
Capitalized development	–	–		–
	2011			Group
	Pattern generators	SMT equipment	Group-wide	
<i>Income</i>				
Income from external customers	393,796	803,784	–	1,197,580
<b>Total income</b>	<b>393,796</b>	<b>803,784</b>	<b>–</b>	<b>1,197,580</b>
of which customers representing more than 10 percent of pattern generator sales	193,117	–		
Gross profit	146,371	341,664		488,035
Gross margin	37	43		41
<i>Operating expenses and operating profit</i>				
R&D expenses	–187,127	–64,284		–251,411
Capitalized development costs	–	9,114		9,114
Amortization of capitalized development costs	–27,594	–14,506		–42,100
Amortization of excess values in intangible assets	–	–	–6,458	–6,458
<b>Operating profit/loss</b>	<b>–198,269</b>	<b>139,010</b>	<b>–6,458</b>	<b>–65,717</b>
<i>Assets</i>				
Capitalized development	–	33,452		33,452
Inventories	240,579	116,914		357,493
Trade receivables	73,596	149,394		222,990
<i>Investments</i>				
Capitalized development	–	9,114		9,114

Note 12, cont'd.

Net sales per geographical market	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Sweden	28,762	33,167	9,774	9,159
Europe outside Sweden	368,222	408,564	1,202	4,103
Americas	337,165	300,250	30,036	9,851
Asia	614,679	437,215	437,753	189,121
Other markets	5,099	18,384	–	–
<b>Total</b>	<b>1,353,927</b>	<b>1,197,580</b>	<b>478,765</b>	<b>212,234</b>
of which, system sales	759,578	666,620	277,686	98,559
of which, aftermarket sales	594,349	530,960	251,079	113,675
	<b>1,353,927</b>	<b>1,197,580</b>	<b>478,765</b>	<b>212,234</b>

Non-current assets per geographical market	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Sweden	146,050	253,271	30,657	115,948
Europe outside Sweden	2,284	2,409	–	–
Americas	472	778	–	–
Asia	9,514	11,157	–	–
<b>Total</b>	<b>158,320</b>	<b>267,615</b>	<b>30,657</b>	<b>115,948</b>

### Note 13 Depreciation/amortization by function

	Customer relationships	Business system	Development expenses	Machinery and equipment	Total
<b>Group 2012</b>					
Cost of goods sold		596		7,374	7,970
Research and development expenses		628	4,600	10,242	15,470
Research and development, capitalized development costs			15,974		15,974
Selling expenses	1,858	105		9,034	10,997
Administrative expenses		1,922		452	2,374
	<b>1,858</b>	<b>3,251</b>	<b>20,574</b>	<b>27,102</b>	<b>52,785</b>
<b>Group 2011</b>					
Cost of goods sold		286		6,385	6,671
Research and development expenses		635	4,600	6,041	11,276
Research and development, capitalized development costs			42,100		42,100
Selling expenses	1,858	535		3,198	5,591
Administrative expenses		1,689		827	2,516
	<b>1,858</b>	<b>3,145</b>	<b>46,700</b>	<b>16,451</b>	<b>68,154</b>
<b>Parent company 2012</b>					
Cost of goods sold		596		3,762	4,358
Research and development expenses		628		11,080	11,708
Selling expenses		105		8,585	8,690
Administrative expenses		1,922		221	2,143
	<b>–</b>	<b>3,251</b>	<b>–</b>	<b>23,648</b>	<b>26,899</b>
<b>Parent company 2011</b>					
Cost of goods sold		285		3,366	3,651
Research and development expenses		635		7,113	7,748
Selling expenses		534		2,613	3,147
Administrative expenses		1,689		468	2,157
	<b>–</b>	<b>3,143</b>	<b>–</b>	<b>13,560</b>	<b>16,703</b>

The company has two segments. One segment comprises operations in the pattern generator business area, consisting of development, manufacture and marketing of a series of extremely accurate laser pattern generators for the production of photomasks. The systems are used by electronics companies in the manufacture of displays and semiconductors.

The systems for photomask production are produced in a similar way despite different application areas, are distributed in a similar manner and are largely sold to the same customers regardless of application area.

The other segment comprises operations in the SMT equipment business area, consisting of development, manufacture and marketing of advanced surface mount equipment for flexible electronics production.

The equipment is used for stencil-free jetting of solder paste on PCBs and surface mounting of electronic components on PCBs.

## Note 14 Employees, personnel costs and remuneration to senior executives

### Remuneration to the board, CEO and other senior executives, 2012

	Board fees	Committee fees	Basic salary	Other remuneration <sup>1)</sup>	Variable salary	Other benefits	Pension costs	Total	Consultant fees
Patrik Tigerschiöld, Board Chairman	500	–	–	–	–	–	–	500	–
Magnus Lindquist, chairman of the audit committee	200	50	–	–	–	–	–	250	–
Katarina Bonde	200	–	–	–	–	–	–	200	–
Anders Jonsson	200	–	–	–	–	–	–	200	–
Ulla-Britt Fräjdin-Hellqvist	200	–	–	–	–	–	–	200	–
Eva Lindqvist	200	–	–	–	–	–	–	200	–
<b>Total remuneration to the Board</b>	<b>1,500</b>	<b>50</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,550</b>	<b>–</b>
Lars Josefsson, CEO from 20 November, 2012	–	–	–	–	–	–	–	–	665
Peter Uddfors, CEO until 20 November, 2012	–	–	3,120	6,063	225	84	878	10,370	–
Other senior executives (9 persons)	–	–	9,766	2,174	2,138	515	2,911	17,504	1,578
<b>Total remuneration to the CEO and other senior executives</b>	<b>–</b>	<b>–</b>	<b>12,886</b>	<b>8,237</b>	<b>2,363</b>	<b>599</b>	<b>3,789</b>	<b>27,874</b>	<b>2,243</b>
<b>Total remuneration to the Board, CEO and other senior executives</b>	<b>1,500</b>	<b>50</b>	<b>12,886</b>	<b>8,237</b>	<b>2,363</b>	<b>599</b>	<b>3,789</b>	<b>29,424</b>	<b>2,243</b>

1) Other remuneration includes termination benefits to former CEO Peter Uddfors in an amount of SEK 6,017 thousand and to other senior executives in an amount of SEK 1,364 thousand, excluding social security expenses.

### Remuneration to the board, CEO and other senior executives, 2011

	Board fees	Committee fees	Basic salary	Other remuneration <sup>1)</sup>	Variable salary	Other benefits	Pension costs	Total	Employee stock options, no.
Rune Glavare, Board Chairman	500	–	–	–	–	–	–	500	–
Lena Treschow Torell, Vice Chairman	275	–	–	–	–	–	–	275	–
Katarina Bonde	200	50	–	–	–	–	–	250	–
Magnus Lindquist	200	50	–	–	–	–	–	250	–
Anders Jonsson	200	–	–	–	–	–	–	200	–
Patrik Tigerschiöld	200	50	–	–	–	–	–	250	–
<b>Total remuneration to the Board</b>	<b>1,575</b>	<b>150</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,725</b>	<b>–</b>
Peter Uddfors, CEO	–	–	2,880	37	–	84	878	3,879	–
Other senior executives (8 persons)	–	–	11,049	2,307	671	564	3,432	18,023	172,280
<b>Total remuneration to the CEO and other senior executives</b>	<b>–</b>	<b>–</b>	<b>13,929</b>	<b>2,344</b>	<b>671</b>	<b>648</b>	<b>4,310</b>	<b>21,902</b>	<b>172,280</b>
<b>Total remuneration to the Board, CEO and other senior executives</b>	<b>1,575</b>	<b>150</b>	<b>13,929</b>	<b>2,344</b>	<b>671</b>	<b>648</b>	<b>4,310</b>	<b>23,627</b>	<b>172,280</b>

1) Other remuneration includes termination benefits to other senior executives in an amount of SEK 1,962 thousand, excluding social security expenses.

#### Remuneration to the Board

The members of the board receive remuneration according to the decision of the 2012 AGM. According to the AGM decision the chairman of the audit committee is also entitled to remuneration. No other fees are paid.

No fees are paid to the boards of the subsidiaries.

#### Latest approved principles for remuneration to senior executives

Other senior executives refer to the individuals who, together with the CEO make up the executive management team. The principles for remuneration to senior executives are approved by the AGM. The principles for remuneration to senior executives are prepared by the board's remuneration committee, after which the board passes a decision on the proposed principles. The principles are then approved by the AGM.

In handling matters related to remuneration, external advice is sought when necessary. The main principle adopted by the AGM is to offer senior executives market-based remuneration and other terms of employment. Actual levels of remuneration are determined on the basis of factors such as expertise, experience and performance.

The total remuneration for senior executives consists of basic salary, variable salary, pension benefits in the form of defined contribution pension premiums and other benefits. Other benefits consist of company cars and healthcare insurance.

#### Remuneration and benefits of the CEO

Peter Uddfors held the CEO position until 20 November, 2012. The total remuneration for Peter Uddfors consists of basic salary, variable salary in a maximum amount equal to 50 percent of an annual salary, pension benefits and health insurance in the form of defined contribution pension premiums, company car benefits and free healthcare insurance.

According to agreement, basic salary for 2012 amounted to SEK 3,120,000. The cost for pension and health insurance benefits equals 30 percent of basic salary. The variable salary for 2012 was set to a maximum of 50 percent of basic salary. Variable salary is paid according to the fulfillment of Group financial targets. In 2012, the Group partly met its financial targets. Variable salary for 2012 has not been paid out yet but has been accrued for at an amount of SEK 225 thousand. In 2012 variable salary regarding 2011 has been made in an amount of SEK 5 thousand.

The employment contract with Peter Uddfors specifies a notice period of nine months in the event of dismissal by the company. Peter Uddfors is entitled to basic salary and other benefits during the notice period, after which no benefits are payable. After the notice period he is entitled to termination benefits corresponding to 12 months' salary. All costs related to the change of CEO has been charged to 2012 results.

From 20 November, 2012, Lars Josefsson holds the position of acting CEO. He receives a monthly consultant fee of SEK 500 thousand for the assignment.



Note 14 cont'd.

#### Remuneration and benefits of other senior executives

At the end of 2012 the senior executive team consisted of 7 (9) persons including the CEO, of which 0 (2) women.

The total remuneration for other senior executives consist of basic salary, variable salary in a maximum amount equal to 50 percent of an annual salary, pension benefits and health insurance in the form of defined contribution pension premiums, company car benefits and free healthcare insurance. Variable salary is based on Group financial targets as well as individual targets. In 2012, the Group partly met its financial targets and variable salary for 2012 will be paid in an amount of SEK 2,138 thousand. The variable remuneration is not yet paid out but accrued for. In 2012, variable salary for 2011 was paid in an amount of SEK 197 thousand.

Pension costs for other senior executives relate to defined contribution pension premiums. There are no other pension obligations.

For other senior executives there is a notice period of six months in the event of dismissal by the company, and after that six months period, termination benefits equal to a maximum of six months' salary. The employment contract, with related benefits, is valid during the notice period. In cases where termination benefits are received, no other benefits are payable.

In 2012 other remuneration include costs of termination benefits to former senior executives in an amount of SEK 1,364 thousand. The amount is excluding social fees.

In 2012 consultant fees of SEK 1,578 thousand has been paid for interim solutions related to other senior executives.

Average number of employees	2012			2011		
	Women	Men	Total	Women	Men	Total
<b>Parent company</b>						
Sweden	47	197	244	45	193	238
<b>Total in Parent Company</b>	<b>47</b>	<b>197</b>	<b>244</b>	<b>45</b>	<b>193</b>	<b>238</b>
<b>Subsidiaries</b>						
Sweden	16	86	102	19	99	118
France	1	11	12	1	11	12
Japan	8	49	57	7	50	57
China	4	17	21	4	13	17
The Netherlands	1	7	8	1	7	8
Singapore	2	6	8	2	5	7
UK	2	8	10	2	7	9
South Korea	3	23	26	3	21	24
Taiwan	1	2	3	1	2	3
Germany	3	16	19	3	15	18
The US	11	39	50	12	38	50
<b>Total in subsidiaries</b>	<b>52</b>	<b>264</b>	<b>316</b>	<b>55</b>	<b>268</b>	<b>323</b>
<b>Total in Group</b>	<b>99</b>	<b>461</b>	<b>560</b>	<b>100</b>	<b>461</b>	<b>561</b>

% of women	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Board	8	24	38	33
Other senior executives	–	11	–	22

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
<b>Total salaries and social security expenses</b>				
Salaries and other remuneration, Board, CEO and other senior executives	35,409	33,142	17,267	16,830
Other employees	303,008	283,449	134,006	116,712
<b>Total salaries and remuneration</b>	<b>338,417</b>	<b>316,591</b>	<b>151,273</b>	<b>133,542</b>
Social security expenses	84,058	82,879	52,938	46,793
Pension costs	35,724	33,804	22,075	21,044
<b>Total</b>	<b>458,199</b>	<b>433,274</b>	<b>226,286</b>	<b>201,379</b>

The reported remuneration to employees includes variable salary payable on the attainment of financial goals for the Group and in some cases individual goals at an amount of SEK 21 (16) million excluding social security expenses, of which SEK 4 (-1) million refer to the Parent company.

Senior executives in the Group include CEOs in subsidiaries. Board and senior executives in the Parent company consist of 13 (14) persons and in the Group 23 (26) persons.

In 2012 non-recurring restructuring costs amount to SEK 38 million, of which SEK 28 million is accounted for in the Parent company. These non-recurring costs are not included in the table above.

## Note 15 Net financial items

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Interest income from group companies	–	–	78	85
Other interest income	7,651	9,590	6,872	8,854
Dividends	–	–	19,313	16,031
Group contribution	–	–	43,012	108,666
Net result of sale of subsidiaries	–	–	8	–
<b>Financial income/Interest income and similar profit/loss items</b>	<b>7,651</b>	<b>9,590</b>	<b>69,283</b>	<b>133,636</b>
Interest expenses	827	860	39	143
Net result of sale of subsidiaries	15	–	–	–
<b>Financial expenses/Interest income and similar profit/loss items</b>	<b>842</b>	<b>860</b>	<b>39</b>	<b>143</b>
<b>Financial net/Result from financial investments</b>	<b>6,809</b>	<b>8,730</b>	<b>69,244</b>	<b>133,493</b>

## Note 16 Leases

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
<i>Equipment held under finance leases:</i>				
Opening balance, historical cost	78,460	78,460		
Historical cost of equipment held under finance leases	78,460	78,460		
Opening balance, depreciation	–78,460	–78,460		
Accumulated depreciation of equipment held under finance leases	–78,460	–78,460		
Closing balance, residual value of equipment held under finance leases	–	–		
	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
The year's expensed lease charges (finance leases)	29,138	30,872	8,726	11,034
of which, variable fees	8,104	8,507	5,106	5,829
<i>Future payments under operating leases and other lease agreements (nominal):</i>				
Within one year	23,535	29,940	12,267	14,549
Between one and five years	67,875	77,746	50,378	58,673
Later than five years	94,941	121,980	94,941	121,980
<i>Future payments under operating leases and other lease agreements (present value):</i>				
Within one year	23,808	29,662	11,261	12,745
Between one and five years	64,788	71,298	46,165	50,413
Later than five years	73,601	86,977	73,601	86,977

## Note 17 Taxes

Group	2012	2011
<b>Recognized in profit and loss</b>		
<i>Current tax</i>		
The year's tax expense	-24,540	-43,018
	-24,540	-43,018
<i>Deferred tax</i>		
Deferred tax on temporary differences	9,568	12,584
Deferred tax on the year's change in capitalized loss carryforwards	-14,437	-1,409
	-4,869	11,175
<b>Total reported tax in the Group</b>	<b>-29,409</b>	<b>-31,843</b>

Reconciliation of effective tax rate	2012	2011
Profit/loss before tax		-14,563
Tax according to applicable tax rate in the Parent Company	26.3%	3,830
Effect of different tax rates in foreign subsidiaries	-25.7%	-3,744
Non-deductible/non-taxable items	1.0%	151
Effect of loss carryforwards previously not capitalized	0.3%	44
Increase in loss carryforwards without corresponding capitalization of deferred tax	-97.9%	-14,257
Effect of changed corporate tax rate	-86.1%	-12,536
Other	-19.9%	-2,897
<b>Reported effective tax</b>	<b>-201.9%</b>	<b>-29,409</b>

Tax items recognized in other comprehensive income	2012	2011
Value changes on derivatives used for hedging of foreign exchange risk in cash flow hedges	-137	137
Exchange differences on foreign currency loans treated as net investments in foreign subsidiaries	135	-147
	-2	-10

Recognized deferred tax assets and liabilities	2012		2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tangible assets	791	-10	1,525	-8
Intangible assets		-11,193		-19,280
Derivatives used as hedge instruments		-137	186	
Trade receivables	699		1,136	
Inventories	19,085		17,628	
Provisions	4,768		5,461	
Accrued expenses	1,922		2,541	
Other	306		1,907	
Loss carryforwards	72,817		87,261	
<b>Deferred tax assets/liabilities</b>	<b>100,388</b>	<b>-11,340</b>	<b>117,645</b>	<b>-19,288</b>
Setoff	-3,982	3,982	-8,798	8,798
<b>Net deferred tax assets/liabilities</b>	<b>96,406</b>	<b>-7,358</b>	<b>108,847</b>	<b>-10,490</b>

Setoff is carried out within the same tax item.

At 31 December, 2012 the Group's deferred tax assets net amounted to SEK 89,048 (98,357) thousand. Of the year's changes in deferred tax assets, in total SEK -9,309 (13,711) thousand, SEK -4,869 (11,175) thousand was recognized in the profit and loss and SEK -4,440 (2,536) thousand was recognized in other comprehensive income.

At the end of 2012, the Group's accumulated loss carryforwards amounted to SEK 690 (638) million. In the consolidated statements of financial position, deferred tax assets was recognized at an amount corresponding to loss carryforwards of SEK 332 (333) million.

Note 17 cont'd.

Parent company	2012	2011
Recognized in profit and loss		
Current tax		
The year's tax expense	-118	130
	-118	130
Deferred tax		
Deferred tax on temporary differences	-551	-
Deferred tax on the year's change in capitalized loss carryforwards	-12,392	-
	-12,943	-
<b>Total reported tax in the Parent Company</b>	<b>-13,060</b>	<b>130</b>

Reconciliation of effective tax rate	2012		2011	
Profit/loss before tax		-35,603		-121,770
Tax according to applicable tax rate in Parent Company	26.3%	9,364	26.3%	32,026
Non-deductible/non-taxable items	13.5%	4,801	3.4%	4,081
Changes in loss carryforwards without corresponding capitalization in deferred tax	-40.1%	-14,282	-29.5%	-35,977
Effect of changes in tax rate	-34.8%	-12,392		
Other	-1.5%	-551		
<b>Reported effective tax</b>	<b>-36.7%</b>	<b>-13,060</b>	<b>0.1%</b>	<b>130</b>

Tax items recognized directly in equity	2012	2011
Exchange differences on foreign currency loans treated as net investments in foreign subsidiaries	118	-130
	118	-130

Reported deferred tax assets and liabilities	2012		2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tangible assets	-	-	551	-
Accumulated tax loss carryforwards	63,401	-	75,792	-
<b>Deferred tax assets/liabilities</b>	<b>63,401</b>	<b>-</b>	<b>76,343</b>	<b>-</b>

Of the year's changes in deferred tax assets, SEK -12,943 (0) thousand, have been accounted for in profit and loss. The Parent company had accumulated loss carryforwards of SEK 643 (589) million at year end. In the Parent company deferred tax assets have been capitalized corresponding to accumulated loss carryforwards of SEK 288 (288) million.

## Note 18 Intangible assets

Group	Business system		Development costs		Technology			License
	2012	2011	2012	2011	2012	2011	2012	2011
<i>Accumulated cost</i>								
Opening balance at 1 January	29,762	29,272	732,414	723,300	23,000	23,000	17,084	17,084
Reclassifications	-8	-	-	-	-	-	-	-
Investments during the year	-	490	-	9,114	-	-	-	-
<b>Closing balance, accumulated cost at 31 December</b>	<b>29,754</b>	<b>29,762</b>	<b>732,414</b>	<b>732,414</b>	<b>23,000</b>	<b>23,000</b>	<b>17,084</b>	<b>17,084</b>
<i>Accumulated amortization</i>								
Opening balance at 1 January	-23,223	-20,078	-698,962	-656,862	-11,500	-6,900	-17,084	-17,084
The year's amortization	-3,251	-3,145	-15,974	-42,100	-4,600	-4,600	-	-
<b>Closing balance, accumulated amortization at 31 December</b>	<b>-26,474</b>	<b>-23,223</b>	<b>-714,936</b>	<b>-698,962</b>	<b>-16,100</b>	<b>-11,500</b>	<b>-17,084</b>	<b>-17,084</b>
<b>Closing balance, residual value at 31 December</b>	<b>3,281</b>	<b>6,539</b>	<b>17,478</b>	<b>33,452</b>	<b>6,900</b>	<b>11,500</b>	<b>-</b>	<b>-</b>

Group	Customer relationships		Brand	Goodwill	Total
	2012	2011			
<i>Accumulated cost</i>					
Opening balance at 1 January	13,000	13,000	20,000	64,344	899,604
Reclassifications	-	-	-	-	-8
Investments during the year	-	-	-	-	9,604
<b>Closing balance, accumulated cost at 31 December</b>	<b>13,000</b>	<b>13,000</b>	<b>20,000</b>	<b>64,344</b>	<b>899,596</b>
<i>Accumulated amortization</i>					
Opening balance at 1 January	-4,644	-2,786	-	-	-755,413
The year's amortization	-1,858	-1,858	-	-	-25,682
<b>Closing balance, accumulated amortization at 31 December</b>	<b>-6,502</b>	<b>-4,644</b>	<b>-</b>	<b>-</b>	<b>-781,095</b>
<b>Closing balance, residual value at 31 December</b>	<b>6,498</b>	<b>8,356</b>	<b>20,000</b>	<b>64,344</b>	<b>144,191</b>



Note 18 cont'd.

Parent company	Business system		License		Total	
	2012	2011	2012	2011	2012	2011
<i>Accumulated cost</i>						
Opening balance at 1 January	29,754	28,791	17,084	17,084	46,839	45,876
Investments during the year	–	963	–	–	–	963
Closing balance, accumulated cost at 31 December	29,754	29,754	17,084	17,084	46,839	46,839
<i>Accumulated amortization</i>						
Opening balance at 1 January	–23,221	–20,078	–17,084	–17,084	–40,307	–37,164
The year's amortization	–3,251	–3,143	–	–	–3,251	–3,143
Closing balance, accumulated amortization at 31 December	–26,472	–23,221	–17,084	–17,084	–43,558	–40,307
Closing balance, residual value at 31 December	3,281	6,532	–	–	3,281	6,532

The investment in a business system refers to costs incurred for adaptation and implementation of a fully integrated business information system. Capitalized costs include both internally produced and externally acquired assets.

An individual assessment has been made of all ongoing research and development projects. Development costs that meet the criteria for capitalization are recognized in intangible assets. Capitalized costs consist of internally produced assets.

The externally acquired license refers to the right to exploit knowhow in maskless lithography, and relates to patent rights under the agreement with the Fraunhofer Institute for Microelectronic Circuits and System (IMS).

In 2009 the acquisition of MYDATA led to the recognition of assets attributable to excess values.

Information about depreciation/amortization by function is provided in Note 13.

#### Impairment testing of intangible assets

In connection with the acquisition of MYDATA, excess values were identified in the company's technology, brand, customer relationships, order backlog, inventories and goodwill.

The excess values in inventories and the order backlog were amortized in full during 2009.

The excess values in technology and customer relationships have estimated useful lives of five and seven years, respectively, and are amortized over these periods.

The excess values in the brand and goodwill with indefinite useful lives are determined through impairment testing at the company level based on the unit's value in use.

#### Impairment testing of goodwill and brands with indefinite useful lives

Every six months Micronic Mydata tests the reported value of goodwill and brands with indefinite useful lives for impairment. This is done by assessing the value in use of business area SMT.

The value in use is based on cash flow forecasts, built on the management's business plans for the coming five years. After the forecast period, the expected growth rate is 2 (2.5) percent. The discount factor used to determine recoverable value is 11 (12) percent after tax. The most important assumptions in the five year business plan relate to volumes, margins, operating profit, capital expenditure and discount factors.

Because the recoverable value thus calculated exceeds the carrying amount, no indication of impairment has been reported.

## Note 19 Tangible assets

Group	Improvements to leased property		Machinery and equipment		Construction in progress		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
<i>Accumulated cost</i>								
Opening balance 1 January	3,655	–	333,655	322,223	72,159	40,253	409,469	362,477
Purchases during the year	–	3,655	8,329	8,898	276	11,567	8,605	24,120
Reclassification to equipment	–	–	67,635	10,650	–67,635	–10,650	–	–
Reclassification from products in progress	–	–	–	–	–	30,989	–	30,989
Reclassifications from components	–	–	4,351	–	–	–	4,351	–
Reclassifications to improvements to leased property	1,200	–	–	–	–1,200	–	–	–
Other reclassifications	–	–	–77	–369	873	–	796	–369
Historical cost sold/scrapped equipment	–582	–	–8,281	–8,374	–4,001	–	–12,864	–8,374
The year's foreign exchange differences	–	–	–1,554	627	–	–	–1,554	627
Closing balance, accumulated cost at 31 December	4,273	3,655	404,058	333,655	472	72,159	408,803	409,469
<i>Accumulated depreciation and write down</i>								
Opening balance 1 January	–61	–	–285,985	–277,778	–	–	–286,046	–277,778
Depreciation reclassification to products in progress	–	–	–	341	–	–	–	341
Depreciation of sold/scrapped equipment	–	–	7,576	7,842	–	–	7,576	7,842
Other reclassifications	–	–	–45	–	–	–	–45	–
Write down	–	–	–63,368	–	–	–	–63,368	–
The year's depreciation	–772	–61	–26,330	–16,390	–	–	–27,102	–16,451
Closing balance, accumulated depreciation at 31 December	–833	–61	–368,152	–285,985	–	–	–368,985	–286,046
Closing balance, residual value at 31 December	3,440	3,594	35,906	47,671	472	72,159	39,818	123,424

Note 19 cont'd.

	Improvements to leased property		Machinery and equipment		Construction in progress		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>Parent company</b>								
<i>Accumulated cost</i>								
Opening balance 1 January	3,655	–	197,745	189,059	72,159	40,253	273,559	229,313
Purchases during the year		3,655	4,716	5,264	276	53,207	4,992	62,126
Reclassification to equipment			67,635	10,650	–67,635	–10,650	–	–
Reclassification from components			4,351				4,351	
Reclassification to improvements on leased property	1,200				–1,200		–	–
Reclassification other			–166		873		707	–
Historical cost sold/scrapped equipment	–582		–4,678	–7,228	–4,001	–10,651	–9,261	–17,879
<b>Closing balance, accumulated cost at 31 December</b>	<b>4,273</b>	<b>3,655</b>	<b>269,603</b>	<b>197,745</b>	<b>472</b>	<b>72,159</b>	<b>274,348</b>	<b>273,559</b>
<i>Accumulated depreciation and write down</i>								
Opening balance 1 January	–61	–	–164,082	–157,810			–164,143	–157,810
Depreciation of sold/scrapped equipment			4,150	7,227			4,150	7,227
Reclassification other			36				36	
Write down			–63,368				–63,368	
The year's depreciation	–772	–61	–22,875	–13,499			–23,647	–13,560
<b>Closing balance, accumulated depreciation at 31 December</b>	<b>–833</b>	<b>–61</b>	<b>–246,139</b>	<b>–164,082</b>			<b>–246,972</b>	<b>–164,143</b>
<b>Closing balance, residual value at 31 December</b>	<b>3,440</b>	<b>3,594</b>	<b>23,464</b>	<b>33,663</b>	<b>472</b>	<b>72,159</b>	<b>27,376</b>	<b>109,416</b>

Write down of machinery and equipment, SEK 63 million, refer to LDI-related assets.

## Note 20 Participations in Group companies

	PARENT COMPANY						
	2012	2011					
Opening balance, historical cost	353,560	353,560					
Sale of Micronic Treasury AB	–100	–					
<b>Closing balance, accumulated cost</b>	<b>353,460</b>	<b>353,560</b>					
Opening balance, impairment	–2,407	–2,407					
<b>Closing balance, accumulated impairment</b>	<b>–2,407</b>	<b>–2,407</b>					
<b>Closing balance, book value</b>	<b>351,053</b>	<b>351,153</b>					
<b>Directly owned subsidiaries</b>			<b>Corp. ID no.</b>	<b>Domicile</b>	<b>Number of shares</b>	<b>% of capital</b>	<b>Book value</b>
Micronic Mydata Japan K.K.			607215	Tokyo	200	100	3,823
Micronic Laser Systems, Inc.			94-3344558	Wilmington	500	100	4,390
Micronic Laser Systems Far East Ltd.			80271004	Taipei	1,600,000	100	4,332
Micronic Laser Systems Korea Co. Ltd.			134111-0136974	Anyang	810	100	12,832
MYDATA automation AB			556238-6739	Täby	6,149,261	100	319,819
Micronic Mydata (Shanghai) Co., Ltd			310000400631000	Shanghai	–	100	5,857
							<b>351,053</b>
<b>Indirectly owned subsidiaries</b>				<b>Country</b>			
MYDATA automation S.A.S.				France	10,000	100	630
MYDATA automation Ltd.				UK	24,000	100	278
MYDATA automation, Inc.				the US	10,000	100	1,379
MYDATA automation Asia Pte Ltd.				Singapore	1,000	100	477
MYDATA automation B.V.				The Netherlands	180	100	160
MYDATA Royonic GmbH				Germany	4	100	15,010

## Note 21 Receivables from group companies

	PARENT COMPANY	
	2012	2011
Opening balance, book value	7,616	9,607
Deductions	–449	–1,991
<b>Closing balance, book value</b>	<b>7,167</b>	<b>7,616</b>

## Note 22 Other non-current receivables

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Opening balance, book value	32,876	35,120	23,280	25,480
Additions	286	631		
Deductions	–3,960	–2,875	–2,200	–2,200
<b>Closing balance, book value</b>	<b>29,202</b>	<b>32,876</b>	<b>21,080</b>	<b>23,280</b>

All receivables are stated at nominal value. Deductions mainly refer to the released portion of the deposit for future lease charges and pension insurance premiums for employees in Japan.

## Note 23 Inventories

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Components	87,265	108,696	–	–
Spare parts	116,420	135,874	11,945	21,365
Finished goods	94,507	57,664	48,930	–
Products in progress	30,999	55,259	3,169	13,718
	329,191	357,493	64,044	35,083

Equipment has been reclassified from products in progress to machinery and equipment at a value of SEK 0 (42) million.

Write down and similar costs at a value of SEK 56 (18) million have been charged to consolidated profit and refer to impairment of LDI-related assets and components.

## Note 25 Interest-bearing liabilities/liabilities to credit institutions

	GROUP	
	2012	2011
<i>Non-current interest-bearing liabilities</i>		
Bank loans		2,727
	–	2,727
<i>Current interest-bearing liabilities</i>		
Current portion of bank loans	2,312	4,213
	2,312	4,213
<b>Total interest-bearing liabilities</b>	<b>2,312</b>	<b>6,940</b>
Bank loans fall due for payment as follows:		
Within one year	2,312	4,213
Between one and five years	–	2,727
	2,312	6,940

Interest-bearing liabilities; contractual maturity structure, Group

	Nominal amount in original currency	Book value	Effective interest rate	Maturity date according to loan contract		
				<1 year	1–5 years	later than 5 years
Bank loans						
JPY, fixed interest	30,575	2,312	0.98%	2,312	–	–
<b>Total interest-bearing liabilities</b>		<b>2,312</b>		<b>2,312</b>	<b>–</b>	<b>–</b>

Effect of change in interest rate on cash flow, Group

	Nominal amount in original currency	Book value	Effective interest rate	1% change in interest rate	Annual interest expense, actual	Annual interest expense, with 1% increase
JPY, fixed interest	30,575	2,312	0.98%	1.98%	23	46
<b>Total interest-bearing liabilities</b>		<b>2,312</b>			<b>23</b>	<b>46</b>

## Note 26 Non-current provisions

	GROUP	
	2012	2011
<i>Employee benefits</i>		
Opening balance, book value	12,758	11,254
The year's provision	–313	1,504
<b>Closing balance, book value</b>	<b>12,445</b>	<b>12,758</b>

In the Japanese and South Korean subsidiaries, provisions are made for long-term employee benefits. On certain conditions, a lump-sum payment is made to employees when their employment is terminated, either due to retirement or when the employee leaves the company for some other reason. The liability is recognized at the highest possible value.

## Note 24 Prepaid expenses and accrued income

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Sales revenues	6,347	3,300	4,968	3,059
Other	15,952	15,156	9,157	7,917
	22,299	18,456	14,125	10,976

## Note 27 Accrued expense and deferred income

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Setup costs	3,845	2,783	3,845	2,783
Payroll and overhead costs	58,288	58,045	35,185	36,328
Commission costs	3,080	6,606	656	2,002
Other	70,813	41,516	42,274	32,788
	136,026	108,950	81,960	73,901

Accrued setup costs consist of the estimated remaining costs for setting up a system at a customer site. These costs are estimated on an individual basis.

Costs for setup are easy to assess and are also small in relation to the value of the system as a whole. When setup is completed, a warranty period begins and normally lasts for twelve months.

## Note 28 Current provisions

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
<i>Warranty provisions</i>				
Opening balance, book value	24,815	19,060	10,864	9,169
The year's provision	23,957	22,821	11,576	8,870
Utilized during the year	-12,967	-7,441	-7,041	-3,513
Unutilized during the year	-11,462	-9,625	-3,437	-3,662
<b>Closing balance, book value</b>	<b>24,343</b>	<b>24,815</b>	<b>11,962</b>	<b>10,864</b>
Other provisions	3,348	3,462	3,348	3,462
	<b>27,691</b>	<b>28,277</b>	<b>15,310</b>	<b>14,326</b>

Accrued warranty costs include the estimated remaining costs for warranty commitments. These costs are estimated on an individual basis for each system that is shipped to a customer. A provision for warranty commitments is made in connection with revenue recognition.

## Note 29 Contingent liabilities

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Future payment obligations to joint ventures	117	121	-	-
Repurchase obligation relating to trade receivables	2,934	1,547	-	-
	<b>3,051</b>	<b>1,668</b>	-	-
of which, falling due:				
within one year	956	631	-	-
between one and five years	2,095	1,037	-	-
	<b>3,051</b>	<b>1,668</b>	-	-

## Note 31 Trade receivables, impairment, age analysis and other information

Group	2012		2011	
	Gross	Impairment	Gross	Impairment
Trade receivables not yet due	173,673	22	184,384	414
Trade receivables, overdue 0–30 days	9,109	93	22,394	-
Trade receivables, overdue >30–90 days	32,351	152	12,906	138
Trade receivables, overdue >90–180 days	1,929	280	3,142	485
Trade receivables, overdue >180–360 days	4,496	1,672	2,676	857
Trade receivables, overdue >360 days	336	918	1,623	2,241
	<b>221,894</b>	<b>3,137</b>	<b>227,125</b>	<b>4,135</b>

Provisions for doubtful trade receivables have been accounted for at an amount expected to flow in. Other trade receivables are estimated with good credit quality.

Other than documentary credits and credit insurance in certain cases, no collateral is furnished.

The maximum credit risk exposure refers to the recognized value of trade receivables.

In 2012, confirmed customer losses amount to SEK 729 (1,080) thousand.

## Note 30 Pledged assets

	GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Collateral provided for liability items in the balance sheet				
<i>Liabilities to credit institutions</i>				
Floating charges	121,700	121,700	89,000	89,000
	<b>121,700</b>	<b>121,700</b>	<b>89,000</b>	<b>89,000</b>



## Note 32 Financial assets and liabilities

The following table present the Group's financial assets and liabilities, stated at book and fair value and classified in the categories

Derivatives, hedge accounting

Derivatives, non-hedge accounting, recognized in profit and loss at fair value

Loans and receivables, including cash and cash equivalents

Other liabilities

Fair value and carrying amount are recognized in the balance sheet according to the table below:

The fair value of interest-bearing liabilities is based on expected future cash flows of

principal and interest payments, discounted to the current market interest rate on the balance sheet date. For this calculation, the company uses the swap rate at 31 December, 2012. The applied interest rates are based on the remaining maturity of the respective loans until the coming interest conversion date. The fair value of foreign exchange contracts is based on current market prices on currencies and interests on the closing date (level 2 according to fair value hierarchy).

Risk management

A description of the Group's risks and risk management is provided in the report of the directors' according to IFRS 7.

Group 2012	Derivatives, hedge accounting	Derivatives, non-hedge accounting	Loans and receivables	Other liabilities	Total carrying amount	Total fair value
Trade receivables			218,757		218,757	218,757
<b>Other receivables</b>						
<b>Currency</b>						
SEK			373,315		373,315	373,315
USD		423	17,852		18,275	18,275
JPY		2,646	84,168		86,814	86,814
EUR		22	53,136		53,158	53,158
GBP			9,036		9,036	9,036
TWD			1,368		1,368	1,368
KRW			40,065		40,065	40,065
SGD			274		274	274
CNY			1,869		1,869	1,869
<b>Total assets</b>		<b>3,091</b>	<b>799,840</b>		<b>802,931</b>	<b>802,931</b>
<b>Non-current interest-bearing liabilities</b>						
<b>Current interest-bearing liabilities</b>						
Liabilities to credit institutions				2,312	2,312	2,312
Trade payables				77,176	77,176	77,176
<b>Other financial liabilities</b>						
Other financial liabilities				11,408	11,408	11,408
<b>Total liabilities</b>				<b>90,896</b>	<b>90,896</b>	<b>90,896</b>
Recognized profit (change in value)		7,177				

Financial liabilities, maturity structure, Group

Group 2012	Currency	Nom. amount in original currency	Total SEK thousand	Within 1 month	1–3 months	3 months –1 years	1–5 years	5 years and later
<b>Bank loans</b>								
Bank loans	JPY	30,575	2,322	212	423	1,687		
<b>Trade payables</b>								
Trade payables	SEK	49,319	49,319	34,083	15,236			
Trade payables	EUR	1,927	16,600	14,714	1,886			
Trade payables	JPY	41,541	3,142	3,093	49			
Trade payables	USD	1,139	7,419	6,225	782	412		
Trade payables	GBP	33	347	314		33		
Trade payables	SGD	10	53	53				
Trade payables	CZK	863	296	286	10			
<b>Other financial items</b>								
Other financial liabilities	JPY	150,848	11,408	4,492	6,916			
<b>Total</b>			<b>90,906</b>	<b>63,472</b>	<b>25,302</b>	<b>2,132</b>		

Note 32 cont'd.

**Outstanding foreign exchange contracts at 31 december 2012**

The Group's holdings of foreign exchange contracts at 31 December, 2012, can be

broken down into the following underlying amounts and maturities. The forward contracts fall due at a time when the secured flows are expected to affect earnings.

	Currency	Amount, thousand	Maturity		Currency	Amount, thousand	Maturity
EUR, sold	EUR	2,200	Q 1–13	USD, sold	USD	4,550	Q 1–13
EUR, sold	EUR	100	Q 2–13	JPY, sold	JPY	331,000	Q 1–13

Group 2011	Derivatives, hedge accounting	Derivatives, non-hedge accounting	Loans and receivables	Other liabilities	Total carrying amount	Total fair value
Trade receivables			222,990		222,990	222,990
<b>Other receivables</b>						
Currency						
SEK			360,015		360,015	360,015
USD			22,121		22,121	22,121
JPY			79,769		79,769	79,769
EUR			46,727		46,727	46,727
GBP			6,955		6,955	6,955
TWD			1,740		1,740	1,740
KRW			16,167		16,167	16,167
SGD			457		457	457
CNY			2,418		2,418	2,418
<b>Total assets</b>			<b>759,359</b>	<b>–</b>	<b>759,359</b>	<b>759,359</b>

**Non-current interest-bearing liabilities**

Non-current interest-bearing liabilities to credit institutions				2,727	2,727	2,727
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**Current interest-bearing liabilities**

Liabilities to credit institutions				4,213	4,213	4,213
Trade payables				109,297	109,297	109,297

**Other financial liabilities**

Forward exchange contracts (cash flow hedges)		520	623			
Other financial liabilities				1,699	1,699	1,699
<b>Total liabilities</b>		<b>520</b>	<b>623</b>	<b>117,936</b>	<b>117,936</b>	<b>117,936</b>

Recognized profit (change in value) 4,330

**Financial liabilities, maturity structure, Group**

Group 2011	Currency	Nom. amount in original currency	Total SEK thousand	Within 1 month	1–3 months	3 months –1 years	1–5 years	5 years and later
<b>Bank loans</b>								
Bank loans	JPY	77,812	7,000	499	999	2,762	2,740	–
<b>Trade payables</b>								
Trade payables	SEK	76,605	76,605	57,165	19,440	–	–	–
Trade payables	EUR	2,217	19,827	14,422	5,398	7	–	–
Trade payables	JPY	54,501	4,860	4,859	1	–	–	–
Trade payables	USD	1,075	7,441	5,071	1,653	717	–	–
Trade payables	GBP	43	457	315	107	35	–	–
Trade payables	SGD	1	4	4	–	–	–	–
Trade payables	CNY	94	103	92	11	–	–	–
<b>Other financial liabilities</b>								
Forward exchange contracts (cash flow hedges)	SEK	1,143	1,143	879	100	164	–	–
Other financial liabilities	JPY	19,047	1,699		1,699			
<b>Total</b>			<b>119,139</b>	<b>83,306</b>	<b>29,408</b>	<b>3,685</b>	<b>2,740</b>	<b>–</b>

At year-end, the balance sheet item "cash and cash equivalents" consisted of bank balances. Granted unutilized bank overdraft facilities amount to SEK 35 (60) million.

**Proposed disposition of accumulated deficit**

At the AGM disposal are the following amounts in SEK:

Share premium reserve	201,915,502
Fair value reserve	-1,189,216
Accumulated deficit	-324,497,741
Loss for the year	-48,663,454
<b>Total</b>	<b>-172,434,909</b>

The Board of directors proposes that the accumulated deficit and non-restricted equity be managed as follows:

Carried forward to new account	-172,434,909
<i>of which to share premium reserve</i>	201,915,502
<i>of which to fair value reserve</i>	-1,189,216

**Approval and adoption**

As stated below, the annual report and consolidated annual report were approved for publication on 20 February, 2013. The profit and loss accounts and balance sheets of the Parent Company and the Group will be put before the Annual General Meeting for adoption on 6 May 2013.

**Statement of assurance**

The Board of directors and the CEO hereby give their assurance that the annual report has been prepared in accordance with Generally Accepted Accounting Standards in Sweden and that consolidated financial statements have been prepared in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July, 2002, on the Application of International Accounting Standards. The annual report and the consolidated financial statements give a true and fair view of the financial position and performance of the Group and the Parent Company.

The report of the directors for the Group and the Parent Company gives a true and fair view of the business activities, financial position and results of operations of the Parent Company and the Group, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Täby, 20 February, 2013

Patrik Tigerschiöld  
Chairman of the Board

Katarina Bonde  
Board member elected by AGM

Johan Densjö  
Representing Unionen

Ulla-Britt Fräjdin-Hellqvist  
Board member elected by AGM

Anders Jonsson  
Board member elected by AGM

Magnus Lindquist  
Board member elected by AGM

Eva Lindqvist  
Board member elected by AGM

Peter Sundström  
Representing Unionen

Our audit report was submitted on 26 February, 2013.

KPMG AB  
Anders Malmeby  
Authorized Public Accountant

# Auditor's report

To the annual meeting of the shareholders of Micronic Mydata AB (publ), corp. id. 556351-2374

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Micronic Mydata AB (publ) for the year 2012, except for the corporate governance statement on pages 26–31. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 32–63.

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

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

### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but Note for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

### *Opinions*

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do Note cover the corporate governance statement on pages 26–31. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Micronic Mydata AB (publ) for the year 2012. We have also conducted a statutory examination of the corporate governance statement.

### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act, and that the corporate governance statement on pages 26–31 has been prepared in accordance with the Annual Accounts Act.

### *Auditor's responsibility*

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

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

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

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

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

### *Opinions*

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

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm 26 February 2013  
KPMG AB

Anders Malmeby  
Authorized Public Accountant



# Shareholder information

## Financial reporting 2013

Interim report January – March, 22 April.

Interim report January – June, 12 July.

Interim report January – September, 24 October.

## Financial information

The annual report is available on the company website ([www.micronic-mydata.com](http://www.micronic-mydata.com)) from 26 March, 2013.

All financial reports and press releases are also available on Micronic Mydata's website. It is also possible to order or subscribe to financial information and press releases via the website.

## Distribution of the annual report

Due to environmental and cost considerations, the annual report is only distributed to those who request it.

## Annual General Meeting (AGM)

The AGM will be held on Monday, 6 May, 2013 at 17:00 at Näsby Slott, Täby.

## Right to participate at AGM

Shareholders who wish to participate at the AGM must be registered in Euroclear Sweden AB's (previously VPC AB) share register as of 29 April, 2013, and advise the company of their intention to participate at the meeting latest 2 May, 2013.

## Registration

Registration can take place by mail to:

Micronic Mydata AB (publ), Box 3141, S-183 03 Täby, Sweden

Registration can also be done by phone: +46 8 638 35 32

or by e-mail: [bolagsstamma@micronic-mydata.com](mailto:bolagsstamma@micronic-mydata.com).

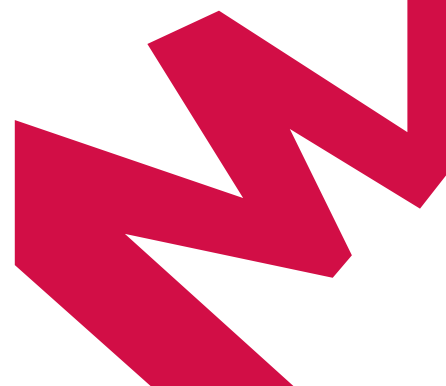
The registration should include the name, address, telephone number, personal or corporate identification number and registered shareholding.

## Nominee shares

To be entitled to participate in the AGM, shareholders whose shares are held in the name of a nominee must request that the bank or broker handling the shares temporarily re-register the shares in their own name with Euroclear Sweden AB. This must be done well in advance of 29 April 2013, which is when the registration must be finalized.

## Notice to attend

No later than four weeks prior to the AGM, a notice will be published in Svenska Dagbladet and on Post- and Inrikes Tidningars' website. The notice will also be posted on Micronic Mydata's website: [www.micronic-mydata.com](http://www.micronic-mydata.com).



Production: Micronic Mydata. Graphic design: Dan Larsson

Illustrations: Annette Asph, Mario Salutskj

Graphic production: Gylling Produktion AB

Fotographs: Magnus Elgqvist, Johan Olsson etc

Print: TMG Sthlm, 2013. Printed on environmentally friendly paper, lic. no. 341 376.

# Financial definitions

## **Adjusted operating margin**

Operating profit adjusted for non-recurring costs as a percentage of net sales.

## **Capital employed**

Total assets reduced by non interest-bearing liabilities and deferred tax.

## **Capital turnover rate**

Net sales divided by average capital employed.

## **Cash flow after investing activities before financing**

Cash flow from operating activities and from changes in working capital less investments.

## **Cash flow from investing activities**

Net capital investments in buildings, machinery and equipment as well as capitalized development costs and financial assets.

## **Cash flow from operating activities**

Profit after financial items adjusted for non-cash items, income tax paid and changes in working capital.

## **Cash flow per share**

Cash flow for the year divided by the average number of shares.

## **Dilution**

A weighed average number of shares, affected by new issues of shares.

## **Earnings per share**

Net profit divided by the average number of shares.

## **Equity per share**

Equity divided by the average number of shares.

## **Equity/total assets**

Equity as a percentage of total assets.

## **Gross margin**

Gross profit as a percentage of net sales.

## **Net debt**

Interest-bearing liabilities less cash and cash equivalents.

## **Operating margin**

Operating profit as a percentage of net sales.

## **P/E ratio per share**

Share price at December 31 divided by earnings per share.

## **Profit margin**

Profit after financial items as a percentage of net sales.

## **R&D expenditure**

Expenditure for R&D activities that has affected cash flow.

## **R&D expenses**

Costs attributable to research and development activities including costs of personnel engaged in R&D work and amortization of previously capitalized development costs.

## **Return on capital employed**

Profit after financial items plus financial expenses as a percentage of average capital employed.

## **Return on equity**

Net profit as a percentage of average equity.

# Technical glossary

## AMOLED

AMOLED (Active Matrix Organic Light-Emitting Diode) is built on a TFT back panel.

## Direct writer

Exposure equipment intended for writing directly on a component that is itself ultimately incorporated into an electronics product.

## Dispensing equipment

Dispensing systems for manufacturing of electronics are used to apply dots or strings of glue or solder paste on circuit boards.

## Display panel

The panel is the part of the electronics product that generates and displays the image. In addition to this, the product (TV, computer, cell phone) normally includes many other components such as loud-speaker, keyboard, semiconductor, associated mechanics etc.

## Electronic packaging

The manufacturing step that packages a semiconductor chip so that it is protected and can be connected to other electronic components in electronic equipment.

## G6 to G8 plants (G=generation)

To increase efficiency, the trend among panel makers is to use larger and larger substrates when panels are manufactured. The most modern generation is G10, where the substrates are about 3x3 meters large.

## Jet Printing

A technology to apply solder paste on the PCB without touching it.

## LCD

Liquid Crystal Display, a display technology based on electrically active matrix of liquid crystal material. LCD technology is used in the most common type of flat panel displays. There are two main types of LCD; passive (PM-LCD or TN/STN LCD) and active (TFT-LCD).

## LED

Light Emitting Diodes, so called LEDs are used as light source in the thinnest LCDs.

## Mask writer

Exposure equipment primarily intended to be used for the manufacture of photomasks.

## Nanometer, nm

One billionth of a meter ( $10^{-9}$  m), or one millionth of a millimeter.

## Pattern generators

Pattern generators is a collective term for mask writers and direct writers.

## Plasma Display Panel (PDP)

A type of flat panel display that can be manufactured very large (40–80 inches diagonally) and relatively thin (approx. 80 mm).

## Photomask

A photomask can be described as a photo negative. The image on the negative is written with Micronic Mydata's pattern generator and then transferred to the customer's end product via a lithographic process. The photomask consists of a transparent substrate of glass or quartz that is covered with a thin layer of chrome and a film of photoresist, a light sensitive material that can be developed and washed away once it has been exposed. After writing, the photoresist is developed and the pattern is transferred to the chrome layer by etching.

## Pick and Place

Term for automated machines that pick and place electronic components on a PCB.

## PoP (Package on Package)

PoP is a technology to increase the PCBs packing density. Electronic components are stacked upon each other, for example a memory chip is mounted directly on a processor.

## Semiconductor chip/component

An electronic component containing more than one circuit element on the same silicon chip, such as memories, processors and amplifiers.

## Solder paste

Material that creates electrical and mechanical connection between the PCB and its electronic components.

## SMT

SMT (Surface Mount Technology) The technology that today dominates the production of electronics. The components are mounted directly on the PCB surface instead of being hole mounted.

## Substrate for electronic packaging

A micro circuit board used as an adapter between a semiconductor chip and a printed circuit board/mother board. The adapter aligns the contact points on the advanced chip to contact points on the less advanced circuit boards. The substrate is often made of organic material similar to plastic film.

## TFT-LCD

A TFT-LCD is an active LCD providing better image quality and faster response than a passive LCD. The standard technology for flat panel computer monitors, laptops and LCD-TVs. TFT-LCD is increasingly common in mobile phones. The active LCDs have a Thin Film Transistor (TFT) in each pixel.



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Pushing the limits

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