Haldex

Innovative Vehicle Solutions

ANNUAL REPORT **2011**

Content

Headquarter

Distribution

Manufacturing

Haldex in brief

Haldex develops, manufactures and distributes brake products and brake components. Our customers include manufacturers of heavy trucks, buses and trailers and axle manufacturers for these types of vehicles. Our product portfolio comprises all of the main components and sub-systems included in a complete braking system. Haldex has a global presence in terms of sales, development, technical service and production. Net sales amounted to approximately 4 billion SEK in 2011. Manufacturing takes place in Sweden, Germany, Hungary, China, India, Brazil, Mexico and the USA. The company employs approximately 2,350 people. Operations are conducted in two business units: Air Controls and Foundation Brake.

Haldex in the world

Highlights 2011

Air Disc Brakes now shipping to SAF-Holland

In spring 2011, Haldex started to deliver the new design of Air Disc Brakes, ModulT, to SAF-Holland. The brakes are manufactured at the Haldex plant in Landskrona, Sweden, and the order is worth around SEK 1 billion.

Focus on Commercial Vehicles

Effective June 2011, the new Haldex AB has had a strict focus on Commercial Vehicles. The three former divisions, Traction Systems, Hydraulic Systems and Commercial Vehicles Systems, have been reorganized/divested to provide a clearer and more transparent investment proposal for all shareholders.

New manufacturing site in Mexico

Haldex completed the development of a new manufacturing site in Monterrey, Mexico, consolidating production form former sites in Monterrey, Iola, Kansas and Grand Haven, Michigan. This consolidation has resulted in an improved base to serve the N. America market, while supporting improvements in the cost structure.

Chinese Bus Manufacturers choose Haldex ABS

Leading Chinese bus manufactures Suzhou Kinglong and Golden Dragon have chosen Haldex as the supplier of ABS (Anti-lock Braking System), TK+. Serial supply to both customers started in late 2011.

Haldex is growing in Brazil

In late 2011, Haldex started to move its operations in Brazil to a new facility in São José dos Campos. This is in line with the focus on growth in the South American markets for the years to come.

Technical Innovation Award 2011

TEM Safe Parking won the Technical Innovation Award at the Solutrans Exhibition in Lyon, France. The jury was impressed by how Haldex' products eliminate the risk of personal and material damage when coupling and decoupling trailers.

Haldex and Master strategic partners in Brazil

Haldex and Master Sistemas Automotivos Limitada have signed a long-term collaboration agreement regarding trailer anti-lock systems for pneumatic brakes (Trailer ABS) for the Brazilian market.

Key figures

Haldex Continued Operations	2011	2010
Net sales, SEK m	4,030	3,710
Earnings before tax, SEK m	217	42
Earnings after tax, SEK m	142	29
Earnings per share, SEK	3:08	0:55
Operating income, SEK m	235	110
Operating margin, %	5.8	3.0
Proposed dividend, SEK	2:00	3:00
Return on capital employed, %	10.1	5.9
Equity/assets ratio, %	47	47
Cash flow after net investments, SEK m	9	13
Investments, SEK m	100	146
Number of employees	2,365	2,220

HALDEX STORY #101:

The Haldex Car

– 1987 I was out searching for parts for my old motorbikes. At a car museum in Borlänge, Sweden I found a unique car, a Thulin Type A from 1920. The car was roadworthy and it was for sale. When I told Haldex' management about this car they became immediately interested since Thulinverken represents Haldex' early history. We transported the car to Haldex and formed a small group which spent our free time over seven years restoring it to its original condition. Many parts were not available, but we made new ones in Haldex' workshop. Our group had a great time tackling the technical challenges and we really enjoyed working together. Today, the Haldex car is on display beside the front desk at Haldex, but we drive it regularly. We participate occasionally in vintage car rallies, and anyone who has retired from Haldex can have a ride. Our car is number 202 in a series of a total of 400 cars from Thulinverken, and today there are only about ten operational cars left. The Haldex car is a rare gem that we are very happy to have preserved. I *Bosse Andersson, Test Technician*

Trusted partner to the commercial vehicle industry

Mission

Haldex develops and provides reliable and innovative solutions that improve safety, vehicle dynamics and environmental sustainability in the global, commercial vehicle industry.

Vision

Haldex will be the global, commercial vehicle industry's preferred choice for an innovative solution provider with a focus on brake and air suspension products.

Core values

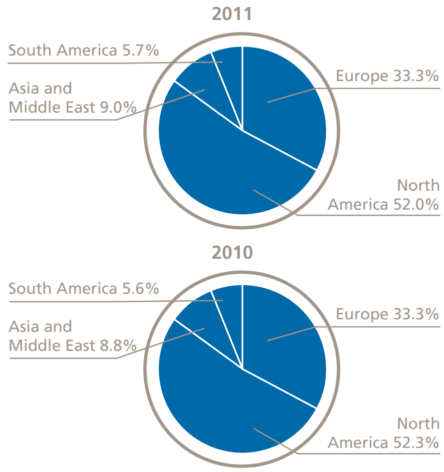
Customers first • Respect for the individual • Passion for excellence

Strategy

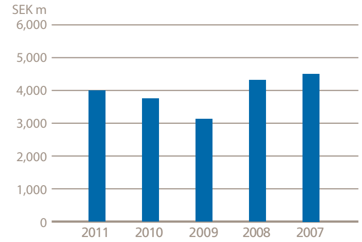
Haldex will:

- Use its leading market position in the USA and Europe to take full advantage of strong truck and trailer market growth and to promote the benefits of premium products.
- Continue to drive expansion in China, India and Brazil by customizing higher quality technology and leveraging our established position.
- Use product development to drive growth and profitability.
- Build on our strong position in the aftermarket, promote product benefits, to provide technical support and excellent customer service.
- Focus on supply chain performance to meet the growth in demand due to market recovery.
- Drive for continuous improvements in quality, productivity and cost efficiency.

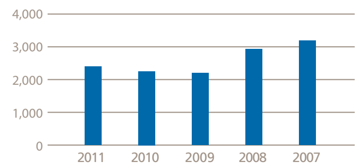
Net sales per region



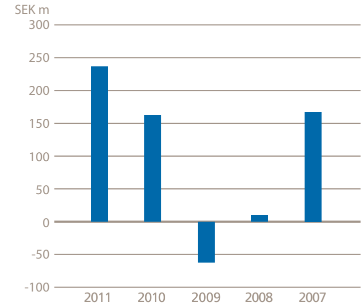
Net sales



Number of employees



Operating Income, SEK m*



* Excluding one off

All data above refers to Haldex Continued Operations.

Business and market overview

Haldex' brake products improve safety, the environment and vehicle dynamics for commercial trucks, trailers and buses. Haldex has a global market share of about 15%, and a significantly higher one in some product areas. Operations are conducted in two business units; Air Controls and Foundation Brake.

Air Controls

Air Controls develops and produces air treatment and air distribution products for truck and bus installations, such as pre-cleaners and air dryer systems. For the control of brake and air suspension systems Haldex provides systems and components to trucks, buses and trailers. Particularly in the trailer segment Haldex has a strong presence globally.

Foundation Brake

Foundation Brake develops and produces the wheel-brake products that provide the actual braking effect, such as disc brakes, automatic brake adjusters, brake cylinders and electronic sensor systems. Foundation Brake is the global market leader for automatic brake adjusters and the North American market leader for actuator products.

Major customers

Customers include all major truck, bus and trailer builder worldwide. Products are also sold to axle producers for these vehicles. The top ten customers account for about a third of the sales, with no single customer accounting for more than 10%. Aftermarket sales are in conjunction with major distributor groups.

Competitors

The major competitors are Knorr Bremse and Wabco, with global coverage and a complete product portfolio. ArvinMeritor is a competitor in certain product areas.

Financial targets

Haldex' long-term target is to achieve a compound annual growth in sales of 7% and an operating margin of 7% over a business cycle with a net debt to equity not exceeding one.

The new focused Haldex

Clarity and credibility are important factors in a world filled with an abundance of competing business offers. This is the part of the reason why we initiated the reorganization of Haldex. Three prosperous and profitable businesses from our former group company are now organized as separate companies so that they can become even stronger in their respective markets, and to provide a clearer and more transparent investment proposal for all shareholders. The new Haldex AB is solely focused on brake system solutions for the commercial vehicle industry.

I was pleased and honored when I was asked to assume the position of CEO for Haldex, an organization I'm familiar with from the inside for nearly 15 years. I have worked in the Swedish automotive industry throughout my entire career. Before I joined Haldex, I held several positions within the Volvo Group. In 1998, I left my position as Vice President at the Volvo factory for car engines in Skövde, Sweden, to become President of Haldex Traction AB in Landskrona. During this time at Haldex, I have also been a part of the group executive management. I now look forward to continuing the development of the new, focused Haldex.

Markets and Customer Value

2011 has been one of the best years for our company in several years, so Haldex' strategic direction is on target. We have proved that by having a clearer business focus we can become a better and more profitable player in the marketplace. Being a global partner that supports the commercial vehicle industry with innovative brake systems solutions and an ability to localize products, is one of the important factors for success going forward.

Haldex holds a leading global position in key market sectors for brake and air suspension systems for trucks, trailers and buses. Our sales are divided into three regions: North America represents the major part of our sales with 51%, Europe with 34%, and the Emerging Markets with 15%. With this sales balance, we are in a solid position to grow in 2012. Haldex' value added products have a strong position in the OEM market, as well as in the important aftermarket.

Haldex continues to focus on growing its business within the niches and products where the company has a strong market position today, and where there are good possibilities to maintain and achieve good profitability.

Business Excellence

During the last year, Haldex has been working hard to optimize processes to reduce costs and build a more effective organization. We have recently consolidated our businesses to new facilities in North America, as well as in Brazil, which will improve our ability to meet customer demands in two important markets. The strategic location of our new Brazilian unit is a great asset for expanding in the fast growing South American market.

We will continue with our operational excellence initiative in order to increase productivity and the capacity utilization.

Emerging Markets

The markets in Asia and South America represent over 50% of global vehicles build; therefore, Haldex will continue to drive expansion in these regions. Safety legislation is forcibly creating opportunities for Haldex' products. Demand is driven by economic growth and adaptation of high quality technology. Investment in existing road infrastructure in these markets also opens up an opportunity for further growth. We are now expanding our facilities in Suzhou, China, with a new laboratory and increased production space. Customers in India have shown appreciation for our knowledge, safety expertise, and commitment to high performing products. Together with leading manufacturers in India, Haldex is continuing with new projects to develop products that meet the requirements of the local markets and add increased functionality for our customers.

Outlook 2012

Among the established markets, North America has, expanded very well during 2011. We expect this positive trend to continue also in 2012. North America is a consistently strong market for Haldex, and with our recent structural improvements in mind, we expect it to show results in 2012 as well. For Europe, the situation is harder to forecast, since many of the macro-financial issues that have plagued the continent over the past year remain unsolved.

Several important emerging markets like China and India dramatically slowed down in late 2011. However, in terms of the rate of expansion of their economies, the development of infrastructure, and increasing demands for improved vehicle safety, the emerging markets are of utmost importance. Since Haldex solutions can meet real demands, with higher quality than most competitors, I'm optimistic about our long term ability to fulfill both our customers' needs and our shareholders' interests.

An invaluable asset

The major improvements that Haldex has achieved throughout its operations are based on the dedication of all the employees and the day-to-day efforts of many people to implement continuous improvements.

I would like to thank all Haldex employees for their fantastic contributions.

Landskrona, March 9, 2012

Ulf Ahlén, President and CEO

HALDEX STORY #117: Winter testing in Arjeplog

– Every winter since the 1980s a group of developers from Haldex travels to Arjeplog. We leave the computer simulated environment in the development labs for real life winter testing in the cold, snowy climate of northern Sweden. Large parts of the world's automotive industry meet up every winter at the Arjeplog winter test center to test their vehicles and products. On a deep-frozen lake, we have our own test track, 1500 meters long and 100 meters wide, where we perform advanced measurements and test brake performance and vehicle dynamics. When the security systems are turned on there is not much action, which usually keeps the driver in control of the vehicle. But as soon as we turn off the security systems it can suddenly become quite dramatic when the large, heavy trucks lose control on the slippery ice. For us as developers it's invaluable to test our products under these extreme conditions. In the winter testing in Arjeplog we see the results of how well we have succeeded.
Dudley Harrison, Chief Engineer Trailer Systems

We adapt to the varying needs of different market regions

The sales of commercial vehicles is generally tied to economic growth, and the resulting increased demand for transporting goods. When looking at the global manufacturing of commercial vehicles, we see clear differences between established markets in North America and Europe, and for example, the fast-growing economies of China and India. While Europe and North America follow concurrent financial cycles, the emerging markets show a sharply increasing trend in vehicle production. For a company like Haldex, which is closely connected to the vehicle industry, it's vital to strengthen our product portfolio in the emerging markets to balance against the volatility in the more cyclical markets.

Market conditions differ widely between different geographical markets, as do the legal requirements for road and vehicle safety. Given these circumstances, we see a need for adapting products, brands and pricing strategies to meet the expectations in several important emerging markets. Commercial vehicle sales in some of these markets have surpassed most expectations, for example, in just a few years China has become the largest commercial vehicle market in the world. Asia accounts for over 50% of all commercial vehicles sold in 2011. To position Haldex as an attractive partner to local OEMs, as well as a service partner, Haldex needs to continue to develop the business according to the already initiated strategies.

Market challenges

Global manufacturers of commercial vehicles, as well as Haldex, face a number of challenges in the coming years. We have to continue serving the established markets and adapting to their market trends. Haldex balances out the cyclical impact of the North American and European markets through an increased focus on our stable after-market business as well as the fast growing emerging market. Using the same business model worldwide is not possible, rather we have to adapt to the varying needs of different market regions in the world.

Some of the challenges that truck, bus and trailer manufacturers have to face, and thereby affect Haldex' business include:

- Legislative requirements and implementation
- Continuous market cyclicality
- Adjusted business models and brand strategies
- Environmental demands
- Focus on total cost of ownership

Haldex' unique market

Even though Haldex' sales mostly follow the production levels of heavy trucks, buses and trailers, several important factors often give rise to different trends in our markets compared with the vehicle market in general.

- Haldex has strong global aftermarket sales, approx 50% of our total sales. Since fluctuations in the aftermarket are normally small, compared to OEM production of trucks and trailers, the aftermarket sales have a stabilizing effect during economic cycles.
- Depending on the regional market, brake products with different technical specifications are used. For instance, in Europe disc brakes are installed in 80–85% of all new trucks. The corresponding figure for North America is 5%, since this market mostly specifies drum brakes.
- The infrastructure development in the emerging markets is generating new requirements for vehicle solutions. This follows the implementation of stricter legal requirements that enhance vehicle and road safety.

Driving forces

The demand for improved vehicle and road safety is growing faster than the production levels of commercial vehicles. This trend is driven by increasingly stricter legislation as well as the manufacturers' sales strategy to offer safer and technically more advanced vehicles.

Legal demands for improved braking performance are seen both in established markets like USA and in fast-growing economies like Brazil, China and India. OEM manufacturers place its suppliers technical competence in high regard and are expected to offer increasingly improved and cost optimized systems and products.

North America

The production of commercial vehicles in North America continued to recover during 2011, almost to the levels of 2006. The market is relatively strong, despite some economic uncertainty. Since the vehicles generally are aging, the trucking companies continue to upgrade their fleets. We can also see that the demand for road transportation continues to increase, which has a positive effect on truck and trailer production. The aftermarket remains stable during the economic cycles and actually improved slightly during 2011.

Starting with vehicles produced in 2012, new federal stopping-distance rules are now being phased in over a 4-year period. The new rules require a 30% shorter stopping distance, compared to present rules. North American truck manufacturers have solved the issue in most cases by simply upgrading the existing design with larger drum brakes for their vehicles, alternatively by equipping some of the axles with disc brakes.

Europe

In Europe, the production of commercial vehicles started off well in the beginning of the year. The production of new trucks improved in particular. Due to the financial turmoil in Europe, the demand flattened out in the second half of the year, especially in southern Europe. Forecasting even the near future is hard, since the financial instability in the region remains.

There is a continuous trend among leading manufacturers to enhance their vehicles to meet customer demands. An important area of focus right now is to lower vehicle weight, since fuel consumption and environmental aspects have become increasingly important. Lower vehicle weight could also mean more goods on each vehicle, a way to improve transport economy. Another step in this direction is the possibility of increasing the allowed vehicle length from 18 to 25 meters in the important German market. Germany is presently in the process of evaluating the consequences that these vehicles would have on the infrastructure.

Late in 2011, the countries within EU started implementing new regulations requiring electronic stability control in heavy vehicles. The rules will be phased in during a 3-year period, and will be mandatory for all new commercial vehicles at the end of 2014.

South America

Brazil is one of the strongest economies in South America and has showed stable growth for more than 10 years. The demand for road transportation is high, and since the country is self-sufficient with fuel, this trend is accelerating.

As of 2012, emission standards will be upgraded to a level equal with the Euro 5 regulations. Since this has resulted in a pre-buy effect, late 2011 truck sales are expected to be slightly lower the next year. Trailer sales are expected to continue to rise during the next year.

Brazil has also decided on new ABS regulations. During 2012, manufacturers will begin to prepare to implement ABS technology in commercial vehicles, which of only a few have ABS today. By January 2013, 40% of all new commercial vehicles must be equipped with ABS, and in January 2014 all new commercial vehicles must have ABS.

Asia and the Middle East

In China, the commercial vehicle market is price sensitive. Up to this point, we have mostly seen less sophisticated trucks on the Chinese roads. However, there is an increasing demand for better quality and technology due to the expanding global presence of Chinese OEMs, as well as the increasing purchasing power of the end users. The Chinese government is also well aware of the rising demand for road transportation and has expanded the national highway network by 2.5 million kilometers in the last decade. Road transportation will undoubtedly become increasingly important in China for many years to come.

China is currently the largest commercial vehicle market in the world. After several years of rapid growth, the overheated Chinese market slowed down in 2011, and total production of commercial vehicles decreased by 30%. Legislation concerning ABS, emissions and automatic brake adjustment is in progress, but the Chinese authorities have not yet set a public timeframe for final implementation.

The Indian market for commercial vehicle production is largely consolidated among a few dominant, local manufacturers. Only a few foreign manufacturers are among the 10 largest OEMs in India. The demand for commercial vehicles is increasing, due to the growing need for transporting goods. In order to improve the overloaded infrastructure, the Indian government has introduced a state program to build and upgrade roads. By connecting more regions to the road network, the need for commercial vehicles will continue to rise. The government is also focusing on vehicle and road safety and is close to approving new ABS regulations.

HALDEX STORY #137: The birth of TrCM+ Safe Parking

– The idea of improving the security of parked vehicles is not new. There are already optional components on the market to prevent trailers from accidentally rolling away, one of the most common causes of accidents when coupling and decoupling trailers. Some years ago, we began to investigate the possibilities of integrating this function into one of our existing products, and the end users became very interested. Haldex' challenge was to integrate a "Safe Parking" device into our Trailer Control Module, but at no additional cost. It took a lot of creative thinking to redesign and achieve this, but we succeeded. We have received an overwhelmingly positive response for TrCM + Safe Parking product. A good example is the Trailer Innovation Award 2011 we received from an international jury, consisting of representatives from ten transport magazines. I believe and hope that TrCM + Safe Parking will become an industry standard, just like many previous innovations from Haldex.
Franck Bordes, European Sales Director - Trailers & Axles OEM

Innovative and market-specific solutions

The commercial vehicle industry is highly competitive. Therefore continuous vehicle development is necessary for the truck, bus and trailer manufacturers to defend their market positions and sales. Suppliers like Haldex play an important role in developing products for commercial vehicles. Haldex has adapted a niche strategy and offers demanding global customers market-specific product solutions. By understanding our customers varying needs, and successfully forecasting market trends, Haldex is moving technical development forward. Haldex is continuing to invest in research and development to further safety features within our leading products.

Haldex' proven ability to adapt products to different regional requirements is a critical factor in our success. In established markets like Europe, technically advanced solutions are requested by OEMs. In North America, large trailer fleets drive the market with requests for extended durability. In many emerging markets, factors like value for money and simplicity are most important. This puts product development and our supply base in focus. By understanding and serving all aspects of this technical spectrum, Haldex has a sustainable global strategy for growth in all markets.

ModulE
ModulE is a true electromechanical brake (brake by wire technology) that significantly increases safety and reduces energy consumption.

Driving forces

Haldex' product development is primarily driven by customers and legislative demands, and our work is conducted in collaboration with customers and partners. This includes many world-leading truck and trailer manufacturers, as well as other suppliers. Market requirements that affect the OEMs, and therefore Haldex' product development, include:

- legislation to increase vehicle and road safety
- increased environmental awareness
- improved vehicle dynamics
- continuous cost-efficiencies

At present, many OEMs are focusing on lowering fuel consumption and emission levels. In 2011, Haldex started shipping the new generation of disc brakes for the trailer segment. ModulT is 15% lighter than a conventional disc brake, which enables a higher payload per vehicle. Fuel consumption/cost per shipped weight unit decreases and improves transport economy in total.

Equally critical to the market is vehicle safety, especially in the emerging market. The Haldex TK+ truck and bus ABS system was successfully launched with two important Chinese bus manufacturers. This adoption of high quality Haldex brake control technology meets the advancing requirements in this market and strengthens our position in this important region.

This year Haldex in North America started production on an air management panel that incorporates all trailer air management functions in one panel module. The panel significantly reduces overall trailer assembly time, and offers lower air leak rates and easy maintenance for failed components.

Local development

Haldex' development centers develop core technologies, which are distributed and adapted in our local application centers close to the markets. Since product development is customer-driven, it's vital for our technical experts to have direct contact with the different local markets and demands.

Haldex has a proven record of industrializing our innovations. We develop ideas from the concept stage to actual products and then adapt them to the customer's specific demands, production and markets. Haldex can satisfy each customer's unique requirements, which calls for a solid knowledge of the customer's product planning.

Innovative cooperation

Haldex cooperates with several European universities and colleges. These include the Royal Institute of Technology in Stockholm, the Faculty of Engineering at Lund University, Chalmers Institute of Technology in Gothenburg, the University of Dresden and Cambridge University. By creating partnerships with leading research institutes, we get access to the latest findings in interesting topics; information that otherwise would be unknown to us. As a part of their relationship with universities, Haldex regularly invites students to do internships and master's degree projects at our company.

In 2011, a 3-year European research project successfully ended. The project, called HAVEit (Highly Automated Vehicles for Intelligent Transport) was aiming for development of new systems for increased traffic safety and engaged several OEM's suppliers and research institutes. Haldex successfully developed a full brake-by-wire system for trucks using electromechanical brakes. Main benefits with the system are better braking performance and reduced energy consumption compared to existing systems on the market today. Project HAVEit paves the way for a new technology and proves that Haldex is a world leader in its business.

Solutions to improve safety and vehicle dynamics

ModulAir®
ModulAir® cleans, dries and controls the compressed air in trucks and buses.

COLAS®
The new COLAS®+ raise/lower valve offers an exceptionally wide range of functions.

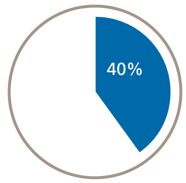
Haldex' business division, Air Controls, develops and manufactures control systems for trucks, buses and trailers. These products are mounted on the chassis to improve safety as well as vehicle dynamics. Air Controls' product portfolio comprises air management systems for cleaning and distribution of compressed air as well as air suspension and brake control systems.

North America

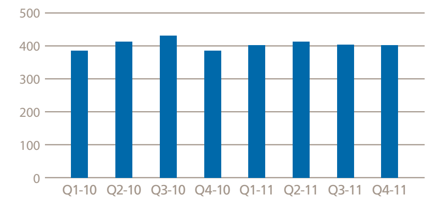
The OEM markets for Air Controls' products were highly reflective of the increased building rates taking place in North America during the 2010 and 2011 periods. Sales involved a significant year-by-year increase in revenue when the totals of these product groups are combined.

Aftermarket sales gained volume, which is reflected in steady economic recovery taking place in North America. This trend is also helped by the fact that fleets purchased fewer new vehicles in 2008/2009, resulting in older vehicles requiring more service, although this is somewhat offset by the fact that vehicles travel fewer miles during recessionary periods. During 2011, the new products for Air Controls in North America were the dolly and trailer panel, along with the BMS (brake monitoring system).

Group share
of net sales, %



Air Controls net sales per quarter, SEK m



Europe

Similar to the business division, Foundation Brake, the year 2011 started out with strong sales for Air Controls, but sales flattened out during the second half of the year due to the European financial crisis. In 2011, Haldex started shipping its new ModulAir product to a leading European truck manufacturer with a strong global presence on the market. Since ModulAir is a modular product, it can be easily adapted to different markets and customer needs. Haldex has a strong product portfolio in the trailer segment, providing complete system solutions for braking and air-suspension.

Haldex received two prestigious awards 2011. The Trailer Innovation Award 2011 was awarded for the Trailer Control Module+ Safe Parking (TrCM+ Safe Parking), which eliminates uncontrolled rolling of the semi-trailer during parking. The Technical Innovation Award 2011 was awarded for the Haldex Trailer Emergency Module – TEM Safe Parking, which eliminates the risk of damage to man and material when coupling and decoupling trailers.

During the year, Haldex released its Tire Pressure Monitoring System (TPMS) for trailer applications. The new chassis control valve, COLAS®+, that controls raising and lowering when loading/unloading the trailer has been selected by an additional leading EU trailer manufacturer as a standard installation.

South America

In Brazil, the market for commercial vehicles continues to grow, supported by a strong economy and therefore a growing demand for transportation. To improve vehicle and road safety, the Brazilian government has approved new anti-lock braking regulations to be phased in over the coming years.

At the leading commercial vehicle trade show, Fenatran, in São Paulo, Haldex demonstrated its new trailer product Universal ABS (UABS) for the South American market for the first time. In late 2011, Haldex and Master Sistemas Automotivos Limitada, signed a long-term collaboration agreement, in which the companies undertake to cooperate in the manufacturing, sales and technical support of commercial vehicle trailer anti-lock systems (Trailer ABS) for the Brazilian market.

Asia and the Middle East

During 2011, Haldex intensified efforts to develop products specifically aimed for local market demands, particularly in China and India. For the trailer segment, a new generation of ABS has been designed, called Universal ABS (UABS), to meet the expected growth in this market as a result of coming legislation. Using a flexible design, economies of scale can be achieved and still meet each the specific demands of each local market.

The fast-growing commercial vehicle market in China is in continuous need of more advanced technology that is adapted to meet local demands. Two leading bus manufacturers in China, Higer and Golden Dragon, selected Haldex' ABS solution TK+, and Haldex started to ship products at the end of 2011. TK+ is a cost-efficient and modular solution for ABS systems on trucks and buses.

For the Indian market, a new product for lift axle control on trucks has been developed, ILAS-MS. With increased fuel prices, multi-axle vehicles using lift axles represent a growing market because a higher payload can be carried. In order to improve the air quality in the braking system, a new generation of the Haldex Consep was released from our production facility in India.

Brake solutions for the wheel end

ModulT
The ModulT is the first variant of a newly developed Air Disc Brake with a sliding caliper program.

S-ABA and Actuator
A self-setting, automatic brake adjuster including an actuator for drum brakes.

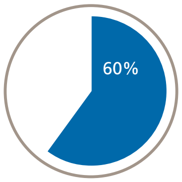
Haldex' business division, Foundation Brake, develops and produces wheel brake products for commercial vehicles like trucks, buses and trailers. Foundation Brake focuses on solutions for the wheel end that provide the actual braking effect, such as actuators, automatic brake adjusters, disc brakes and electronic lining wear systems. We serve our customers by providing local representation, product development and technical support in all major markets.

North America

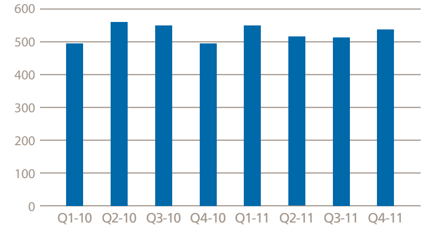
2011 was a stable year in the important North American market. Truck and trailer production continued to grow, and Haldex defended its leading position with close to 50% market share. As of 2012, USA will start phasing in stricter federal brake rules for commercial vehicles, requiring a 30% shorter stoppingdistance. To meet the new demands, truck and trailer manufacturers need to select more efficient braking systems, which can benefit Haldex.

With a high market penetration by our key products, such as automatic brake adjusters and actuators, major shipping companies like UPS and FedEx continue to select Haldex products as standard features on their new vehicles. This market success is a result of Haldex' strategic decision to highlight products in the premium segment by focusing on their long product life and low life-cycle cost. We see a strong brand loyalty among our customers, who appreciate the product quality and technical support we offer.

Group share
of net sales, %



Foundation Brake net sales per quarter, SEK m



Europe

2011 started off with strong sales for Haldex, but sales flattened out during the second half of the year due to the European financial crisis.

In April 2011, Haldex started shipping the new generation of lightweight disc brakes, ModulT, to SAF Holland. Being 15% lighter than a conventional disc brake, ModulT enables a higher cargo weight per vehicle and thus lower fuel consumption per shipped unit of weight. The order for SAF Holland is worth around SEK 1 billion and will be delivered over a 5 year period. ModulT is manufactured at the Haldex plant in Landskrona; this order will also affect aftermarket sales positively.

South America

The commercial vehicle market in Brazil is strong, and truck, bus and trailer production is increasing. During 2011, Haldex prepared to meet the demand by consolidating production at 3 sites into 1 new production plant in São José Dos Campos, in the state of São Paulo. The new plant will be in full production by the first quarter of 2012. Costs for the consolidation will be covered by the improved cost structure from the centralized operations.

Stricter emission standards for on-road vehicles and engines will be implemented on all new vehicles as of 2012. The new Brazilian standard is equivalent to EURO 5.

Asia and the Middle East

In line with the strategic decision to focus on the fast-growing emerging markets, Haldex has continued to penetrate China. Last year, China showed a historic peak in the production of trucks and trailers, but the market slowed significantly in 2011. Despite that, Haldex increased sales by 30% compared to 2010. The commercial vehicle market in China shows increasing demand for more advanced technology. With Haldex’ reputation for premium products, in combination with local development and manufacturing, the company is well-suited to continue to gain market share.

On the growing Indian market, Haldex continued to gain market share. During 2011, Haldex started to deliver automatic brake adjusters to new customers.

Success through our people

Our people's commitment, initiative and dedication to solving our customer's problems are factors that have made Haldex the successful company it is today. Therefore, creating and maintaining attractive workplaces where our employees can thrive and develop is our utmost priority.

In order to retain our present talent, and to attract new, talented employees, Haldex is working systematically with a People Management Strategy. The goal of Haldex' People Management Strategy is clearly summarized in the following statement:

"Through the contributions of our people, we will create a world class performance organization, continuously striving for operational excellence."

Focus areas

To reach the goals defined in the People Management Strategy, Haldex has decided to focus on the following areas:

- **Competency development**
  Increasing the competence levels of our people will enable the organization to continually be innovative, improve, learn, and ultimately establish a clear advantage over the competition.

- **Management and leadership capabilities**
  Developing our ability to lead and manage people and the organization will provide good leadership when needed, adapted to the situation, and lead to enhanced operational excellence.
- **Haldex culture**
  Developing a strong corporate culture and encouraging performance and accountability will create the prerequisites for continued improved performance.

Haldex believes that by focusing our efforts on the areas above, the company will inspire commitment, performance and responsibility-taking, among all our employees.

Social responsibility

Haldex' social policy is an integral part of our procedures and programs. For example, it is included as part of the introduction to all new employees. It is also integrated into the company's purchasing manual. The social policy is based on the UN's Universal Declaration on Human Rights, the UN Global Compact initiative, the International Labor Organization's basic principles on labor law and the OECD's guidelines for multinational companies.

The purpose of the social policy is to establish internal awareness and make an external statement about how serious Haldex is in guarding the individual's interests in areas as human rights, child labor, business ethics and health and safety. In all communities Haldex operates, we shall help improve the economic, environmental and social conditions through an open dialogue with relevant interest groups.

Environmental work is a long-term engagement

Haldex has been actively working on environmental issues since the early 1990s. Our engagement encompasses the entire company; from product development and manufacturing processes, to how we utilize our resources and minimize waste. Since many of the strategic decisions we make today will not have full impact until tomorrow, it's important to see environmental work as a long-term engagement.

The largest potential for improvement lies in the future. For example, the choices we make for production equipment, materials, processes, suppliers and shippers will all affect how well we succeed in lowering our environmental impact in the years to come. A life-cycle perspective leads the way to sustainable development, and most often also to lower overall costs for the company.

Environmental efforts in practice

Haldex' products help customers to comply with increasingly stricter environmental legislation. A current area of focus for many countries is to lower the emissions caused by road traffic. Several of Haldex' new products fulfill the commercial vehicle manufacturers' need for more efficient or lighter products. In addition to the improved product performance, Haldex makes robust products with a long life span, which to a large extent, are made of recycled materials. This is equally important from both an environmental perspective as well as in terms of the product's overall cost.

Effective utilization of all resources is a key issue for Haldex, and a fundamental value is the elimination of all waste. By always striving in this direction, we ensure that resources are used as efficiently as possible at any given time. The company has also streamlined many production steps that have a negative impact on the environment.

Systematic improvements

A majority of Haldex' production plants around the world have environmental management systems that are ISO 14001 certified and are thus continuously working to improve their impact on the environment. By the end of 2011 100% of the plants were certified.

Yearly improvements have resulted in Haldex having a considerably lower environmental impact than a decade ago. The energy consumption in 2011 is around 13 megawatt-hours per SEK million in turnover. This is almost a 50% reduction. Heating Haldex manufacturing sites counts for 110 kilowatt-hours per square meter, compared to 190 kilowatt-hours per square meter 10 years ago. During the same period, Haldex' water consumption has been cut by half. The bulk of Haldex' hot water is heated by recycled heat from the manufacturing process.

Content

Directors' report including Risk and Risk Management

The Board of Directors and the President of Haldex AB (publ), Corp. Reg. No. 556010-1155, hereby issue the Annual Report and Consolidated Financial Statements for 2011. Haldex provides innovative proprietary solutions to the global vehicle industry with focus on brake products and brake components for heavy trucks, trailers and buses.

Haldex AB is the Parent Company of the Haldex Group. The company mainly conducts corporate functions, including the central finance function. Haldex shares are listed on the Nasdaq OMX Exchange in Stockholm, MidCap.

Amounts are stated in millions of kronor (SEK m), unless otherwise indicated. Amounts in parentheses refer to figures for the preceding year. "Haldex" refers to the Haldex Group, meaning Haldex AB and its subsidiaries.

Reorganization of Haldex

According to the press release of July 16, 2010, the Haldex Board proposed a demerger of the company whereby Haldex' divisions would become independent listed companies.

In December 2010, Haldex signed an agreement with BorgWarner Inc., a global supplier to the vehicle industry, regarding the divestment of Traction Systems Division. The transaction was completed on January 31, 2011. The purchase consideration of SEK 1,425 m was paid in cash on a debt-free basis. The price amounts to nearly 14 times historical earnings and is considered to maximize the value for Haldex' shareholders. The transaction generated a capital gain of SEK 1,115 m.

In June 2011, the Haldex Annual General Meeting resolved that all shares in the wholly owned subsidiary Concentric AB would be distributed to Haldex shareholders, so that each share in Haldex AB entitles the holder to one share in Concentric AB. The record date for the distribution of Concentric shares was June 13, 2011.

The demerger process was finalized in June 2011 and left within Haldex, after the divestment of Traction Systems Division (January 31, 2011) and Hydraulic Systems Division being listed as a separate company under the name Concentric (June 16, 2011), is the Commercial Vehicle Systems Division.

At the Annual General Meeting 2011 it was also resolved to go through with a redemption of shares. Consequently, during 2011 values have been transferred from Haldex Group, to the shareholders as described below.

- A shareholder in Haldex that held shares as per June 8, 2011, has received an equivalent number of shares in Concentric AB.
- A shareholder in Haldex that held shares as per June 29, 2011, received an equivalent number of redemption shares, that were redeemed for SEK 30 as per July 28, 2011.

The demerger of the Haldex Group has in total cost SEK 105 m of which SEK 51 m was expensed in 2011 (all expenses are allocated to Haldex Discontinued Operations). The costs consist mainly of legal expenses, expenses incurred in conjunction with tax advisory services and accounting, expenses in relation to modification of the IS/IT system, listing costs and restructuring costs (including severance pay).

Operations during the year

In the income statement for 2010 and 2011, both divisions – Traction Systems and Hydraulics Systems – are reported as discontinued operations. Also, the capital gain from the divestment of the Traction Systems Division, revaluation of Hydraulic Systems net assets and all costs attributable to the Group restructuring are classified as discontinued operations. Below comments are divided into Haldex Continued Operations (Commercial Vehicle Systems) and Haldex Group (including Tractions Systems and Hydraulics System).

Sales and operating income

Haldex Continued Operations net sales amounted to SEK 4,030 m (3,710). Adjusted for currency-exchange fluctuations and divestitures, sales increased 17%, compared with 2010.

Net sales of business unit Air Controls amounted to SEK 1,619 m (1,611). Adjusted for currency exchange fluctuations sales increased by 8% compared with 2010. Business unit Foundation Brake sales amounted to SEK 2,411 m (2,099). Adjusted for currency exchange fluctuations sales increased by 24% compared with 2010.

Sales amounted to SEK 1,340 m (1,234) in Europe, SEK 2,096 m (1,942) in North America, SEK 363 m (326) in Asia and the Middle East and SEK 231 m (208) in South America.

Operating income amounted to SEK 235 m (162), resulting in a operating margin of 5.8% (4.4). Operating margin continued to improve due to the new cost structure, factory productivity and higher volumes.

Consolidated sales for Haldex Group totaled SEK 5,057 m (6,906). Operating income for Haldex Group totaled SEK 2,200 m (282), resulting in a margin of 27.9% (4.1).

Earnings

Haldex Continued Operations income before tax amounted to SEK 217 m (42). Financial expenses amounted to SEK 18 m (68). The costs essentially consist of interest payments on loans and pension liabilities, as well as unutilized credit facilities. Earnings after tax amounted to SEK 142 m (29). Tax charges amounted to SEK 75 m (13), resulting in a tax rate of 35% (31). The high tax rate during 2011 is mainly driven by the high taxable income in US.

Consolidated income before tax for Haldex Group totaled SEK 2,172 m (178), financial expense SEK 28 m (104), earnings after tax SEK 2,078 m (131) and tax charges SEK 94 m (47).

Cash flow

Cash flow after net investments for Haldex Continued Operations was positive and amounted to SEK 9 m (13). Adjusted for the discontinuation of the factoring, the cash flow after net investment amounted to approximately SEK 109 m.

Including discontinued operations the cash flow after net investments amounted to SEK -10 m (229).

Investments

Haldex Continued Operations net investments decreased SEK 46 m from last year and amounted to SEK 100 m (146), of which investments in development projects accounted for SEK 6 m (27).

Investment for total Haldex Group during 2011 amounted to SEK 129 m (212).

Product development

Every year, substantial investments in development projects are made within the Group to ensure the creation of market-leading products and to strengthen market positions. This development work comprises the creation of completely new products, both in-house and in some cases in cooperation with partners, and updates of existing product solutions. Development cost within Haldex Continued Operations during fiscal year 2011 totaled SEK 134 m, of which SEK 6 m was capitalized.

At December 31, 2011, capitalized development costs amounted to SEK 184 m.

Financial position

As per December 31, 2011, the Group has a net debt amounting to SEK 488 m (684).

The net debt consists of cash and cash equivalents totaling SEK 395 m, interest bearing debt of SEK 678 m, and a pension liability of SEK 204 m. The value of derivatives in respect of the company's loans in foreign currency is also included in the net debt, positive SEK 1 m.

Haldex primary sources of loan financing comprise:

- A bond loan totaling SEK 270 m, maturing in 2015
- A syndicated credit facility in the amount of EUR 75 m, maturing in 2014. At year-end, EUR 30 m of the facility had been unutilized

Shareholder's equity amounts to SEK 1,336 m (2,351) resulting in an equity/asset ratio of 47% (47).

RISKS & RISK MANAGEMENT

Comparison numbers in the financial risk section relates to the whole Haldex Group as it was structured in December 2010, ie. financial information related to discontinued operation has not been broken out.

Operational risks

Market risks

Haldex provides innovative proprietary solutions to the global vehicle industry. The main focus is brake products and brake components for heavy trucks, trailers and buses related to vehicle dynamics, safety and the environment. Demand for the company's products is dependent on demand for transportation, which is in turn driven by increases in global trading, infrastructure construction, increased traffic safety awareness, environmental and safety legislation, as well as economic growth on the particular continent. Haldex' main geographical markets are North America and Europe, but the Group is also active in the Asian and South American markets. Market risks are handled in the strategy process, which encompasses all Group units. The Board participates in this process and makes decisions concerning the Group's strategy and direction.

Customers

Haldex is active in several different market segments and has a large number of customers distributed over several areas of operation. However, a loss of a customer or the loss or delay of a major contract could have a major impact on an individual division.

Sensitivity to economic fluctuations

Production in the vehicle industry, mainly of heavy trucks and trailers, is an indicator of the trend in Haldex' market. The vehicle industry has normally shown a cyclical pattern. Haldex' operations are affected by the general state of the economy. A significant part of Haldex' market is the aftermarket, which normally exhibits fewer fluctuations than the vehicle industry in general and consequently has a leveling effect on Haldex' sales and earnings during both upturns and downturns.

Price trend

Price pressure is a natural feature in the competitive market in which Haldex is active. To manage this, Haldex focuses continuously on reducing its costs and increasing the value it provides to customers by developing new products and technologies.

Raw materials and prices of raw materials

The Group depends on a number of raw materials and intermediates. Haldex has defined its exposure to raw materials in terms of both the Group's own purchasing of raw materials and of Haldex' sub-suppliers' purchasing of raw materials. Exposure is greatest towards various types of metal, where annual volumes total approximately SEK 725 m m, of which various grades of steel accounted for about SEK 600 m and aluminum for about SEK 125 m. The Group also has some exposure to copper.

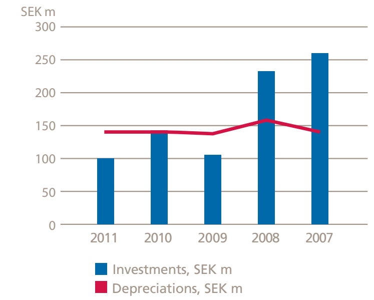
To limit the risk of an adverse impact on earnings, certain contracts include price clauses for raw materials. In those cases where price clauses are not included, Haldex endeavors to renegotiate agreements in the event that the price trend for raw materials has resulted in a considerable increase in costs. To a large extent, the short-term effects of price increases for raw materials are limited by the fact that price agreements with the Group's raw materials suppliers extend over an average period of six months.

Production

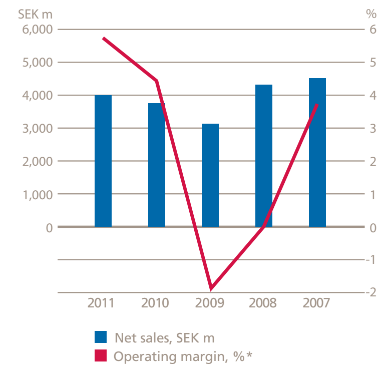
Damage to production plants, caused, for example, by fire could have an adverse impact in the form of direct damage to property and of business disruption that impedes the potential to live up to commitments to customers. This in turn could result in customers choosing other suppliers.

Because Haldex has production at several

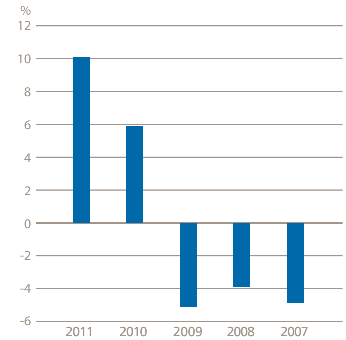
Investments and Depreciations



Net sales and Operating Margin



Return on capital employed[1]



1) Rolling 12 months

plants for a particular product line, it has the potential to reduce the consequences of such business disruption by increasing production at other plants. However, this normally results in additional costs.

Haldex is continuously developing various damage-prevention measures. The Group has adequate insurance cover against both business disruption and damage to property.

Product development

Requirements from users and legislators for increased safety and improved environmental and vehicle dynamics are resulting in increased demand for the products provided by Haldex. Accordingly, it is essential that the Group continuously develop new products or improve existing products that satisfy this demand so that markets shares are not lost to competitors.

Consequently, a key part of Haldex' strategy involves developing new products in those areas that the Group regards as important for continued growth and/or for defending market shares. In 2011, the Group's expenditure for product development corresponded to 3.3% (excluding amortization) of sales (4.0).

The development of new products always entails the risk that a product launch will fail for some reason. Because the Group capitalizes costs for major product development programs, a failed launch would give rise to an impairment requirement. The Group's capitalized investments in product development amounted to SEK 184 m at December 31, 2011. During 2011 SEK 6 m was capitalized.

Patents

The risks pertain in part to cases whereby competitors infringe on the Group's patents and in part to cases where Haldex accidentally infringes upon the patents held by competing companies. The risk of the marketing of unlicensed copies of the Group's products has increased in recent years, particularly in the Asian markets. To minimize these risks, the patent situation is monitored thoroughly on a continuous basis. Haldex' own innovations are protected by patents to the extent possible.

Complaints, product recalls and product liability

Haldex is exposed to complaints in the event that the Group's products fail to function the way they should. In such cases, the Group is obliged to rectify or replace the defective products.

Recalls pertain to cases where an entire production series or a large part has to be recalled from customers in order to rectify deficiencies. This occurs occasionally in the vehicle industry. The Group has no insurance covering recalls. The assessment is that the cost of such insurance would not be proportionate to the risk covered by the insurance. Haldex has historically not been affected by any major recalls of products. There is always a risk that our customers demand that suppliers cover costs in addition to replacing the product, such as the cost of dismounting, assembly and other ancillary costs. To the extent possible, Haldex endeavors to be exempted from such liability.

If a product causes damage to a person or property, the Group could be liable to pay damages. Haldex is insured against such product liability. In the past decade, no major product liability claims have occurred.

In 2011, costs for complaints and product recalls corresponded to 1.7% (2.1) of total sales.

Haldex endeavors to minimize its risks in respect of complaints, product recalls and product liability by means of comprehensive long-term tests in the development process and through quality controls and checks in the production process.

Human capital risk

It is of importance to the company in the short and the long-term perspective that favorable conditions are created in the Group to attract and retain skilled employees and managers. To achieve this, the Group's HR efforts focus on three main areas: skills development, development of leadership and management efforts and a strengthened corporate culture.

A series of Group-wide processes have been implemented in these three areas, in order, for example, to assess performance and identify and develop skills and potential, salaries and rewards, thus ensuring consistent management of personnel-related matters and minimizing human capital risks.

Financial risks

The Group is exposed to financial risks such as market, credit, liquidity and financing risks. To reduce the impact of these risks, Haldex works in accordance with a policy that regulates their management. This policy has been adopted by Haldex' Board of Directors. Follow-up and control occurs continuously in each particular company and at the corporate level.

Exchange rate risks

Through its international operations, Haldex is exposed to exchange rate risks. Exchange rate changes affect the consolidated income statement and balance sheet in part in the form of transaction risks and in part translation risks.

Transaction risks

The Group's net flows of payments in foreign currencies give rise to transaction risk. In 2011, the value of net flows in foreign currencies totaled approximately SEK 248 m (747). The currency flows with the largest potential impact on earnings are the inflows of EUR into SEK and inflows of CAD against USD. An exchange rate difference of 10% between EUR and SEK affects the Group's earnings by approximately SEK 22 m (28) and between CAD and USD by some SEK 9 m (7), after tax.

In accordance with the current Treasury policy, 70% of anticipated net flows for the estimated volumes during the forthcoming 12-month period are hedged, with a permissible deviation of +/–10%. At December 31, 2011, 70% (68) were hedged via derivative instruments. The Group's Treasury policy governs the types of derivative instruments that can be used for hedging purposes as well as counterparties with whom contracts may be signed. Currency forward contracts were used in 2011 to hedge invoiced and forecast currency flows. At December 31, these contracts had a value of SEK 199 m net (302) and had a positive market value of SEK 2 m (49).

At December 31, 2011

SEK m Nominal amount	USD Net purchased	EUR Net sold	CAD Net sold	GBP Net sold
Year of maturity 2012	83	146	85	51
Average exchange rate	6.53	9.02	6.54	10.46
Hedging of flows >12 months	–	–	–	–
Average exchange rate	–	–	–	–

Translation risks

The net assets (i.e. equity) of the non-Swedish subsidiaries represent investments in foreign currencies which, when translated into SEK, give rise to a translation difference. In its treasury policy, the Group has established a framework for how the translation exposure that arises shall be managed in order to control the impact of translation differences on the Group's capital structure. The treasury policy stipulates that the Group's net debt shall be distributed in proportion to the capital employed per currency. Wherever necessary, this goal is achieved by raising loans in the various currencies used by the subsidiaries.

Gains and losses on such loans that are adjudged as effective hedging of translation differences are recognized directly in shareholders' equity, while gains and losses on loans that cannot be adjudged as effective hedging are recognized in profit and loss as a financial item. At the close of 2011, the value of the Group's net assets, meaning the difference between capital employed and net indebtedness, corresponded to SEK 1,336 m (2,351) and was represented by the following currencies:

SEK m	2011	2010
SEK	502	392
USD	310	851
EUR	154	156
GBP	-3	577
Other	373	375

Interest rate risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on Group earnings. Since the Group had no significant holdings of interest-bearing assets on December 31, 2011, revenues and cash flow from operating activities are, in all significant respects, independent of changes in market interest rates. The Group's interest rate risk arises through its borrowing. According to the Treasury policy, the average fixed interest term must be between 1 and 12 months. The risk must also be spread over time so that interest on a lesser part of the total debt is renegotiated at the same time. The average fixed interest term at year-end 2011 was two months, meaning that most of the Group's financial liabilities were subject to variable interest; in other words, that the interest rate will be reset within one year. As of December 31, 2011, SEK 670 m (800) of the loan liability was subject to an average variable interest rate of 4.33% (4.27). A change of one percentage point in the interest rate would affect the cost of the Group's borrowing by approximately SEK 5 m (6) after tax.

Credit risk

Credit risk arises when a party to a transaction can not fulfill his obligations and thereby creates a loss for the other party.

The risk that customers will default on payment for delivered products is minimized by conducting thorough checks of new customers and following up with payment behavior reviews of existing customers, combined with credit insurance, according to the Group's Treasury policy. The Group's accounts receivable totaled SEK 561 m (782) on December 31 and are recognized at the amounts expected to be paid. Haldex customers are primarily vehicle manufacturers, other system and component producers and aftermarket distributors within the vehicle industry. The geographic distribution of receivables from customers largely corresponds to the division of sales per region. During 2011, no single customer accounted for more than 9% (8) of sales. Following the divestment of Traction Systems Division, no single customer accounted for more than 7% of sales. The Group's customer losses normally total less than 0.1% of sales.

Accounts receivable

Due but not impaired	2011	2010
1– 30 days	34	32
30 – 60 days	7	2
> 60 days	11	8

The year's net cost for doubtful accounts receivable amounted to SEK 3 m (4).

The provision for doubtful receivables changed as follows:

Provision for doubtful receivable	2011	2010
Provision on January 1	19	28
Change in provision for anticipated losses	-3	-3
Confirmed losses	-3	-4
Exchange-rate effect	-1	-2
Provision on December 31	12	19

The credit risk associated with financial assets is managed in accordance with the Treasury policy. The risk is minimized through such measures as limiting investments to interest-bearing instruments demonstrating low risk and high liquidity, as well as by maximizing the amount invested with specific counterparties and by checking credit ratings. To additionally reduce the risk, framework agreements governing offsetting rights are entered into with most of the counterparties. The credit risk in foreign currency and interest rate derivatives corresponds to their positive market value, i.e. potential gains on these contracts. The credit risk for foreign exchange contracts corresponded to SEK 12 m (89) at December 31. The corresponding risk for investments in credit institutions was SEK 395 m (502), without taking possible offsetting opportunities into account.

Financing risk

The Group's financing risk is the risk that the company will be unable to raise new loans or to finance existing loans. This risk is reduced by a stipulation in the Treasury policy stating that the loans raised must have a long maturity. The total liability must have an average remaining maturity of at least two years. On December 31, 2011, 100% (80) of borrowing had a maturity longer than two years. The maturity structure was as follows: 2014 71%, 2015 29%.

Liquidity risk

Liquidity risk, meaning the risk the Group's immediate capital requirements will not be met, is limited by holding sufficient cash and cash equivalents and granted but unused credit facilities that can be utilized without conditions. The goal according to the Treasury policy is that cash and cash equivalents and available credit facilities must total at least 5% of net sales. These funds totaled SEK 831 m (1,450) at year-end 2011, corresponding to 16% (21) of net sales.

Haldex' main sources of financing December 31

Nominal value	2011	2010
Syndicated loan	EUR 75	USD 125
Bond loans	SEK 270	SEK 650

Capital risk

The Group's objective in respect of the capital structure is to secure Haldex' ability to continue to conduct its operations so that it can generate a return for shareholders and value for other stakeholders and in order to maintain an optimal capital structure so that the cost of capital can be reduced. To manage the capital structure, the Group could change the dividend paid to the shareholders, repay capital to the shareholders, issue new shares or sell assets in order to reduce debt.

Legal risks

Through its global operations, Haldex is subject to many laws, ordinances, rules, agreements and guidelines, including those concerning the environment, health and safety, trade restrictions, competition regulation and currency controls.

Legislation and regulation

With a focus on activities conducted at the local and regional levels and with central Group support, Haldex continuously complies with the rules and regulations prevailing in each respective market and works to adapt the Group to identified future changes in this area. However, changes in regulatory codes, customs regulations and other trade barriers, price, currency controls and public guidelines in the countries in which Haldex is active could affect the Group's operations and future business development.

Intellectual property rights

Haldex invests considerable resources in product development. To secure the return on these investments, Group companies actively assert their rights and carefully monitor the activities of their competitors. The risks in part involve cases where competitors infringe on the Group's patents, and in part instances when Haldex is at risk of infringing on valid patents held by competing companies due to mistakes or errors in judgment. The company carefully and continuously monitors the status of patents and protects its own innovations with patents to the furthest possible extent. The risk of unlicensed copies of the Group's products being marketed has increased in recent years, primarily in Asian markets. Furthermore, the industries in which Haldex is active are in many respects characterized by rapid technical development. Consequently, there is a risk that new technologies and products will be developed that circumvent or replace Haldex' intellectual property rights.

Environmental impact

The Group is engaged through one Swedish subsidiaries in business activities that are subject to license requirements pursuant to the Swedish Environmental Code. The Group's Swedish operations that are subject to license and reporting requirements impact the natural environment mainly through the subsidiary, Haldex Brake Products AB. This company is involved in surface-treatment and the painting of brake systems for highway vehicles, activities that mainly impact the natural environment by means of air and water emissions and noise.

Guidelines concerning adoption of guidelines for remuneration of senior executives

In compliance with the motion submitted to the 2012 Annual General Meeting (AGM), the Board of Directors proposes that the following guidelines apply for the period up to the 2013 AGM. The guidelines are to apply for employment contracts entered into following the AGM's resolution and in the event that existing agreements are amended following the AGM's resolution.

Remuneration of the President and CEO and other senior executives shall consist of a well-balanced combination of fixed salary, annual bonus, long-term incentive programs, pension and other benefits and conditions concerning termination of employment/severance payment. The total remuneration shall be competitive in the market and based on performance. The fixed remuneration shall be determined individually and based on each individual's responsibility, role, competence and position. The annual bonus shall be based on outcomes of predetermined financial and individual objectives and not exceed 50% of the fixed annual salary.

In exceptional situations, special remuneration may be paid to attract and retain key competence or to induce individuals to move to new places of service or accept new positions. Such remuneration may not be paid out for periods exceeding 36 months and may not exceed the equivalent of twice the remuneration the executive would otherwise have received. The Board of Directors may propose that the General Meeting resolve on long-term incentive programs.

Pension benefits shall be based on defined-contribution plans and, for employees in Sweden, provide entitlement to pension at age 65. Upon termination of employment by the company, the notice period for the President and CEO is 12 months and for other senior executives up to six months. In addition, when entering into new employment contracts, agreement may be made on severance pay not exceeding the equivalent of 12 months' fixed salary. The Board shall be entitled to depart from the guidelines if there are specific reasons for doing so in individual cases.

In all essential respects, the above guidelines are unchanged compared with the guidelines adopted by the 2011 AGM. For further information on remuneration of senior executives, refer to Note 6.

Future trends

In addition to the number of vehicles produced, Haldex' market is affected by requirements from customers and legislators. These requirements create trends and driving forces, such as an increased emphasis on safety and environmental awareness, combined with the ever-increasing importance of vehicle dynamics.

Other trends that affect Haldex are vehicle manufacturers' endeavors to build lighter vehicles in order to reduce fuel consumption. In markets outside Europe and North America, a distinct trend towards increased demand for a higher level of technology is noticeable. This applies particularly to large markets, such as India and China.

On the whole, the trends involving safety, environmental aspects and vehicle dynamics are resulting in expectations that Haldex' market will grow faster than the vehicle market in general. Other indications of this include developments in rapidly growing, emerging markets in Asia, where demand for leading-edge products and technologies is increasing continuously.

Parent Company

The Group's Parent Company, Haldex AB, performs the main office functions, including the central financial function.

In 2011, Haldex AB reported an operating loss of SEK 69 m (loss: 62). The loss was due mainly to costs for the demerger of the company. Earnings after tax amounted SEK 275 m (1,177). Equity at year-end amounted to SEK 1,287 m (3,396) and cash and cash equivalents to SEK 182 m (250).

Events after the balance-sheet date

No significant events have occurred since the balance-sheet date.

Net sales per business unit and region

SEK m	**2011**	2010	Change, nominal, %	Change, currency adjusted, %
Air Controls	1,619	1,611	0%	8%
Foundation Brake	2,411	2,099	15%	24%
Continued Operations	**4,030**	**3,710**	**9%**	**17%**
Discontinued Operations	1,027	3,196	n/a	n/a
Haldex Group	**5,057**	**6,906**	**n/a**	**n/a**
North America	2,096	1,942	8%	19%
Europe	1,340	1,234	9%	13%
Asia and the Middle East	363	326	11%	20%
South America	231	208	11%	17%
Continued Operations	**4,030**	**3,710**	**9%**	**17%**
Discontinued Operations	1,027	3,196	n/a	n/a
Haldex Group	**5,057**	**6,906**	**n/a**	**n/a**

Investments

SEK m	**2011**	2010	Change, nominal, %
Continued Operations	100	146	-32%
Discontinued Operations	29	66	-56%
Haldex Group	**129**	**212**	**-39%**

Depreciation

SEK m	**2011**	2010	Change, nominal, %
Continued Operations	146	146	0%
Discontinued Operations	36	132	-73%
Haldex Group	**182**	**278**	**-35%**

Proposed distribution of earnings

The following unappropriated funds are at the disposal the Annual General Meeting (SEK)	
Share premium reserve	378,276,231
Profits brought forward	687,755,381
Total	**1,066,031,612**

The Board of Directors proposes the following distribution of the above funds:

Cash dividend to shareholders of SEK 2.00 per share

in the following manner:	
To be distributed to the shareholders:	88,431,940
To be carried forward:	977,599,672

Consolidated income statement

Amounts in SEK m	Note	2011 Continuing Operations	2011 Discontinued Operations	2011 Haldex	2010 Continuing Operations	2010 Discontinued Operations	2010 Haldex
Net sales		4,030	1,027	5,057	3,710	3,196	6,906
Cost of goods sold	9	-2,967	-768	-3,735	-2,656	-2,491	-5,147
Gross income		**1,063**	**259**	**1,322**	**1,054**	**704**	**1,758**
Selling expenses	9	-420	-39	-459	-475	-121	-596
Administrative expenses	9	-256	-86	-342	-285	-219	-504
Product development expenses	9	-153	-28	-181	-134	-113	-247
Other operating income and expenses		1	-45	-44	-50	-60	-110
Capital gain/loss	24	-	1,904	1,904	-	-19	-19
Operating income		**235**	**1,965**	**2,200**	**110**	**172**	**282**
Interest income		13	1	14	2	1	3
Interest expense		-19	-11	-30	-29	-23	-52
Other financial items		-12	-	-12	-41	-14	-55
Earnings before tax		**217**	**1,955**	**2,172**	**42**	**136**	**178**
Taxes	10	-75	-19	-94	-13	-34	-47
Net income for the year		**142**	**1,936**	**2,078**	**29**	**102**	**131**
Attributable to:							
Parent Company shareholders		136	1,936	2,072	24	102	126
Minority interests		6	-	6	5	-	5
Earnings per share before dilution, SEK		3:08	43:86	46:94	0:55	2:32	2:87
Earnings per share after dilution, SEK		3:08	43:86	46:94	0:55	2:32	2:87
Average number of shares, thousands		44,133	44,133	44,133	43,840	43,840	43,840

Consolidated statement of comprehensive income

Amounts in SEK m	**2011**	2010
Net profit	2,078	131
Other comprehensive income		
Change in hedging reserve, after tax	-38	7
Translation difference	-82	-151
Reversal translation difference	72	-9
Total other comprehensive loss	**-48**	**-153**
Total comprehensive income/loss	**2,030***	**-22***

* attributable to discontinued operations 1,929 (85).

Consolidated balance sheet

Amounts in SEK m	NOTE	2011	2010
ASSETS			
Fixed assets			
Intangible fixed assets	11	559	1,500
Tangible fixed assets	12	550	807
Financial fixed assets			
Derivative instruments	15	-	11
Deferred tax assets	14	145	141
Long-term receivables		22	27
Total fixed assets		**1,276**	**2,486**
Inventories	16	503	698
Current receivables			
Accounts receivable from customers		561	665
Other current receivables	17	112	163
Derivate instruments	15	11	15
Cash and cash equivalents	18	395	465
Total current assets		**1,582**	**2,006**
Assets held for sale	19	-	561
Total assets		**2,858**	**5,053**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital		221	221
Share premium		491	946
Retained earnings		611	1,176
Attributable to Parent Company shareholders		1,322	2,343
Attributable to non-controlling interests		14	8
Total equity		**1,336**	**2,351**
Long-term liabilities			
Long-term interest-bearing liabilities	20	675	810
Pensions and similiar obligation	21	204	314
Deferred taxes	14	17	93
Other long-term liabilities		28	31
Total long-term liabilities		**924**	**1,248**
Current liabilities			
Short-term loans		3	3
Debt to suppliers		379	629
Derivative instruments	15	10	6
Other provisions	22	55	108
Other current liabilities	23	151	375
Total current liabilities		**598**	**1,121**
Liabilities held for sale	19	-	334
Total equity and liabilities		**2,858**	**5,053**
Collateral pledged		None	None
Contingent liabilities		3	4

Changes in shareholders´equity

Amounts in SEK m	Consolidated statement of changes in shareholders' equity							
	Share capital	Share premium	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance January 1, 2010	**221**	**946**	**-24**	**32**	**1,191**	**2,365**	**8**	**2,373**
Total comprehensive income								
Profit or loss					126	126	5	131
Other comprehensive income								
Foreign currency translation difference			-151			-151		-151
Reversal of translation difference			-9			-9		-9
Change in hedging reserve, after tax				7		7		7
Total other comprehensive	0	0	-160	7	0	-153	0	-153
Total comprehensive income	**0**	**0**	**-160**	**7**	**126**	**-27**	**5**	**-22**
Transactions with shareholders								
Incentive program								
-Value of employee service					5	5		5
Change in non-controlling interests							-5	-5
Total transactions with shareholders	0	0	0	0	5	5	-5	0
Closing balance December 31, 2010	**221**	**946**	**-184**	**39**	**1,322**	**2,343**	**8**	**2,351**
Opening balance January 1, 2011	**221**	**946**	**-184**	**39**	**1,322**	**2,343**	**8**	**2,351**
Total comprehensive income								
Profit or loss					2,072	2,072	6	2,078
Other comprehensive income								
Foreign currency translation difference			-82			-82		-82
Reversal of translation difference			72			72		72
Change in hedging reserve, after tax				-38		-38		-38
Total other comprehensive	0	0	-10	-38	0	-48	0	-48
Total comprehensive income	**0**	**0**	**-10**	**-38**	**2,072**	**2,024**	**6**	**2,030**
Transactions with shareholders								
Incentive program								
-Value of employee service					1	1		1
-Payment of shares					20	20		20
Buyback of own shares					-8	-8		-8
Dividend, cash					-133	-133		-133
Share Redemption					-1,326	-1,326		-1,326
Dividend, shares in Concentric					-1,600	-1,600		-1,600
Reduction of statutory reserve		-455			455	0		0
Change in non-controlling interests				0	0	0		
Total transactions with shareholders	**0**	**-455**	**0**	**0**	**-2,590**	**-3,045**	**0**	**-3,045**
Closing balance December 31, 2011	**221**	**491**	**-194**	**1**	**804**	**1,322**	**14**	**1,336**

Consolidated Cash Flow statement

Amounts in SEK m	2011	2010
Cash Flow from Operating activities		
Operating income[1]	2,200	282
Reversal of depreciation, amortization and impairment losses	182	307
Interest paid	-23	-108
Profit/loss from divestment of participation in subsidiary	-1,904	19
Taxes paid	-16	-32
Cash Flow from operating activities before changes in working capital	**439**	**468**
Change in working capital		
Current receivables	-224	-166
Inventories	-7	-167
Operating liabilities	-94	306
Change in working capital	-325	-27
Cash flow from operating activities[2]	**114**	**441**
Cash Flow from investments		
Net investments	-124	-212
Cash proceeds from sale of shares in subsidiaries	1,425	23
Cash Flow from investments[3]	**1,301**	**-189**
Cash Flow from financing		
Change in loans	-347	-106
Dividend to Haldex shareholders'	-133	-
Share redemption	-1,326	-
Transfer of debt in relation to the distribution of Concentric	274	-
Change in long-term receivables	13	4
Cash Flow from financing[4]	**-1,519**	**-102**
Change in cash and bank assets, excl. exchange-rate difference	**-104**	**150**
Cash and cash equivalents, opening balance	502	362
Exchange-rate difference in cash and bank assets	-3	-10
Cash and cash equivalents, closing balance	**395**	**502**

[1] Operating income from the Haldex Group's continuing operations amounted to SEK 235 m (110) and from discontinued operations to SEK 1,965 m (172).
[2] Cash flow from operating activities conducted by the Haldex Group's continuing operations was negative SEK 108 m (159) and from discontinued operations SEK 6 m (282).
[3] Cash flow from investments conducted by the Haldex Group's continuing operations was a negative SEK 100 m (-146) and from discontinued operations a positive SEK 1,400 m (-43).
[4] Cash flow from financing activities conducted by the Haldex Group's continuing operations was a negative SEK 1,519 m (-102) and from discontinued operations SEK - m (-).

Notes, Group

NOTE 1 GENERAL INFORMATION

Haldex AB (Parent Company) and its subsidiaries constitute the Haldex Group. Haldex provides proprietary and innovative solutions to the global vehicle industry. The main focus is on products related to vehicle dynamics, safety and the environment. Haldex AB (publ), Corp. Reg. No. 556010-1155, is a registered limited liability corporation with its registered office in Landskrona, Sweden. The address of the Head Office is Haldex AB, Box 507, SE-261 24 Landskrona. Haldex AB's shares are listed on the Nasdaq OMX Exchange in Stockholm, Mid Cap.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. In addition, the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council RFR 1 "Supplementary accounting regulations for Groups" were applied.

The Parent Company's function currency is Swedish kronor (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial reports are presented in SEK. All amounts are recognized in SEK m unless otherwise indicated. Assets and liabilities are recognized at historical acquisition value (cost), apart from certain financial assets and liabilities that are recognized at fair value. The income statement has been prepared in functional format in accordance with IAS 1, which reflects the internal reporting and provides an accurate picture of the Company's income.

2.1 Consolidated financial statements

Subsidiaries

The consolidated financial statements include the Parent Company and those companies in which the Parent Company directly or indirectly owns more than 50% of the voting rights or exerts controlling influence in some other way. Controlling influence entails a right, either directly or indirectly, to shape a company's financial and operational strategies in order to obtain economic benefits. The subsidiaries are included in the Group as of the day the controlling influence is transferred to the Group. Divested companies are excluded from the consolidated financial statements as of the date upon which the controlling influence ceases.

Non-controlling influence (minority share) is recognized as a separate line item under equity.

The purchase method is used for the recognition of the Groups business combinations. Payments transferred for the acquisition of a subsidiary comprise the fair value of transferred assets, liabilities and the shares issued by the Group. The transferred payment also includes the fair value of all assets or liabilities resulting from agreements concerning conditional purchase considerations. Acquisition-related costs are expensed when they arise. Identifiable acquired assets and liabilities taken over in a business combination are initially measured at fair value on the date of acquisition. For each acquisition, the Group determines whether all non-controlling interests in the acquired company are to be recognized at fair value or at the holding's proportional share of the acquired company's net assets.

The amount by which the transferred payment, any non-controlling interest and fair value on the date of acquisition of previous shareholdings exceeds the fair value of identifiable acquired net assets is recognized as goodwill. In the event of a bargain acquisition, should the amount be less than the fair value of the acquired subsidiary's assets, the difference is to be recognized directly in the statement of comprehensive income.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with the Group's shareholders. In the event of acquisitions from non-controlling interests, the difference between the purchase consideration paid and the actually acquired share of the carrying amount of the subsidiary's net assets is recognized in equity. Gains and losses arising from divestments to non-controlling interests are also recognized in equity.

Intra-Group transactions, balance sheet items and unrealized gains and losses from intra-Group transactions are eliminated. Alfdex AB, in which Haldex and Alfa Laval own 50% each, is consolidated in accordance with the proportional method.

2.2 Translation of foreign currency

The functional currency for the Haldex Group and the presentation currency is Swedish kronor (SEK).

Transactions and balance sheet items

Transactions in foreign currency are translated into SEK using the exchange rates from the day of the transaction. Exchange gains and losses resulting from these transactions and the translation of monetary assets and liabilities at the closing rate are recognized in the consolidated income statement. Transactions that fulfill the requirements for hedge accounting are recognized under equity.

Subsidiaries

The balance sheets and income statements of non-Swedish subsidiaries are translated by translating assets and liabilities at the closing rate and income and expenses at the average rate during the year.

Translation differences resulting from the translation of foreign subsidiaries' net assets at different rates on the opening and the closing dates are recognized directly in the translation reserves in equity. Exchange rate differences on loans and other currency instruments that are recognized as hedges for net investments in foreign currency are recognized directly in the translation reserves in equity.

2.3 Revenue recognition

Income from the sale of goods and services is recognized when the goods/services are delivered in accordance with the terms of delivery with the customer, as soon as the principal risks and rights associated with ownership are adjudged to have been transferred to the purchaser. The income is reported at fair value and, where applicable, is reduced by the value of discounts granted and returned goods.

2.4 Leasing

Leasing is classified in the consolidated financial statements as either financial leasing or operational leasing, depending on whether the Company retains all the risks and benefits associated with ownership of the underlying asset. A requirement for the reporting of financial leasing is that the fixed asset be posted as an asset item in the balance sheet and that the leasing obligation be recognized as a liability in the balance sheet. Fixed assets are depreciated according to plan over their useful life, while lease payments are recognized as interest expenses and amortization of debt. No asset or liability items are recognized in the balance sheet in the case of operational leasing. The leasing fee is expensed in the income statement on a straight-line basis over the term of the lease.

2.5 Tangible fixed assets

Tangible fixed assets consist of buildings (offices, factories, warehouses), land and land improvements, machines, tools and installations. These assets are measured at acquisition value less depreciation and any impairment losses. Scheduled depreciation is based on the acquisition value and estimated economic life of the assets. Buildings are depreciated over 25–50 years. Machinery and equipment are usually depreciated over 3–10 years, while heavier machinery has an economic life of 20 years. Land is not depreciated. The assets' residual values and useful lives are reassessed every closing day and adjusted if needed.

2.6 Intangible assets

Product development

According to IAS 38, costs for developing new products are recognized as intangible fixed assets when the following criteria are met: it is likely that the assets will result in future financial benefits to the company; the acquisition value can be calculated reliably; the company intends to finish the asset and has technical and financial resources to complete its development. The documentary basis for capitalizing product development costs can consist of business plans, budgets or the company's forecasts of future earnings. The acquisition value is the sum of the direct and indirect expenses accruing from the point in time when the intangible asset fulfills the above criteria. Intangible assets are recognized at their acquisition value less accumulated amortization taking into account any impairment losses. Amortization begins when the asset becomes usable and is applied in line with the estimated useful life and in relation to the financial benefits that are expected to be generated by the product development. The useful life is normally assessed as five to ten years.

Brands, licenses and patents

Brands, licenses and patents are recognized at acquisition value less accumulated amortization plus any impairment losses. Brands, licenses and patents, which are acquired through business acquisitions, are recognized at fair value on the day of acquisition. Brands, licenses and patents have a determinable useful life over which straight-line amortization is applied to distribute the cost in the income statement. The expected useful life of licenses and patents is estimated at 3–15 years. The expected useful life of brands is estimated at 20 years.

Customer relations

Customer relations acquired through business acquisitions are recognized at fair value on the day of the acquisition and at acquisition value less accumulated amortization and any impairment losses. Customer relations have a determinable useful life estimated at 11–17 years. Straight-line amortization is applied over the estimated useful life of customer relations.

Software and IT systems

Acquired software licenses and costs for development of software that are expected to generate future financial benefits for the Group for more than three years are capitalized and amortized over the expected useful life (3–5 years).

Goodwill

Goodwill is the amount by which the acquisition cost of an asset exceeds the asset's fair value. Goodwill arising in conjunction with the acquisition of a subsidiary is recognized as an intangible asset. Goodwill is tested annually to determine any impairment requirement and is recognized at acquisition value less accumulated impairment losses. Impairment losses on goodwill are never reversed. Gains or losses on the divestment of a unit include the remaining carrying amount of the goodwill pertaining to the divested unit.

Goodwill is allocated among cash-generating units when impairment testing is conducted. The cash-generating units are determined in accordance with the Group's operating segments.

2.7 Financial instruments

The Group classifies its financial instruments in the following categories: financial assets valued at fair value through profit or loss, loans and receivables, financial instruments held to maturity and financial assets available for sale. The classifications are based on the purpose of the acquired instrument. Management determines the classification of the instruments when they are first recognized and reassess the classification at each reporting event. During the fiscal year, the Group had financial instruments belonging to financial assets measured at fair value through profit or loss, as well as loans and receivables.

Financial assets measured at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and assets that from the very beginning are attributed to the category measured at fair value through profit or loss. A financial asset is classified in this category if it has been acquired primarily with a view to being resold in the near future or if this classification is determined by company management. Derivative instruments are also categorized as being held for sale, assuming that they have not been identified as hedging instruments.

Loans receivables and accounts receivable

Loans receivables and accounts receivable are non-derivative financial assets with established or determinable payments that are not listed on an active market. They occur when the Group supplies money, products or services directly to the customer without intending to trade the resulting claim. They are included in current assets, with the exception of items with due dates more than 12 months after the closing day, which are classified as fixed assets.

Recognition of derivative instruments

Derivative instruments are recognized in the balance sheet as of the trade date and are measured at fair value, both initially and during subsequent revaluations. The method used for recognizing the profit or loss arising at every revaluation occasion depends on whether the derivative has been identified as a hedging instrument and, if this is the case, the nature of the hedged item. The Group identifies certain derivatives as either: 1) hedging of the fair value of assets or liabilities; 2) hedging of forecast flows (cash flow hedging) or 3) hedging of net investment in a foreign operation. To qualify for hedge accounting, certain documentation is required concerning the hedging instrument and its relation to the hedged item. The Group also documents goals and strategies for risk management and hedging measures, as well as an assessment of the hedging relationship's effectiveness in terms of countering changes in fair value or cash flow for hedged items, both when the hedging is first entered into and subsequently on an ongoing basis.

Fair value hedges

Changes in fair value of derivatives that are classified as fair value hedges and fulfill the conditions for hedge accounting are recognized in profit and loss with the changes in the fair value of the asset or liability that caused the hedged risk.

Cash flow hedging

Cash flow hedging is applied for future flows from sales. The portion of changes in the value of derivatives that satisfy the conditions for hedge accounting is recognized in other comprehensive income. The ineffective portion of profit or loss is recognized directly in the income statement, among financial items. The unrealized profit or loss that is accumulated in equity is reversed and recognized in profit and loss when the hedged item affects profit or loss (for example, when the forecast sale that has been hedged actually occurs).

If a derivative instrument no longer meets the requirements for hedge accounting, is sold or terminated, what remains is any accumulated profit or loss in equity, which is recognized in profit and loss at the same time as the forecast transaction is finally recognized in profit and loss.

When a forecast transaction is no longer expected to occur, the accumulated profit or loss recognized in equity is immediately transferred to the income statement.

Hedging of net investments

Accumulated gains/losses from revaluation of hedges of net investments that fulfill the conditions for hedge accounting are recognized in other comprehensive income. When operations are divested, the accumulated effects are transferred to the profit and loss and affect the Company's net profit/loss from the divestment.

Calculation of fair value

Fair value of financial instruments that are traded on an active market (for example, publicly quoted derivative instruments, financial assets that are held for trade and financial assets that are held for sale) is based on the quoted market rate on the closing day. The quoted market rates used for the Company's financial assets are the actual bid prices; quoted market rates used for financial liabilities are the actual asked prices. The instruments held by the Group are traded 100% in an active market.

2.8 Inventories

Inventories are valued at the lowest of the acquisition cost in accordance with the first-in first-out principle and the net realizable value. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity).

2.9 Accounts receivable from customers

After individual valuation, receivables are valued in the amounts in which they are expected to be paid.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash, cash in banks, other short-term investments that fall due in less than three months and bank overdraft facilities. Bank over draft facilities are recognized in the balance sheet as borrowing under current liabilities.

2.11 Receivables and liabilities

Receivables and liabilities in foreign currencies are valued at the yearend rate. Exchange gains and losses pertaining to operational currency flows are recognized in operating income. Current and long-term interest-bearing liabilities are recognized in the balance sheet to nominal value.

2.12 Provisions

Provisions are recognized in the balance sheet when the Group has future obligations resulting from an event that is likely to result in expenses that can be reasonably estimated. Provisions for restructuring costs are recognized when the Group has presented a plan for carrying out the measures and the plan has been communicated to all affected parties.

2.13 Borrowing and borrowing costs

Loans are recognized initially at fair value, net after deducting transaction costs, and thereafter at amortized cost. The amortized cost is determined based on the effective interest rate when the loan was raised.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

2.14 Employee benefits

Pension commitments

The Group has both defined-benefit and defined-contribution pension plans. Administration is handled by a third party at e.g. a fund management company, an insurance company or a bank. Financing occurs through fees and is recognized in profit and loss. The size of the fee depends on actuarial estimations that are performed once annually. Defined-benefit plans state which amount an employee can expect to receive after retirement, calculated on the basis of factors such as age, length of service and future salary. The actual debt, net any plan assets and non-recognized actuarial gains/losses, is recognized in the balance sheet.

Defined-contribution plans mainly include retirement pensions, disability pensions and family pensions, and a defined contribution, normally expressed as a percentage of current salary, is paid to a separate legal entity. The employee is responsible for the risk inherent in these plans and the Group does not have any further obligations if the fund's assets decline in value. No debt is recognized in the balance sheet. The debt recognized in the balance sheet pertaining to defined-benefit pension plans is the present value of the defined-benefit obligation on the closing day less the fair value of the plan assets, adjusted for non-recognized actuarial gains/losses.

Defined-benefit pension obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the obligations is determined by discounting the estimated future cash flow.

Actuarial gains/losses from experience-based adjustments and changes in actuarial assumptions exceeding the highest of 10% of the value of the plan assets and 10% of the defined-benefit obligation are recognized as an expense or revenue over the employees' average remaining period of service in accordance with the "corridor method". Accordingly, no debt is recognized in the balance sheet. Swedish Group companies apply UFR 4, which means that tax on pension costs is calculated on the difference between pension costs in accordance with IAS 19 and pension costs determined in accordance with local regulations.

Share-based payment

The Group has a share-based payment plan in the form of an incentive program directed at senior executives and key employees. The company obtains services from employees as compensation for equity instruments (options) in the Group.

The fair value of the service that entitles employees to an allotment of options is expensed and based on the fair value of the allotted options. The cost is distributed over the vesting period, meaning the period during which the stated vesting conditions shall be fulfilled. For further information about the incentive program, see Note 6, Information on remuneration of senior executives.

2.15 Taxes

Income taxes consist of current tax and deferred tax. Income taxes are reported in the income statement, apart from when underlying transactions are recognized directly in equity, whereby the related tax effect must also be recognized in equity.

Current tax is the tax to be paid or received for the current year based on current tax rates. Adjustment of current tax attributable to previous periods is also included here. Deferred tax is calculated on the basis of the temporary differences between the recognized and tax-assessment value of assets and liabilities. The valuation of deferred tax is based on the recognized amounts for assets and liabilities that are expected to be sold or settled. A valuation is performed based on the tax rates and tax regulations that have been decided or announced at year-end. Deferred tax assets pertaining to loss carry forwards are recognized insofar as it is probable that the losses will be used to offset future tax.

2.16 Cash flow statement

The Cash Flow Statement is prepared using the indirect method. This means that the operating income is adjusted for transactions that do not entail receipts or disbursements during the period, and for any income and expenses referable to cash flows for investing or financing activities.

2.17 Government assistance

Government assistance connected to the acquisition of fixed assets has reduced the acquisition value of the particular assets. This means that the asset has been recognized at a net acquisition value, on which the size of depreciation has been based.

2.18 Discontinued operations

Haldex has prepared its year-end financial statements in accordance with IFRS 5 Non- Current Assets Held for Sale and Discontinued Operations, whereby the consolidated income statement is separated into continuing and discontinued operations and, in the consolidated balance sheet, assets and liabilities held for sale have been lifted out and reported on separate lines.On December 17, 2010, Haldex reached an agreement with BorgWarner Inc. concerning the divestment of the Traction Systems Division. The transaction was finalized on January 31, 2011.

In a previous press release, Haldex AB's Board stated that it intended to propose a demerger of the Group, whereby the Hydraulic Systems Division would be listed as an independent company. The Haldex Group was restructured during 2010 and 2011, and in June 2011 the Hydraulic Systems Division was listed as separate company.

In the income statement for 2010 and 2011, both divisions – Traction Systems and Hydraulics Systems – are reported as discontinued operations. Also, the capital gain from the divestment of the Traction Systems Division, revaluation of Hydraulic Systems net assets and all costs attributable to the Group restructuring are classified as discontinued operations.

It is not possible to compare the figures recognized within the definition of discontinued operations with the segment figures since the segment figures include allocations of Group-wide costs.

2.19 New standards, amendments and interpretations to existing standards that have not yet been endorsed and have not been early adopted by the Group

IAS 19 – Employee benefits

The impact on the group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in Other Comprehensive Income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group intends to apply the amended standard for the financial year beginning 1 January 2013. The estimated negative impact on equity transition will be SEK 48 m pre tax. The standard has not yet been endorsed by the EU.

IFRS 9 – Financial instruments

This deals with the classification, valuation and reporting of financial liabilities and assets and replaces parts of IAS 39. IFRS 9 requires that financial assets be classified into two different categories and determined at initial recognition. For financial liabilities there are smaller changes, which refers to liabilities that are designated at fair value. The Group intends to apply the new standard by the financial year beginning 1 January 2015 and has not yet evaluated the effects. The standard has not yet been endorsed by the EU.

IFRS 13 – Fair Value Measurement

Provides a precise definition and a single source of fair value measurement and disclosures and guidance on the application when other IFRSs already require or permit fair value measurement. The Group has not yet evaluated the full impact of IFRS 13 on the financial statements. The Group intends to apply the new standard, the financial year beginning 1 January 2013. The standard has not yet been endorsed by the EU.

None of the other IFRS and IFRIC interpretations that have not yet entered into force, expected to have a material impact on the Group.

NOTE 3 IMPORTANT ESTIMATIONS AND ASSUMPTIONS

The Consolidated Financial Statements contain estimations and assumptions about the future, which are based on both historical experience and expectations about the future. The areas where the risk of future adjustments of carrying amounts are the highest are mentioned below.

Goodwill

During 2011, the Groups' total goodwill, which amounted to SEK 372 m (865) at December 31, 2011, was impairment tested. The testing was implemented at operating segment level. All Haldex Group current Goodwill belongs to Business unit Air Controls and the Business unit are assessed to constitute the lowest cash-generating unit. The impairment testing is conducted by discounting expected future cash flows, as determined in the Business units' business plans and thus arriving at a value in use. The value is placed in relation to the carrying amount of the Business units' goodwill. Haldex' sale and return have historically shown a very close correlation with the number of produced units of vehicles. Accordingly, the official forecasts of future vehicle manufacturing form the foundation for the Business units' business plans, in which Haldex' historical financial performance and expected future benefits through current improvement programs are also taken into account.

The forecast period for the testing of goodwill comprises five years of business plans and, after the explicit forecast period, a residual value is assigned, which is designed to represent the value of the business following the final year of the forecast period. The residual value has been calculated on the basis of an assumption concerning a sustainable level for the free cash flow (after the forecast period) and its growth, in the case of Haldex 2% (2). In this context, the residual value corresponds to all cash flows after the forecast period.

When discounting expected future cash flows, an average cost of capital (WACC) after tax has been used, at present 8% (9). The average cost of capital has been based on the following assumptions:

- Risk-free interest rate: Ten-year yield on government bonds
- The market's risk premium: 5%
- Beta: Established beta for Haldex
- Interest expense: This was calculated as a weighted interest rate on the basis of the Group's financing structure in various currencies, taking a loan premium into account
- Tax rate: In accordance with the tax rate prevailing in the particular countries

The testing of goodwill conducted during 2011 and 2010 revealed no impairment requirement. A change in the discount interest rate by 1% or a decrease in cash flow by 10% would not change the outcome of the testing.

Development projects

Haldex capitalizes the costs of its development projects. These capitalized development projects are tested for impairment each year or when there is an indication of a decrease in value. The tests are based on a prediction of future cash flow and corresponding production costs. In case the future volumes, prices or costs diverge negatively from the predictions, an impairment loss could arise.

Since development projects are considered to be a normal part of Haldex' daily business, impairment tests are generally carried out with the same assumptions (WACC) as the impairment test for goodwill. However, since individual risk assessment points to different risks in the different projects, the discount rate is adjusted based on the estimated risk in the various projects. Development projects considered a higher risk are tested with a higher discount rate than a project with a considered lower risk. A 1% change in the discount rate or a 10% decrease in cash flow has no significant impact on the outcome of the assessment.

Income taxes

The Group pays tax in many different countries. Detailed calculations of future tax obligations are completed for each tax object within the Group. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Warranty reserves

The Group continuously assesses the value of the reserves in relation to the estimated need. The warranty reserve represented for the Haldex Continued Operations amounted to 1.3% (1.4) of net sales as of December 31, 2011.

Pensions

The pension liabilities recognized in the balance sheet are estimated by actuaries and based on annual assumptions. These assumptions are described in Note 21.

A 0.25% change in the utilized discount rate for each particular country affects the present value of the Group's pension obligations by approximately SEK 25 m.

NOTE 4 SEGMENT REPORTING

Operating segments are reported in a manner that matches how internal reporting is submitted to the Group's highest executive decision-maker.

The Group has divided its operations into two segments, Air Controls and Foundation Brake. These two Business units constitute the operating segments, considering that it is at this level that the Group's earnings are monitored and strategic decisions are made.

Air Controls develops and manufactures products to dehumidify and regulate compressed air in brake systems, such as air dehumidifiers and air purifiers, aswell as air suspension systems, valves and electronically regulated subsystems (ABS, ESP, EBS).

Foundation Brake develops and produces the wheel-brake products that provide the actual braking effect, such as disc brakes, automatic brake adjusters fordrum brakes and electronic sensor systems for indicating wear on brake surfaces.

However, since the two segments have similar businesses, customers and long-term operational margins the two segments are aggregated and presented as one segment.

The top ten customers account for about a third of the sales, with no single customer accounting for more than 10 percent.

The location of the customers forms the basis of sales by geographic area. The information concerning the segments' assets and the period's investments are based on geographic areas grouped by where the assets are located.

NOTE 4 SEGMENT REPORTING CONT.

Amounts in SEK m	Haldex Continued Operations		Divested segments		Not allocated		Haldex Group	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Sales	4,030	3,710	1,027	3,196	-	-	5,057	6,906
Operating income[1]	235	162	123	296	-	-	358	459
Operating income	235	110	112	244	-	-	347	353
Operating margin, %[1]	5.8	4.4	12.0	9.3	-	-	7.1	6.6
Operating margin, %	5.8	3.0	10.9	7.6	-	-	6.9	5.1
Demerger cost	-	-	-	-	-51	-54	-51	-54
Capital Gain/Loss	-	-	-	-	1,904	-19	1,904	-19
Financial items	-	-	-	-	-28	-104	-28	-104
Taxes	-	-	-	-	-94	-47	-94	-47
Net profit	235	110	112	244	1,731	-224	2,078	131
							-	
Investments	100	146	29	66	-	-	129	212
Depr./Amort.	146	146	36	161	-	-	182	307
Number of employees	2,365	2,220	-	1,526	-	-	2,365	3,746

Breakdown by geographic area

2011	North America	Europe	Asia and the Middle East	South America	**Continued operations**	Discontinued operations	**Group**
Net sales	2,096	1,340	363	231	**4,030**	1,027	**5,057**
Assets	1,163	1,289	248	158	**2,858**	-	**2,858**
Investments	32	56	10	2	**100**	29	**12**

2010	North America	Europe	Asia and the Middle East	South America	**Continued operations**	Discontinued operations	**Group**
Net sales	1,942	1,234	326	208	**3,710**	3,196	**6,906**
Assets	867	1,067	176	129	**2,239**	2,814	**5,053**
Investments	6	78	49	13	**146**	66	**212**

Only sales in two countries exceed 10% of Haldex Continued Operations total sales, USA SEK 1,670 m (1,605) and Germany SEK 530 m (418).

NOTE 5 COST DISTRIBUTED BY TYPE

	2011	2010
Direct material costs	2,235	1,893
Personnel costs	855	904
Depreciation	146	146
Other operating costs	559	657
Continued operations	**3,795**	**3,600**
Discontinued operations	966	3 005
Total operating costs	**4,761**	**6,605**

NOTE 6 INFORMATION ON REMUNERATION OF SENIOR EXECUTIVES

	2011			2010		
Amounts in SEK k	Basic salary/ Director fees	Variable remuneration	Pension	Basic salary/ Director fees	Variable remuneration	Pension
Board of Directors						
(7 members, of whom 1 women)						
Göran Carlson (Chairman 2011)	550	-	-	88	-	-
Stefan Charette	175	-	-	175	-	-
Arne Karlsson	225	-	-	225	-	-
Magnus Johansson	200	-	-	-	-	-
C.S. Patel	175	-	-	-	-	-
Caroline Sundewall	275	-	-	275	-	-
Anders Thelin	200	-	-	200	-	-
Lars-Göran Moberg (Chairman 2010)	-	-	-	525	-	-
Anders Böös	-	-	-	175	-	-
Cecila Vieweg	-	-	-	225	-	-
Total	**1,800**	**-**	**-**	**1,888**	**-**	**-**
President						
Joakim Olsson, to 15 June 2011	3,897	9,835	504	4,112	1,951	882
Jay C. Longbottom, from 16 June to 30 November 2011	1,450	192	39	-	-	-
Ulf Ahlén, from 1 December 2011	321	-	95	-	-	-
Other senior executives						
(Group Management)						
To 15 June 2011 (5 people, of whom 0 women)	5,858	12,117	1,057	11,290	6,062	2,760
From 16 June to 31 December						
(7 people, of whom 0 women)	4,274	923	480	-	-	-
	15,800	**23,067**	**2,067**	**17,290**	**8,013**	**3,642**

Guidelines

The guidelines for determining the remuneration of senior executives that were adopted by the 2011 Annual General Meeting comply with the guidelines proposed to the 2012 Annual General Meeting. Information on these is presented in the Directors' Report on page 28.

Severance pay

For members of the Group Management, severance pay is provided in accordance with the guidelines established by the Board of Directors for remuneration of senior executives. Severance pay to the President is disclosed in the Remuneration of the Board of Directors and senior executives section within the Corporate Governances report, page 64.

Variable Remuneration

The variable remuneration for Haldex former senior executives, ie those who were Haldex group management team up to June 15, 2011, when the company was demergered, consists of different parts.

As a part of the demerger of Haldex Group, additional and specific agreements were prepared in 2010 with the President and some of the former senior executives, covering the period of notice and severance pay with the aim of securing services during the implementation of the proposed demerger.

The demerger project was conducted in 2010 and 2011, but the remunerations under this specific agreement was fully paid in 2011 and thus included in the 2011 variable compensation figures provided above.

Variable compensation for 2011 also includes the value of the long-term performance-based incentive programs that have existed in the group, LTI 2007 and LTI 2010.

Due to the demerger, it was decided to redeem all stock options within the LTI 2007 and to redeem the stock options in the LTI 2010 program for those employees who no longer belong to the Haldex Group and to those who have been dismissed in connection with the demerger of the Group.

LTI 2007 relates to the long-term performance-based incentive program that the annual general meeting resolved on in 2007. LTI 2007 was an incentive program under which stock options could be allotted in three series, 2008, 2009 and 2010. Allotment was only made for 2010 serie and which now have been redeemed.

LTI 2010 relates to the long-term performance-based incentive program that the annual general meeting resolved on in April 2010.

The cost for these programmes have been recognized in the profit and loss during 2009-2011 in accordance with the vesting period. In total, M 0,8 SEK has been expensed for the LTI 2007 program and M 6,3 SEK for the LTI 2010 program over those years.

In the fixed compensation to Joakim Olsson and to the senior executives who no longer remain within Haldex, a final settlement for holiday entitlement is included.

Incentive program

The Annual General Meetings in 2010 resolved to introduce a long-term performance-based incentive program under which senior executives and key personnel would be allotted employee stock

NOTE 6 INFORMATION ON REMUNERATION OF SENIOR EXECUTIVES CONT.

options on condition that the participants become shareholders by making their own investment in Haldex shares in the stock market.

Under the 2010 program, each share acquired in the market provides entitlement, free of charge, to an allotment of ten employee stock options, whereby each option provides entitlement to the acquisition of 1.0 Haldex share. A prerequisite for allotment was that the company's operating margin exceeded 1%, excluding restructuring costs and nonrecurring costs/revenues from acquisitions or divestments during the 2010 fiscal year. Maximum allotment would occur if the company's operating margin, subject to the above, exceeded 4%. The employee stock options would be allotted based on the company's earnings outcome in 2010 and in accordance with decisions taken by the Board during 2011. Maximum allotment occurred in 2011.

According to the conditions in the program, the program was recalculated due to the capital structure changes that occurred due to the demerger of the group. Both strike price and number of shares that each option entitles to has been recalculated in accordance with generally accepted methods whereby the demerger and the new capital structure has not affected the cost for the Group or the benefit for the employee.

Employee stock options

	Number of options
President/CEO	0
Other Senior Executives	70,000
Other Key Executives	40,000
Total	**110,000**

For detailed information about the program, reference is made to Haldex' website, www.haldex.com.

NOTE 7 EMPLOYEES

	Women	**Men**	**Total 2011**	Women	Men	Total 2010
Sweden	105	258	363	93	264	357
USA	160	441	601	201	495	696
China	30	140	169	25	127	152
Germany	36	139	176	33	131	164
Mexico	138	285	424	89	170	259
Hungary	72	62	134	38	61	99
Great Britain	10	74	84	7	76	83
Brazil	44	118	163	30	117	147
India	17	98	115	8	86	94
France	28	47	76	23	47	70
Canada	6	16	22	5	16	21
Italy	5	5	10	5	6	11
Poland	3	6	9	3	6	9
Spain	4	4	8	4	4	8
Austria	2	5	7	2	5	7
South Korea	1	6	7	1	6	7
Belgium	1	4	5	0	4	4
Russia	1	2	4	1	2	3
Continued operations	**663**	**1,713**	**2,376**	**568**	**1,623**	**2,191**
Discontinued operations	141	350	491	434	1,186	1,620
Total	**804**	**2,063**	**2,867**	**1,002**	**2,809**	**3,811**

	2011			2010		
	Salaries and remuneration	Social security costs	Of which, pension costs	Salaries and remuneration	Social security costs	Of which, pension costs
Haldex Continued Operations	613	242	29	685	219	22

For information regarding salaries and remunerations to Senior Executives see Group's Note 6 and the Parent Company's Note 4.

NOTE 8 AUDITING FEES

	2011	2010
PricewaterhouseCoopers		
Audit assignments	4	4
Audit work in addition to the audit assignment	-	-
Tax advice	1	1
Other assignments	-	-
Continued operations	**5**	**5**
Discontinued operations – audit assignment	0	2
Discontinued operations – other assignments	16	11
Total	**21**	**18**

Discontinued operations, other assignments, relates to consultancy fees paid to PwC in their assignment as advisors in the divestment of the Traction Division and the demerger project. The fees mainly relates to tax advisory services occurred when the Group was restructured into three separate legal sub-group's before the demerger and divestment of the Traction Division took place.

NOTE 9 DEPRECIATION

	2011	2010
Cost of goods sold	97	100
Selling costs	6	7
Administrative costs	18	22
Product development costs	25	17
Continued operations	**146**	**146**
Discontinued operations	36	132
Total	**182**	**278**

NOTE 10 TAXES

	2011	2010
Current tax	-38	-48
Deferred tax	-56	1
Total recognized tax expenses	**-94**	**-47**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Reconciliation of effective tax rate	2011	2010
Earnings before tax	2,172	178
Tax at applicable tax rate in Sweden	26%	26%
Differences in tax rates of different countries of operation	2%	-2%
Non-deductible expenses	1%	9%
Non-taxable revenues	-24%	-5%
Tax attributable to prior years	0%	2%
Utilization of previously unrecognized loss carryforwards	0%	-15%
Tax loss carryforwards for which no deferred tax asset has been recognized	0%	5%
Other taxes	0%	6%
Reported effective tax rate	**4%**	**26%**

The income tax charged/credited to equity during the year is as follows:

	2011	2010
Deferred tax		
Hedging reserve	13	-3
	13	**-3**

NOTE 11 INTANGIBLE ASSETS

	Goodwill	Patent and other intagible assets	Capitalized development costs	**Total**
As per January 1, 2010				
Acquisition value	954	586	378	1,918
Accumulated depreciaion	-	-68	-65	-133
Accumulated impairment loss	-	-10	-5	-15
Accumulated amortization of acquisition-related surplus value	-	-55	-	-55
Carrying amount	**954**	**453**	**308**	**1,715**
January 1 – December 31, 2010				
Opening carrying amount	954	453	308	1,715
Exchange rate differences	-65	-31	-15	-111
Investments	-	-	48	48
Divested/impaired	-24	-9	-	-33
Depreciation	-	-6	-32	-38
Amortization of acquisition-related surplus value	-	-29	-	-29
Reclassification of assets held for sale	-	-	-52	-52
Closing carrying amount	**865**	**378**	**257**	**1,500**
At December 31, 2010				
Acquisition value	865	522	401	1,788
Accumulated depreciation	-	-50	-87	-137
Accumulated impairment loss	-	-10	-5	-15
Accumulated amortization of acquisition-related surplus value	-	-84	-	-84
Reclassification of assets held for sale	-	-	-52	-52
Carrying amount	**865**	**378**	**257**	**1,500**
January 1 – December 31, 2011				
Opening carrying amount	865	378	257	1,500
Exchange rate differences	-10	-9	-2	-21
Investments	-	1	1	2
Divested/impaired	-484	-357	-60	-901
Depreciation	-	-9	-12	-21
Closing carrying amount	**371**	**4**	**184**	**559**
At December 31, 2011				
Acquisition value	371	64	238	819
Accumulated depreciation	-	-60	-54	-260
Carrying amount	**371**	**4**	**184**	**559**

NOTE 12 TANGIBLE FIXED ASSETS

	Buildings	Land and land improvements	Machinery and other technological investments	Equipment, tools and installations	Construction in progress and advances to suppliers	**Total**
As per January 1, 2010						
Acquisition value	418	51	2,686	979	95	4,229
Accumulated depreciation	-245	-10	-2,036	-803	-	-3,094
Accumulated impairment loss	-15	-	- 21	-	-	-36
Carrying amount	**158**	**41**	**629**	**176**	**95**	**1,099**
January 1 – December 31, 2010						
Opening carrying amount	158	41	629	176	95	1,099
Exchange rate differences	-10	-3	-13	-16	-13	-55
Investments	12	1	69	39	43	164
Divested/impaired	-14	-	-20	-4	-1	-39
Depreciation	-15	-1	-159	-65	-	-240
Reclassification of assets held for sale	-	-	-101	-12	-9	-122
Closing carrying amount	**131**	**38**	**405**	**118**	**115**	**807**
At December 31, 2010						
Acquisition value	304	45	1,895	814	128	3,186
Accumulated depreciation	-173	-7	-1,386	-683	-	-2,249
Accumulated impairment loss	-	-	-3	-1	-4	-8
Reclassification of assets held for sale	-	-	-101	-12	-9	-122
Carrying amount	**131**	**38**	**405**	**118**	**115**	**807**
January 1 – December 31, 2011						
Opening book value	131	38	405	118	115	807
Exchange rate difference	-4	-	9	-	-2	3
Investments	4	-	59	41	-14	90
Divested/impaired	-34	-15	-95	-21	-44	-209
Depreciation	-12	-1	-89	-39	-	-141
Closing carrying amount	**85**	**22**	**289**	**99**	**55**	**550**
At December 31, 2011						
Acquisition value	204	25	988	595	59	1,871
Accumulated depreciation	-119	-3	-699	-496	-4	-1,321
Carrying amount	**85**	**22**	**289**	**99**	**55**	**550**

NOTE 13 OPERATIONAL LEASES

The group's operational lease contracts fall due as follows:

	Premises	Machinery and other equipment	**Total**
2012	37	13	50
2013-2016	118	18	136
2017 and beyond	47	0	47

Expensed leasing fees during 2011 totaled SEK 52 m (82).

NOTE 14 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current taxes and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The gross movement on deferred income tax account was as follows:

	2011	2010
At January 1	29	21
Effects on divested operations	136	-
Income statement charge (Note 10)	-56	1
Tax charged directly to equity (Note 10)	13	-3
Exchange differences	7	-8
Assets held for sale (Note 19)	-	-8
Liabilities held for sale (Note 19)	-	26
At December 31	**128**	**29**

Deferred income tax assets and liabilities, without taking offsetting of balances within the same tax jurisdiction into consideration, were as follows:

	Assets		Liabilities		Net	
	2011	2010	**2011**	2010	**2011**	2010
Tax loss carryforwards	139	168	-	-	139	168
Tangible fixed assets	-	-	7	26	-7	-26
Intangible assets	-	17	24	67	-24	-50
Provisions	17	17	-	-	17	17
Pensions and similar obligations	26	56	-	-	26	56
Acquisition-related surplus values	-	-	18	130	-18	-130
Other	5	52	10	40	-5	12
Assets/liabilities held for sale (Note 19)	-	8	-	26	-	-18
Net deferred tax assets/tax liability	**187**	**318**	**59**	**289**	**128**	**29**

Deferred income tax assets are recognized for tax loss carryforwards insofar as the realization of the related tax benefit through future taxable profits is probable.
All recognized tax loss carryforwards have an expiry date exceeding ten years.

NOTE 15 DERIVATIVE INSTRUMENTS

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts – cash flow hedges	4	2	65	2
Forward exchange contracts – at fair value through profit or loss	1	1	1	0
Currency swaps – at fair value through profit or loss	6	7	20	4
Assets/liabilities held for sale (Note 20)	-	-	-60	-
Total	**11**	**10**	**26**	**6**

Equity gains and losses in short-term currency forward contracts will be transferred to the income statement at different points during 2012.
The financial instruments recognized at fair value in the balance sheet belong to Tier 2 in the fair value hierarchy, meaning that their fair value is determinable, directly or indirectly, from observable market data.

NOTE 16 INVENTORIES

	2011	2010
Raw materials	312	489
Semi-manufactured products	28	48
Finished products	163	236
Assets held for sale	-	-75
Total	**503**	**698**

NOTE 17 OTHER CURRENT RECEIVABLES

	2011	2010
Tax receivables	16	18
Prepaid expenses and accrued income		
Rents and insurance	11	18
Accrued income	0	49
Other prepaid expenses	30	51
Other current receivables	55	109
Assets held for sale	-	-81
Total	**112**	**164**

NOTE 18 CASH AND CASH EQUIVALENTS

	2011	2010
Bank accounts and cash	395	502
Assets held for sale	-	-37
Total	**395**	**465**

NOTE 19 ASSETS AND LIABILITIES HELD FOR SALE

	2011	2010
Assets held for sale		
Tangible fixed assets	-	122
Intangible fixed assets	-	52
Long-term receivables	-	8
Deferred taxes	-	8
Inventories	-	75
Accounts receivables	-	118
Other current receivables	-	81
Derivative instruments	-	60
Cash and cash equivalents	-	37
Total	**-**	**561**
Liabilities held for sale		
Pension and similar obligations	-	34
Deferred taxes	-	26
Other long-term liabilities	-	10
Current liabilities	-	42
Accounts payable	-	151
Warranty reserves	-	12
Other current liabilities	-	59
Total	**-**	**334**

NOTE 20 LONG-TERM INTEREST-BEARING LIABILITIES

	2011	2010
Multicurrency Revolving Credit Facility	400	150
Bond loans	270	650
Other promissory notes and secured loans	5	9
Financial leasing	0	1
Total	**675**	**810**

NOTE 20 LONG-TERM INTEREST-BEARING LIABILITIES CONT

Liabilities

	Total	0–1 years	1–3 years	3–5 years	>5 years	Average rate
SEK	670	-	400	270	-	4.33
GBP		-	-	-	-	
EUR		-	-	-	-	
USD		-	-	-	-	
INR	2	2		-	-	10.5
PLN	-	-	-	-	-	-
BRL	3	-	2	1	-	11.5
Total	**675**	**2**	**402**	**271**	**-**	**4.4**
Calculated interest	81	30	51	1	-	
Total	**756**	**32**	**453**	**272**	**-**	

Because loans under Multicurrency Revolving Credit Facility and bond loans are subject to a fixed interest term of 1–6 months, the fair values correspond to the carrying amounts.

Available unused credit facilities at year-end totaled SEK 436 m (948). Calculated interest comprises the counter-value in SEK based on exchange rates at December 31, 2011 and the current interest rates on the liability.

NOTE 21 PENSIONS AND SIMILAR OBLIGATIONS

Pension liabilities in the balance sheet	2011	2010
FPG/PRI-pensions	93	138
Defined-benefit healthcare benefits	-	32
Other defined-benefit plans	111	177
Liabilities held for sale	-	-34
Total	**204**	**314**

Haldex has defined-benefit plans for pensions for certain units in Sweden, Germany, France, Great Britain and USA. The pensions under these plans are based mainly on final salary. Defined-contribution plans are also found in these countries. Subsidiaries in other countries within the Group use mainly defined-contribution plans.

Net actuarial losses on pension obligations and plan assets declined during the year by SEK 50 m. At year-end, the acturial losses totaled 9% (6) of the present value of the pension obligations. The return on plan assets recognized in the proincome statement totaled SEK 17 m, while the actual return was SEK 6 m. The plan assets consist primarily of shares, interest-bearing securities and shares in mutual funds.

Group	2011	2010
Pension obligations, funded plans, present value as of December 31	299	1,362
Plan assets, fair value as of December 31	-263	-1,183
Total	**36**	**179**
Pension obligations, unfunded plans, present values as of December 31	216	266
Unrecognized actuarial gains (+), losses (-)	-48	-98
Liabilities held for sales	-	-34
Net liability	**204**	**314**

Total pension costs

Group	2011	2010
Pensions vested during the period	-8	-21
Interest on obligations	-23	-86
Expected return on plan assets	17	72
Amortization of unrecognized actuarial gains (+), losses (-)	-11	-5
Effect of reductions and regulations	1	1
Pension costs, defined-benefit plans	**-24**	**-39**
Pension costs, defined-contribution plans	-5	-20
Total pension costs	**-29**	**-59**

Pension obligations

Group	2011	2010
Opening balance	1,628	1,638
Effects on divested operations	-1,170	-
Pensions vested during the period	8	21
Interest on obligation	23	86
Benefits paid	-20	-36
Unrecognized actuarial gains (+), losses (-), pension obligations	29	48
Effects of reductions and settlements	0	-5
Exchange rate differences	17	-124
Pension obligations, current value	**515**	**1,628**

NOTE 21 PENSIONS AND SIMILAR OBLIGATIONS CONT.

Plan assets

Group	2011	2010
Opening balance	1,183	1,145
Effects on divested operations	-933	-
Expected return on plan assets	17	72
Contributions from employers	8	27
Contributions from employees	1	1
Disbursement of pension payments	-16	-28
Unrecognized actuarial gains (+), losses (-), plan assets	-11	57
Exchange rate differences	14	-91
Plan assets, fair value	**263**	**1,183**

Reconciliation of interest-bearing pension liabilities

Group	2011	2010
Opening balance, pension liablities (net)	347	374
Effects of divested operations	-146	-
Pension costs	24	39
Benefits paid	-20	-36
Contributions from employers	-8	-27
Contributions from employees	-1	-1
Compensation from plan assets	16	28
Effects from reductions and regulations	3	-5
Exchange rate difference	-11	-25
According to balance sheet	**204**	**347**

Actuarial assumptions

Percent	Sweden	Germany	France	Great Britain	USA
Discount rate, January 1	4.80	5.10	5.10	5.70	5.45
Discount rate, December 31	3.80	5.20	5.20	4.90	4.75
Expected return on plan assets	3.40	-	-	5.90	6.40
Expected salary increase	3.00	2.90	2.90	3.00	3.00
Expected inflation	2.00	2.00	2.00	3.00	2.50

Experience-based change in unrecognized actuarial gains (+)/losses (-)

Group	2011	2010	2009	2008	2007
Present value of defined benefit obligations	515	1,628	1,638	1,479	799
Plan assets	263	1,183	1,145	1,023	431
Surplus (+)/deficit (-)	-252	-445	-493	-456	-368
Experience-based adjustment of obligation	29	-13	-17	-19	4
Experience-based adjustment of plan assets	-11	57	48	-161	-11

What is meant by experience-based adjustments of obligations is any deviation from the basic assumptions made in the calculation of the pension obligation. This could, for example, pertain to changes in expectations concerning employee turnover, premature retirement, pay increases and length of life. What is meant by experience-based adjustments of plan assets is any discrepancy between expected return and the real return on the plan assets.

NOTE 22 OTHER PROVISIONS

	Warranty reserves	Restructuring reserves	Total
At January 1, 2011	83	25	108
Provisions	43	-	43
Requisitions	-74	-22	-96
Translation differences	0	0	0
December 31, 2011	**52**	**3**	**55**

NOTE 23 OTHER CURRENT LIABILITIES

	2011	2010
Tax liabilities	21	18
Accrued expenses and deffered income		
Personal costs	83	218
Other accrued expenses	14	143
Other current liabilities	33	55
Liabilities held for sale	-	-59
Total	**151**	**375**

NOTE 24 CORPORATE ACQUISITIONS

According to the press release of July 16, 2010, the Haldex Board proposed a demerger of the company whereby Haldex' divisions would become independent listed companies.

The divestment of Traction Systems Division was completed on January 31, 2011. The purchase consideration of SEK 1,425 m was paid in cash on a debt-free basis. The demerger process was finalized in June 2011 and left within Haldex, after the divestment of Traction Systems Division (January 31, 2011) and Hydraulic Systems Division being listed as a separate company under the name Concentric (June 16, 2011), the Commercial Vehicle Systems Division.

(SEK m)	
Capital Gain, Traction	1,115
Carve-out, Concentric	789
Total	**1,904**

NOTE 25 RELATED-PARTY TRANSACTIONS

The Parent Company is a related party to its subsidiaries. Transactions with subsidiaries occur on commercial market terms. Remuneration of senior executives is presented in Note 6.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25

Parent Company income statement

Amounts in SEK m	NOTE	2011	2010
Net sales		41	36
Administrative costs	6	-110	-98
Operating loss		**-69**	**-62**
Dividends from Group companies		297	31
Group contribution		5	2
Interest income	7	81	68
Interest expenses	7	-35	-43
Capital gain		-	1,189
Other financial items		-1	-40
Earnings before tax		**278**	**1,145**
Change in tax allocation reserve	14	-	19
Taxes	15	-3	13
Net income for the year		**275**	**1,177**

Parent Company comprehensive income report

Amounts in SEK m	2011	2010
Income for the period	275	1,177
Other compehensive income	-	-
Total comprehensive income	**275**	**1,177**

Parent Company balance sheet

Amounts in SEK m	NOTE	2011	2010
ASSETS			
Fixed assets			
Intangible fixed assets	8	1	2
Financial fixed assets			
Shares and participations	9	1,723	2,312
Long term receivables subsidiaries	10	9	-
Other Long-term receivables	10	27	29
Total fixed assets		**1,760**	**2,343**
Current assets			
Account receivables from subsidiaries		830	2,752
Other current receivables	11	9	14
Derivative instruments	12	17	94
Cash and cash equivalents	13	182	250
Total current assets		**1,038**	**3,110**
Total assets		**2,798**	**5,453**
SHAREHOLDERS´EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (44,215,970 shares with a quota value of SEK 5)		221	221
Restricted reserves		-	455
Unrestricted equity			
Share premium reserve		378	378
Retained earnings		413	1,165
Net income for the year		275	1,177
Total equity		**1,287**	**3,396**
Untaxed reserves	14	-	-
Provisions			
Pensions and similar obligations	16	16	14
Other provisions		14	15
Total provisions		**30**	**29**
Long-term liabilities			
Long-term interest-bearing liabilities	17	670	800
Debts to subsidiaries		217	201
Total long-term liabilities		**887**	**1,001**
Current liabilities			
Debts to suppliers		2	4
Debts to subsidiaries		562	889
Derivative instruments	12	18	74
Other current liabilities	18	11	60
Total current liabilities		**593**	**1,027**
Total equity and liabilities		**2,798**	**5,453**
Collateral pledged		None	None
Contingent liabilities	19	261	337

Changes in Parent Company equity

Amounts in SEK m	Restricted equity Share capital	Restricted equity Statutory reserve	Unrestricted equity Share premium reserve	Unrestricted equity Retained earnings	**Total**
Opening balance at January 1, 2010	**221**	**455**	**378**	**1,160**	**2,214**
Net income for the year				1,177	1,177
Value of employees´service				5	5
Closing balance at December 31, 2010	**221**	**455**	**378**	**2,342**	**3,396**
Opening balance at January 1, 2011	**221**	**455**	**378**	**2,342**	**3,396**
Net income of the year	-			275	275
Dividend, cash				-133	-133
Share Redemption				-1,326	-1,326
Dividend, shares in Concentric				-937	-937
Reduction of statutory reserve		-455		455	-
Buyback of own shares				-8	-8
Payment of shares				20	20
Value of employees´service				1	1
Closing balance at December 31, 2011	**221**	**0**	**378**	**688**	**1,287**

Parent Company Cash Flow statement

Amounts in SEK m	**2011**	2010
Cash flow from operations		
Income after financial items	278	1,148
Adjustment for non-cash items*	-285	-1,169
Taxes paid	-	-
Cash flow from operations before change in working capital	-7	-21
Change in working capital		
Current receivables	1,993	-1,201
Operating liabilities	-433	-58
Change in working capital	1,560	-1,259
Cash flow from operations	**1,553**	**-1,280**
Cash flow from investments		
Investments in shares and participations	-60	350
Divestment of subsidiaries	-	1,189
Cash flow from investments	**-60**	**1,539**
Cash flow from financing		
Dividend to Haldex Shareholders	-1,459	-
Repurchase of own shares	-8	-
Payment of shares	20	-
Interest-bearing liabilities	-114	-181
Cash flow from financing	**-1,561**	**-181**
Change in cash and cash equivalents	-68	78
Cash and cash equivalents at beginning of year	250	172
Cash and cash equivalents at year-end	182	250
* Adjustments for non-cash items:		
Gain on the sale of shares in subsidiaries	-	-1,189
Non-cash dividend	-287	-
Other	2	20
	-285	-1,169

Notes, Parent Company

NOTE 1 GENERAL INFORMATION

Haldex AB is the Parent Company of the Haldex Group. The main office functions, including the central financial function, are carried out within the Parent Company. Haldex AB (publ), Corp. Reg. No. 556010-1155, is a registered limited liability corporation with its registered office in Landskrona, Sweden. The address of the Head Office is Haldex AB, Box 507, SE-261 24 Landskrona. Haldex AB's shares are listed on the Nasdaq OMX Exchange in Stockholm, Mid Cap.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The Annual Report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board RFR 2 – Financial reporting for legal entities. According to the rules stated in RFR 2, the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements to the extent possible within the framework of the Annual Accounts Act, and taking into account the relationship between reporting and taxation. This recommendation specifies the exceptions from IFRS that are permissible and the necessary supplementary information. The Parent Company´s accounting policies correspond to those for the Group with the exceptations listed below.

NOTE 3 AVERAGE NUMBER OF EMPLOYEES

	2011			2010		
	Women	Men	Total[1]	Women	Men	Total[1]
Sweden	6	5	11	7	8	15

1) Total number of employees includes three individuals who receive salaries through subsidiaries in the Group

NOTE 4 SALARIES AND OTHER REMUNERATION

	2011				2010			
	Salaries and remuneration	Of which, Board of Directors, CEO and Senior Executives	Social security costs	Of which pension costs	Salaries and remuneration	Of which, Board of Directors, CEO and Senior Executives	Social security costs	Of which pension costs
Sweden	45	34	21	5	20	12	8	4

Salaries and remuneration as shown above concerns paid out salaries and benefits. Paid out salaries and remunerations do not correspond to the expense recognized in the profit and loss statement since the expenses are accounted for on an accrual basis. Expensed salaries and remuneration amounts to SEK 35 m (33). The Board of Directors consists of seven members (8); for information on the individual remuneration paid to them and the President, refer to Note 6 on the consolidated financial statements.

Remuneration to other senior executives, two people (2) amounted to SEK 15 m (6), of which variable remuneration amounted SEK 12 m (2). Further information about remuneration to senior executives is disclosed in Note 6, page 40.

Pension payments for other senior executives accounted for SEK 1 m (1) of total pension costs.

NOTE 5 AUDITING FEES

	2011	2010
PricewaterhouseCoopers		
Audit assignment	1	2
Audit work in addition to the audit assignment	-	1
Tax advice	-	1
Other assignments	10	3
Total	**11**	**7**

Other assignments relates to advisory services in relation to the divestment of the Traction Division and the demerger of the group into separate companies.

NOTE 6 DEPRECIATION

	2011	2010
Administrative costs	1	1
Total	**1**	**1**

NOTE 7 INTEREST INCOME AND INTEREST EXPENSES

	2011	2010
Interest income		
External interest income	11	0
Interest income from Group companies	70	68
Total	**81**	**68**
Interest expense		
External interest expense	-18	-32
Interest expenses from Group companies	-17	-11
Total	**-35**	**-43**

NOTE 8 INTANGIBLE FIXED ASSETS

January 1 - December 31, 2010	
Opening carrying amount	3
Investments	0
Depreciation	-1
Closing carrying amount	**2**
At December 31, 2010	
Acquisition value	9
Accumulated depreciation	-7
Carrying amount	**2**
January 1 - December 31, 2011	
Opening carrying amount	2
Investments	
Depreciation	-1
Closing carrying amount	**1**
At December 31, 2011	
Acquisition value	9
Accumulated depreciation	-8
Carrying amount	**1**

NOTE 9 SHARES AND PARTICIPATIONS CONT.

During 2011 the demerger of the Haldex Group was finalized. The new legal Group structure have been created through a series of different internal transactions in the form of acquisitions, sales, shareholder contributions and dividends.

In December 2010, Haldex entered into an agreement with Borg Warner Inc concerning the divestment of the Traction Systems Division and the transaction was finalized on January 31, 2011. Prior to the divestment, a new holding company was formed, Traction Holding AB, under which the Traction Systems Division's operations have been structured.

In June 2011 the Hydraulic Systems Division was listed as a separate company on OMX Nasdaq Stockholm Exchange. After a series of different internal transactions Concentric AB was the legal parent company of the former Hydraulic Systems Division. All of the shares in Concentric AB were distributed to the shareholders of Haldex AB in proportion to their current shareholding in Haldex AB.

At December 31, 2011, Haldex AB held direct ownership interests in the subsidiaries listed in the specification in Note 9.

JSB Hesselman AB is parent company of the wholly owned UK subsidiary Haldex Ltd and the US subsidiary Haldex Inc. Haldex Ltd is parent company of the wholly owned UK subsidiary Haldex Brake Products Ltd, which is in turn parent company of Haldex España SA. Haldex Inc is a holding company for the wholly owned US subsidiaries, Haldex Brake Corp, Haldex Brake Products Corp and the Mexican subsidiary Haldex de Mexico S.A. De C.V. Haldex GmbH is a holding company for the wholly owned German subsidiary Haldex Brake Products GmbH.

Shares in subsidiaries	Corp. Reg. No	Registered office	Participations	%	**2011**	2010
Haldex Brake Prod AB	556068-2758	Landskrona	127,000	100	143	142
Haldex Halmstad AB	556053-6780	Landskrona	30,000	100	4	4
Haldex GmbH		Germany		100	51	51
Haldex Europé S.A		France	418,119	100	75	75
Haldex Ltd.		Canada		100	0	0
Haldex do Brasil Indústria e Comércio Ltda		Brazil	185,009	100	16	6
Haldex Sp.z.o.o.		Poland	30,000	100	3	3
Haldex N.V.		Belgium	4,035	100	1	1
Haldex Int Trading Co Ltd		China		100	0	0
Haldex Italia Srl		Italy	10,400	100	5	5
Haldex Korea Ltd.		South Korea	79,046	100	0	0
Haldex Financial Services Holding AB	556633-6136	Landskrona	1,000	100	0	0
Haldex Hungary Ktf		Hungary		100	74	74
Haldex Wien Ges mbH		Austria		100	7	7
Haldex India Ltd.		India		60	7	7
JSB Hesselman AB	556546-1844	Landskrona	1,000	100	794	993
Haldex Russia		Russia		100	0	0
Haldex Holding AB	556560-8220	Landskrona	23,079,394	100	458	458
Haldex Hong Kong Co Ltd.		Hong Kong		100	85	85
Concentric AB	556828-4995	Landskrona		100	-	400
Concentric Holding II AB	556819-2289	Landskrona		100	0	0
Haldex Traction Holding II AB	556819-2271	Landskrona		100	0	1
					1,723	**2,312**

Shares in subsidiaries	Participations	%	**2011**	2010
Shares and participations in other companies				
Anglo Scandinavian Aircraft Leasing KB	48	4.8	0	0
Altra Technologies Inc.	1,000,000	18	0	0
Swedish Aircraft Two KB	10	10	0	0

Change in shares and participations

	Opening balance	Acquisition	Other changes	Divestments	Closing balance
2011	**2,312**	**-**	**348**	**-937**	**1,723**
2010	2,634	-	-292	-29	2,312

NOTE 10 LONG-TERM RECEIVABLES

	2011	2010
Deferred tax assets	12	14
Long-term receivables subsidiaries	9	-
Other long-term receivables	15	15
Total	**36**	**29**

NOTE 11 OTHER CURRENT RECEIVABLES

	2011	2010
Tax assets	1	2
Prepaid expenses		
Rents and insurances	1	2
Other prepaid expenses	2	1
Other current receivables	5	9
Total	**9**	**14**

NOTE 12 DERIVATIVE INSTRUMENTS

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Short-term				
Forward exchange contracts – at fair value through profit or loss	11	11	74	70
Currency swaps – at fair value through profit or loss	6	7	20	4
Total	**17**	**18**	**94**	**74**

Gains and losses from current currency forward contracts and currency swaps are recognized on an ongoing basis in the income statement.

NOTE 13 CASH AND CASH EQUIVALENTS

	2011	2010
Cash and bank balances	182	250
Total	**182**	**250**

NOTE 14 UNTAXED RESERVES

	2011	2010
Opening balances	-	19
Reversal for the year	-	-19
Closing balance	**-**	**-**

NOTE 15 TAXES

	2011	2010
Current tax expense for year	-	-
Tax on group contribution	-	-
Deferred tax related to temporary differences	-3	13
Total	**-3**	**13**

NOTE 16 PENSIONS AND SIMILAR OBLIGATIONS

Pension obligations attributable to defined-benefit plans

	2011	2010
Pensions vested during the period	-1	-1
Interest on obligation	-1	-1
Total	**-2**	**-2**

Reconciliation of interest-bearing pension liabilities

	2011	2010
Opening balance, pension liabilities	14	12
Benefits paid	0	0
Pension costs	2	2
According to balance sheet	**16**	**14**

NOTE 17 LONG-TERM INTEREST-BEARING LIABILITIES

	2011	2010
Multicurrency Revolving Credit Facility	400	150
Bond loans	270	650
Total	**670**	**800**

Loans under Multicurrency Revolving Credit Facility and Bond loans are subject to a fixed interest term of 1–6 months, thus the fair values correspond to the carrying amounts.

Available unused credit facilities at year-end totaled SEK 436 m (948). Calculated interest comprises the counter-value in SEK based on exchange rates at December 31, 2011 and the current interest rates on the liability.

Maturity structure, years

	Totalt	0 –1	1– 3	3 – 5	> 5 years	Average rate
SEK m	670	-	400	270	-	4.33
Total	**670**	**-**	**400**	**270**	**-**	**4.33**
Calculated interest	81	29	51	1	-	-
Total	**751**	**29**	**451**	**271**	**-**	**-**

NOTE 18 OTHER CURRENT LIABILITIES

	2011	2010
Accrued expenses		
Personnel cost	7	30
Other accrued expenses	4	30
Total	**11**	**60**

NOTE 19 CONTINGENT LIABILITIES AND COLLATERAL PLEDGED ASSETS

	2011	2010
Securities and guarantees on behalf of subsidiaries	261	337

The Board of Directors and the President and CEO certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Company and the Group, and that the directors' report for the Company and for the Group gives a fair review of the development and performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Landskrona March 9, 2012

Göran Carlson
Chairman of the Board

Stefan Charette
Board member

Arne Karlsson
Board member

Magnus Johansson
Board member

C.S. Patel
Board member

Caroline Sundewall
Board member

Anders Thelin
Board member

Björn Cederlund
Board member

Camilla Andersson Hult
Board member

Ulf Ahlén
President and CEO

Our audit report was issued on March 9, 2012

Michael Bengtsson
Authorized Public Accountant
PricewaterhouseCoopers

Ann-Christine Hägglund
Authorized Public Accountant
PricewaterhouseCoopers

Auditor's report

To the annual meeting of the shareholders of Haldex AB (publ), corporate identity number 556010-1155

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Haldex AB (publ) for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 23–58.

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

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance [and its cash flows] for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. 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 group.

Report on other legal and regulatory requirements

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

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

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

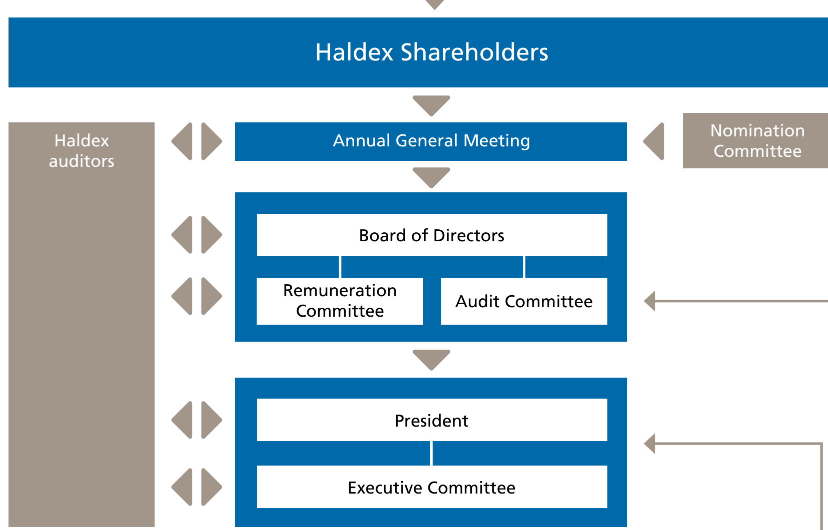
Opinions

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

Landskrona March 9, 2012

Michael Bengtsson	Ann-Christine Hägglund
Authorized Public Accountant	Authorized Public Accountant
PricewaterhouseCoopers AB	PricewaterhouseCoopers AB

Corporate Governance Report
How Haldex is governed



Shareholders and Annual General Meeting

Shareholders' entitlement to pass resolutions regarding Haldex' affairs is exercised at the Annual General Meeting (and, where appropriate, at the Extraordinary General Meeting), which is Haldex' supreme decision-making body. The Annual General Meeting usually takes place in the month of April. The Annual General Meeting passes resolutions on such matters as the Articles of Association, appoints members of the Board and the Chairman of the Board, elects Auditors, and decides on the adoption of the income statement and balance sheet as well as the appropriation of the company's profits and the discharge from liability to the company of the Board members and the President. The Annual General Meeting also resolves on the composition and work of the Nomination Committee, and adopts principles for determining remuneration of the President and other senior executives.

Auditors

The Annual General Meeting elects two ordinary auditors and two deputy auditors for a period of three to four years at a time. The auditors review the Annual Report and the accounts as well as the administration of the Board of Directors and the President, and follow an audit schedule set in consultation with the Audit Committee. In connection with the audit, the auditors shall report their observations to Group Management, the Executive Committee, for reconciliation and then to the Audit Committee. The report to the Audit Committee takes place after the conclusion of the audit of the administration and the review of the hard-close accounts and in conjunction with the adoption of the Annual Report.

The Board of Directors as a whole meets with the auditors once a year, during the February Board meeting, where the auditor's report their observations directly to the Board of Directors without the presence of the President and the CFO. Finally, at least one of the auditors attends the Annual General Meeting and briefly describes their auditing work and summarizes for the shareholders the recommendations in the Auditor's Report.

President and Executive Committee

The President and CEO manages the company within the framework established by the Board of Directors. The President is responsible for the leadership and development of the company. The President, in consultation with the Chairman of the Board, prepares objective, detailed and relevant informational documents and the documentary basis for the Board meetings, presents the agenda items and explains proposed resolutions. The President leads the work of the Executive Committee and makes decisions in consultation with other senior executives.

Nomination Committee

Haldex' Annual General Meeting passes resolutions concerning procedures for appointment to the Nomination Committee and for the Committee's work. The Annual General Meeting has determined that the Nomination Committee's assignments shall include preparation and presentation of proposals for the election of members of the Board of Directors, the Chairman of the Board, the Chairman of the General Meeting, and auditors and proposals for decisions regarding remuneration of the Board of Directors, members of Board Committees and fees to the auditors. The Nomination Committee shall comprise four members, representing each of the four largest shareholders in terms of shareholding immediately prior to disclosure of the composition of the Nomination Committee. The names of these four members, and the names of the shareholders that they represent, must be disclosed at least six months before the Annual General Meeting by way of a press release and on Haldex' website. If a shareholder appointed as a member of the Nomination Committee no longer represents one of the four largest shareholders in terms of voting rights during the period of the Nomination Committee's assignment, this shareholder representative shall step down from his/her assignment and be replaced by a representative from one of the four largest shareholders. However, the composition of the Nomination Committee shall not be adjusted if the change is only marginal or if the change occurs later than two months prior to the Annual General Meeting. During the mandate period, it shall be possible for a shareholder who has appointed a representative to the Nomination Committee to replace this individual with another person. Unless otherwise agreed, the member who represents the largest owner in terms of voting rights shall be appointed the Chairman of the Nomination Committee. No remuneration is paid to members of the Nomination Committee. It is the duty of the Chairman of the Board to supply the Nomination Committee with information regarding future competence profiles, working forms and the results of evaluations of the work of the Board.

The Nomination Committee's proposals are presented in the notice convening the Annual General Meeting and on Haldex' website. In conjunction with the issuance of the notice convening the Annual General Meeting, the Nomination Committee shall publish on Haldex' website a statement in support of its proposal to the Board. At least one member of the Nomination Committee shall attend the Annual General Meeting in order to present an account of the work performed by the Nomination Committee and present and state the reasons for the Nomination Committee's proposals.

Board of Directors

Board of Directors' composition

In accordance with the Articles of Association, Haldex' Board of Directors shall comprise not fewer than three and not more than eight members elected each year by the Annual General Meeting for the period that extends until the close of the next Annual General Meeting. The President makes regular reports to the Board and the Group's CFO serves as the Board's secretary. Other salaried employees participate in Board meetings in connection with presentations of particular issues. In addition to the elected members, the Board consists of two employee representatives and two deputy representatives appointed by the employees.

The Board has established two committees from within its ranks: the Compensation Committee and the Audit Committee.

The Compensation Committee is responsible for more thorough preparation of compensation matters. Based on the guidelines adopted by the Annual General Meeting, the Compensation Committee issues to the Board proposals concerning the President's salary and other employment terms.

Furthermore, the Compensation Committee shall establish the salary and other employment terms for the other members of the Executive Committee based on proposals from the President. Prior to each Annual General Meeting, the Compensation Committee shall also assist the Board in preparing a motion concerning guidelines for the remuneration of senior executives for the forthcoming year. The purpose of these guidelines shall be to determine the salary and other employment terms in respect of the President and other senior executives of the company.

The Audit Committee prepares matters that concern accounting, financial reporting, auditing and internal control. The Committee is responsible for the preparation of the Board's activities by ensuring that that system for auditing, internal control and risk management fulfills the requirements of applicable laws and regulations and that it promotes operational efficiency, generates accurate accounting documents and provides reliable financial information. The Committee reviews the principles for accounting and financial control and establishes guidelines for the procurement of services other than auditing from the company's auditors. The Committee meets regularly with the auditors during the year to discuss such matters as audit reports and audit plans. The Committee is responsible for the evaluation of the auditors' work and the auditors' efficiency, qualifications, fees and independence. The Audit Committee must also assist the Nomination Committee with proposals for potential auditors. The Committee also assists Haldex management in determining how identified risks will be handled in order to ensure effective internal control and risk management.

Responsibilities of the Chairman of the Board

The Chairman organizes and directs the Board's activities, promotes efficiency in these activities, ensures that they are conducted in accordance with the Swedish Companies Act and other applicable laws and regulations, and ensures that the resolutions of the Board are implemented. The Chairman ensures that the Board members receive the required education and continuously enhance their knowledge of the company and is responsible for evaluating the Board's activities. The Chairman proposes the agenda for Board meetings in consultation with the President and ensures that the Board receives satisfactory information and decision-making documentation. The Chairman has regular communication with the President, relays opinions from the shareholders to other Board members and acts as spokesperson on behalf of the Board. The Chairman also represents a vital link to the Nomination Committee and reports the results of the year's evaluation of Board work to the Nomination Committee.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the company's and Group's organization, management and administration, and for ensuring that the follow-up and control of accounting, management of assets and financial circumstances is otherwise satisfactory. The Board of Directors monitors and evaluates the work of the President and the Executive Committee and is responsible for decisions regarding, and the follow-up of, company strategies by establishing plans and objectives and through decisions regarding the acquisition and divestment of operations, major investments, appointments and replacements in the management team, and by conducting regular reviews during the year.
The Board of Directors also approves the annual financial statements. In addition, the Board of Directors ensures that the information distributed externally by the company is characterized by transparency and objectivity. It is also the duty of the Board of Directors to establish guidelines and policy documents pertaining to such matters as financial activities, information publication, insider issues and ethical conduct.

The following standing items on the agenda are discussed at Board meetings: The Group's performance and status, the business climate, organizational issues, monthly accounts, press releases, disputes, acquisitions/divestments, major business agreements, development projects and investments.

STEERING INSTRUMENTS

External

Steering instruments that form the basis for corporate governance in Haldex primarily include the Swedish Companies Act, the Annual Accounts Act, applicable regulations for publicly traded companies on the Nasdaq OMX Stockholm, the Swedish Code of Corporate Governance and other pertinent legislation and rules.

Internal

Internal binding steering instruments include the Articles of Association adopted by the Annual General Meeting, and documents approved by the Board that include the Operating Procedures of the Board of Directors in Haldex, Directives for the Compensation and Audit Committees, Instructions for the President in Haldex, the Information Policy and the Treasury Policy. In addition to the above, the Group has a number of policies and manuals that contain binding regulations as well as recommendations that specify principles and provide guidance for the Group's operations and employees.

Operating Procedures of the Board of Directors

The Operating Procedures regulates the Board of Directors' internal division of work, the line of decision within the Board of Directors, the procedural rules for Board meetings and the duties of the Chairman of the Board. The work of the Board follows a fixed procedure aimed at ensuring that the Board of Directors' information requirements are met.

Instructions for the President

The Instructions for the President establishes the boundaries for the President's responsibility for the operational administration, the forms for reporting to the Board of Directors and what this shall contain, requirements for internal steering instruments and matters that require the approval of the Board of Directors or that notification be provided to the Board of Directors.

Values

Haldex' values – customer first, respect for the individual and passion for excellence – are linked to the Group's mission, vision and strategies, and provide guidance to employees in day-to-day activities. Customer first requires that Haldex' employees base their decisions and actions with a focus on what is best for the customer – fully aware that the values created for the customer also generate value for Haldex, Haldex' employees and Haldex' shareholders. Respect for the individual requires that colleagues are shown respect through open communication, encouraging others to take initiative, cooperation, support, professional development and advancement, performance-based compensation and active responsibility for all individuals. Passion for excellence means that we strive for excellence in serving our customers, empowering our employees and rewarding our investors. We are constantly striving to improve performance and achieve superior results through consistent business processes.

Corporate Governance at Haldex in 2011

Haldex AB is a publicly traded Swedish limited liability company with its registered office in Landskrona. The Report, which has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance, has been examined by the company's auditors. In 2011, Haldex compiled with the Swedish Code of Corporate Governance in all respects except for item 2.4 which concerns the composition of the nomination committee. The Swedish Code of Corporate Governance stipulate that "neither the company chair nor any other member of the board may chair the nomination committee". In accordance with a decision by the 2011 Annual General Meeting, the four largest shareholders have each appointed representatives to form the Nomination Committee for the 2012 Annual General Meeting. The Annual General Meeting also decided that unless otherwise agreed, the member who represents the largest owner in terms of voting rights shall be appointed the Chairman of the Nomination Committee. The board member Stefan Charette, representing Creades AB, was appointed chairman of the nomination committee. The nomination committee, with representatives from the major shareholders, have declared that the background to this was that Creades AB has a very small organization and that the board member Stefan Charette is very well suited to effectively lead the nomination committee's work to achieve the best results for the company's shareholders.

Shareholders

Haldex has been listed on the Nasdaq OMX Stockholm Stock Exchange since 1960. The share capital in Haldex AB totals SEK 221,079,850 m, represented by 44,215,970 shares. Each share confers one voting right and all shares carry equal entitlement to dividends.

The number of Haldex shareholders amounted to 13,348 at year-end. Creades AB represented the largest owner with 13.1% of the share capital. Swedish ownership totaled 67% at year-end 2011. Information concerning ownership is updated each month on Haldex' website, www.haldex.com. See also page 68-69, for further information.

Annual General Meeting

The official notification procedure for Annual General Meetings is specified in the Articles of Association. Official notification is to be issued through an announcement in Post- och Inrikes Tidningar and on the company's website. It shall further be advertised in Dagens Nyheter that notice convening a General Meeting has been made. Official notification is to be issued no earlier than six weeks and no later than four weeks prior to the Meeting.

Shareholders representing 41.7% of the voting rights attended the 2011 Annual General Meeting held on June 8, 2011, in Stockholm. Biörn Riese (Mannheimer Swartling Advokatbyrå) was appointed chairman of the general meeting in accordance with the nomination committee's proposal.

Resolutions

The minutes of the meeting are available on Haldex' website **www.haldex.com**.
The resolutions passed include the following:

- Profits available for distribution, SEK 2,720, 392,347, to be disposed in accordance with the board's proposal. Thus SEK 3.00 were to be distributed as a cash dividend (totaling SEK 132,647,910) and all shares in the wholly owned subsidiary Concentric AB were to be distributed to the shareholders (one Haldex share entitling the holder to one share in Concentric AB) and the remaining profits available for distribution, SEK 1,650,574,474 were to be carried forward.

- In light of the group's strong cash flow and balance sheet after the sale of the Traction Systems Division, the Annual General Meeting resolved in accordance with the Board's proposal on a mandatory redemption of shares, under which each share would be divided into two shares (share split 2:1), each with a quota value of SEK 2.50, and of which one share were to be redeemed at SEK 30. As a result, in total SEK 1,326,479,100 were distributed to the shareholders.

- It was decided that the Board shall comprise seven members with no deputies. The Meeting re-elected Göran Carlson, Stefan Charette, Arne Karlsson, Caroline Sundewall and Anders Thelin. CS Patel and Magnus Johansson were newly elected. Göran Carlson was elected Chairman of the Board.

- For the period up until the close of the 2012 Annual General Meeting, directors fees were decided as follows: SEK 450,000 pertains to the Chairman and SEK 175,000 to each of the other Board members. Fees for committee work shall be paid as follows: Chairman of the Audit Committee SEK 100,000, members of the Audit Committee SEK 50,000, Chairman of the Compensation Committee SEK 50,000 and members of the Compensation Committee SEK 25,000. It was noted that the directors' fees may be paid as salary or invoice from a board member's company. Fees paid to the auditors for audit work and for other services are payable on a current account basis in return approved invoices.

Authorized Public Accountant Michael Bengtsson presented the Auditors' Report and the Group auditors' report for the 2010 fiscal year.

Stefan Charette, Creades AB, presented the Nomination Committee's proposal for a resolution regarding the Nomination Committee for the 2011 Annual General Meeting.

Nomination Committee for the 2012 Annual General Meeting

In accordance with a decision by the 2011 Annual General Meeting, the four largest shareholders have each appointed representatives to form the Nomination Committee for the 2012 Annual General Meeting. At the end of September 2011, these shareholders were Investment Öresund AB, Handelsbankens Fonder, Göran Carlson through companies and Afa Försäkring AB. Combined, they represented 29,2% of the voting rights in Haldex AB as per September 20, 2011. The shareholders' representatives who will comprise members of the 2012 Nomination Committee are:

Stefan Charette (Chairman), Creades AB, Anders Algotsson, Afa Försäkring, Göran Carlson and Björn Cederlund, Unionen.

The composition of the Nomination Committee was disclosed through a press release and a posting on Haldex' website, www.haldex.com, on October 18, 2011.

The company's shareholders were given the opportunity to submit opinions and proposals to the Nomination Committee via e-mail to the address specified on the company's website under the heading Investors – Corporate Governance – Annual General Meeting – 2012.

Board of Directors

Board of Director's independence

The Swedish Code of Corporate Governance state that the majority of the Board members elected by the Annual General Meeting should be independent in relation to the company and its Group Management and that at least two of the independent members must also be independent in relation to the company's largest shareholders. The Haldex Board of Directors is adjudged to fulfill these requirements because all Members of the Board are adjudged to be independent in relation to both Haldex and its management, with the exception of Stefan Charette who represent Haldex' major shareholders.

Board activities

During 2011, the Board of Directors met at 16 times. The main issues addressed were financial and market position, items related to the demerger of the group, establishment of the Board of Directors' work procedures and the Instructions for the President, as well as strategic and organizational issues. On a regular bases throughout the year, the Board has dealt with report from the Audit and Compensation Committees. During the autumn operational strategy and budget for 2012 was addressed.

Board Committees

In 2011, the Audit Committee comprised Board members Göran Carlson, Arne Karlsson and Caroline Sundewall. Caroline Sundewall was the Chairman of the Committee. The Audit Committee was convened 6 times during 2011.

In 2011, the Compensation Committee consisted of Board members Göran Carlson, Magnus Johansson och Anders Thelin. Göran Carlson was its Chairman. The Committee held 4 meetings during 2011.

Evaluation of Board activities in 2011

Annual evaluations are conducted of the Board's collective work. The Chairman is evaluated on his ability to prepare and lead the Board activities and his ability to motivate and cooperate with the President. The evaluation of the Board's activities as a whole is conducted via a shared internal review of its activities. The result of the evaluation process for 2011 was discussed in conjunction with the Board meeting in December 2011.

Board members, attendance 2011

Name	Audit Committee	Compensation Committee	Board meetings
Anders Böös**			6
Göran Carlsson	6	2	16
Stefan Charette			14
Magnus Johansson*		2	9
Arne Karlsson	5		16
Lars-Göran Moberg**	2	2	7
C S Patel*			7
Anders Thelin		4	14
Caroline Sundewall	6		15
Cecilia Vieweg**		2	3

* Board member since June 2011
** Board member until June 2011

Auditors

At the 2011 Annual General Meeting, Authorized Public Accountants Michael Bengtsson and Ann-Christine Hägglund from Pricewaterhouse-Coopers AB were re-elected, respectively, as auditors until the 2014 Annual General Meeting. Authorized Public Accountants Christine Rankin Johansson and Cesar Moré were reelected to deputy auditors by the 2011 Annual General Meeting.

Michael Bengtsson has been an Authorized Public Accountant since 1988, and is the elected auditor of such companies as Perstorp Holding AB and Carnegie Investment Bank AB.

Ann-Christine Hägglund has been an Authorized Public Accountant since 1997 and is the elected auditor of such companies as NCC Construction Sweden and NCC Housing Group.

Neither Michael Bengtsson nor Ann-Christine Hägglund have assignments in other companies that are associated with Haldex' largest owners or President.

The auditors have had extra assignments outside the scope of the ordinary audit. These assignments included consultations in tax and accounting issues and other company issues. These assignments have been procured in accordance with the guidelines established by the Audit Committee for such procurement.

Remuneration of the Board of Directors and Senior Executives

Guidelines for determining remuneration of senior executives

In compliance with a motion to be addressed by the 2012 Annual General Meeting, the Board of Directors proposes that the following guidelines shall apply up to the 2013 Annual General Meeting. The guidelines are to apply to all employment contacts entered into after the resolution by the Annual General Meeting and to all amendments to existing agreements that are made after the Meeting's resolution.

Remuneration of the President and CEO and other senior executives shall consist of a well-balanced combination of fixed salary, annual bonus, long-term incentive programs, pension and other benefits and conditions concerning termination of employment/severance payment. The total remuneration shall be competitive in the market and based on performance. The fixed remuneration shall be determined individually and based on each individual's responsibility, role, competence and position. The annual bonus shall be based on outcomes of predetermined financial and individual objectives and not exceed 50% of the fixed annual salary.

In exceptional situations, special remuneration may be paid to attract and retain key competence or to induce individuals to move to new places of service or accept new positions. Such remuneration may not be paid out for periods exceeding 36 months and may not exceed the equivalent of twice the remuneration the executive would otherwise have received. The Board of Directors may propose that the General Meeting resolve on long-term incentive programs.

Pension benefits shall be based on defined-contribution plans and, for employees in Sweden, shall provide entitlement to pension at age 65. Upon termination of employment by the company, the notice period for the President and CEO is 12 months and for other senior executives up to six months. In addition, when entering into new employment contracts, agreement may be made on severance pay not exceeding the equivalent of 12 months' fixed salary. The Board shall be entitled to depart from the guidelines if there are specific reasons for doing so in individual cases.

The above guidelines are essentially unchanged in relation to the guidelines adopted by the 2011 Annual General Meeting. For additional information concerning remuneration of senior executives, refer to Note 6.

Remuneration of the Executive Committee in 2011

President

President, from the period from 1 January and until the demerger of the group on 15 June 2011, has been Joakim Olsson. After the demerger the company was lead by the President Jay Longbottom until the 30 of November 2011 when Jay decided to step down from his position as CEO and remain in his role as President of the North American operations and assume the role as Executive Vice President for the Haldex Air Controls division. From 1 December, Ulf Ahlén is the President and acting CEO of the Haldex Group. Ulf Ahlén was the former Excecutive Vice President of Haldex Traction.

In 2011, the Presidents and CEOs received a fixed salary and variable salary as detailed in the table below.

The salary for Joakim Olsson also includes vacation pay with 1,4 MSEK.

Remuneration to President Joakim Olsson

The agreement with President Joakim Olsson included a reciprocal 12-month period of notice. In the event of a termination of employment by the company, the President would receive severance pay equivalent to 12 months' salary. In the event of resignation by the President, no severance pay may be claimed.

As a part of the demerger of Haldex Group additional and specific agreements were prepared in 2010 with the President covering the period of notice and severance pay with the aim of securing services during the implementation of the proposed demerger. This remuneration amounts to 8.5 MSEK and is included in the variable remuneration in the table below. The variable remuneration also includes 1.3 MSEK relating to the incentive programmes LTI 2007 and LTI 2010. The cost for these programmes have been recognized in the profit and loss during 2009-2011 in accordance with the vesting period.

The pension benefits for the President Joakim Olsson has been premium-based and comprises an ITP scheme and an annual provision for 25% of fixed salary exceeding 20 "basic amounts" (base figure for Swedish social security).

Remuneration President Jay Longbottom

The agreement with President Jay Longbottom included a reciprocal 6-month period of notice. In the event of a termination of employment by the company, the President would receive severance pay equivalent to 12 months' salary. In the event

Remuneration of Executive Committee 2011, SEK thousands

	2011		
	Basic salary/ Director fees	Variable remuneration	Pension
President			
Joakim Olsson, *to 15 June 2011*	3,897	9,835	504
Jay C. Longbottom, *from 16 June to 30 November 2011*	1,450	192	39
Ulf Ahlén, *from 1 December 2011*	321	-	95
Other senior executives (Group Management)			
To 15 June 2011 (5 people, of whom 0 women)	5,858	12,117	1,057
From 16 June to December 31 (7 people, of whom 0 women)	4,274	923	480
	15,800	**23,067**	**2,067**

of resignation by the President, no severance pay may be claimed.

Jay Longbottom is entitled to a pension benefit corresponding to a value up to 5 % of the fixed salary subject to FRS limits.

Remuneration President Ulf Ahlén

Based on the terms and conditions the President and acting CEO, Ulf Ahlén is not entitled to any severance pay. The President is entitled to a pension in accordance with the remuneration guidelines.

Other senior executives

According to guidelines approved by the Annual General Meeting, the President, in consultation with the Board's Compensation Committee, prepares remuneration issues concerning Group and divisional management, which are subject to resolution by the Annual General Meeting. Compensation consists of a fixed salary and a variable salary.

The variable part is based on goals established by the President and the Compensation Committee on a yearly basis and may amount to 50% of the fixed annual salary. All members of the Executive Committee have up to a reciprocal six-month period of notice and, in the event of termination of employment by the company, will receive severance pay equivalent to between 6-12 months' salary. The pension benefits are regulated in pension plans adapted to local practice in the countries in question, with the retirement age starting at 65.

Incentive program

The Annual General Meetings in 2010 resolved to introduce a long-term performance-based incentive program under which senior executives and key personnel would be allotted employee stock options on condition that the participants become shareholders by making their own investment in Haldex shares in the stock market.

Under the 2010 program, each share acquired in the market provides entitlement, free of charge, to an allotment of ten employee stock options, whereby each option provides entitlement to the acquisition of 1.0 Haldex share. A prerequisite for allotment was that the company's operating margin exceeded 1%, excluding restructuring costs and nonrecurring costs/revenues from acquisitions or divestments during the 2010 fiscal year. Maximum allotment would occur if the company's operating margin, subject to the above, exceeded 4%. The employee stock options would be allotted based on the company's earnings outcome in 2010 and in accordance with decisions taken by the Board during 2011. Maximum allotment occurred in 2011.

Accordning to the conditions in the program, the program was recalculated due to the capital structure changes that occurred due to the demerger of the Group. Both strike price and number of shares that each option entitles to has been recalculated in accordance with generally accepted methods whereby the demerger and the new capital structure in the end has not affected the cost for the Group or the benefit for the employee.

Remuneration of the Board of Directors for the period June 2011 – April 2012

Remuneration of Board members elected by the Annual General Meeting is approved by the Annual General Meeting following proposals from the Nomination Committee. For 2011, remuneration was paid in accordance with the table below. All remuneration of the Board comprises fixed payments and does not contain any variable parts. No remuneration is paid to members who are employed by the Group.

Remuneration of the Board 2011, SEK

	Compensation Committee	Audit Committee	Board fees	Total Remuneration
Göran Carlsson	50,000	50,000	450,000	550,000
Stefan Charette			175,000	175,000
Arne Karlsson		50,000	175,000	225,000
Magnus Johansson	25,000		175,000	200,000
C.S. Patel			175,000	175,000
Caroline Sundewall		100,000	175,000	275,000
Anders Thelin	25,000		175,000	200,000
Total	**100,000**	**200,000**	**1,500,000**	**1,800,000**

Auditing fees 2011, SEK m

	2011	2010
PricewaterhouseCoopers		
Audit assignments	4	4
Audit work in addition to the audit assignment	-	-
Tax advice	1	1
Other assignments	-	-
Continued operations	**5**	**5**
Discontinued operations – audit assignment	0	2
Discontinued operations – other assignments	16	11
Total	**21**	**18**

Discontinued operations, other assignments, relates to consultancy fees paid to PwC in their assignment as advisors in the divestment of the Traction Division and the demerger project. The fees mainly relates to tax advisory services occurred when the Group was restructured into three separate legal sub-group's before the demerger and divestment of the Traction Division took place.

Internal control and risk management

Internal control at Haldex is a process that is regulated by the Board of Directors and the Audit Committee and performed by the President and the Executive Committee. It is designed to ensure that to the greatest extent possible Haldex' reporting is appropriate and reliable and that the company complies with applicable legislation and regulations. The process is based on a control environment that provides structure for other parts of the process, including risk assessment, control activities, information, communication and follow-ups. It is based on the framework for internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

According to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for internal control. This report on internal control and risk management was prepared in accordance with The Annual Accounts Act and the Swedish Code of Corporate Governance and is thus limited to a description of the material elements of Haldex' systems for internal control and risk management with regard to financial reporting.

The Board of Directors monitors and ensures the quality of external financial reporting in the manner documented in the Operating Procedures of the Board of Directors, the Instructions for the President and the Group's Treasury Policy

It is the responsibility of the President together with the CFO to review and quality-assure all external financial reporting, such as interim reports, year-end reports, Annual Reports, press releases containing financial information and presentation material in conjunction with meetings with the media, the owners and financial institutions. The President and CFO presents all interim reports, year-end reports and Annual Reports to the Audit Committee for review.

The Board of Directors is responsible for ensuring that the company's financial reports are prepared according to law, accounting standards and other requirements concerning listed companies.

The Board of Directors' instructions for the President also include requirements that the Board of Directors must be continuously provided with internal summary reports on financial matters. These reports, which must include income statements, balance sheets, valuation issues, assessments, forecasts, any changes and their consequences, possible amendments to accounting rules, legal matters and disputes, are reviewed by the Audit Committee and thereafter submitted to the Board of Directors. With regard to the Board of Directors' communication with the company's auditors, see below.

Control environment

The Board of Directors has adopted a number of control documents for the company's internal control and governance.

Within the Board of Directors, there is an Audit Committee comprising three Board members elected by the Annual General Meeting: Göran Carlson, Arne Karlsson and Caroline Sundewall. The Audit Committee, which prepares matters for the Board of Directors, considers such issues as the internal control process, follows up reporting issues and discusses accounting principles and the consequences of changes of these principles. Furthermore, the Audit Committee maintains regular contact with the external auditors. The Committee is responsible for evaluating auditing work and the auditors' efficiency, qualifications, fees and independence. In addition, the Audit Committee assist the Nomination Committee in nominating auditors and procuring their services

Risk assessment

Haldex' risk assessment with respect to financial reporting, meaning the identification and evaluation of the principal risks in terms of financial reporting in the Group's companies, divisions and processes, provides the foundation for risk management. The risks may be managed by accepting the risks or by reducing or eliminating them, subject to the controls and control levels within the framework established by the Board of Directors, the Audit Committee, the President and the Executive Committee.

Control activities

Work to enhance internal control activities and governance is a continuing work and where documentation, evaluation, implementation of new controlsand improvements of existing controls constantly are in progress.

Information and communication

The company has a system for information and communication that is intended to result in complete and correct financial reporting. The company has a reporting system in which all Group companies report monthly according to an established format and to fixed accounting principles. In conjunction with reporting, the reporting units perform risk assessments and decide on the need for any provisions. The central finance department produces reports from the Group-wide system, which is structured according to the Group's established reporting format. Responsible managers and controllers at various levels in the Group have access to the information in this system relating to their area of responsibility.

All of the Group's steering documents for internal control and governance are available on the Group's intranet.

Follow-ups

The company's financial reporting is followed up continuously, in part by business management at various levels in the company and in part by the finance organization and controllers in the various divisions and business units. Follow-ups take place each month in conjunction with reporting and comprise both analysis and reviews by the relevant controllers and meetings between the relevant business managers and the reporting units. The CEO and the CFO have monthly meetings with divisional managers and divisional controllers. At these meetings, the division's income statement, balance sheet, cash-flow statement and other financial key data are discussed.

The Audit Committee communicates on a regular basis with the company's external auditors and the CFO, both at and between meetings. The Board of Directors receives a monthly report on business development. More detailed reporting is provided primarily by the President at all Board meetings. The Board of Directors regularly assesses the risks relating to financial reporting based on significant and qualitative factors.

Each year, the Board of Directors evaluates the need to establish a special internal audit function. In 2011, the Board did not consider this necessary. The Board considered that internal control is primarily exercised by:

- operative managers at various levels
- local and central finance functions
- through the Executive Committee's supervisory control

Due to this, in combination with the company's size, the Board of Directors currently does not consider it justifiable in financial terms to establish yet another function.

Auditors' report on the Corporate Governance Statement

To the annual meeting of the shareholders of Haldex AB (publ), corporate identity number 556010-1155

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2011 on pages 60-67 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the group we believe that we have a 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 auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Landskrona March 9, 2012

Michael Bengtsson
Authorized Public Accountant

Ann-Christine Hägglund
Authorized Public Accountant

Haldex share

Haldex has been listed on the Nasdaq OMX Stockholm Exchange since 1960. The company is included in the MidCap list, under the ticker symbol HLDX. A trading lot is one share.

The share capital in Haldex AB was SEK 221,079,850 allocated among 44,215,970 shares.

Distribution of shares in Concentric AB and the redemption program

The Annual General Meeting 2011 resolved that on a distribution of the shares in the wholly owned subsidiary Concentric AB. In light of the group's strong cash flow and balance sheet after the sale of the Traction Systems Division 2010, the AGM also resolved on a mandatory redemption of shares. The mandatory redemption procedure resulted in total distribution to the shareholders of SEK 1,459 million, corresponding to SEK 33 per share.

All shares in the wholly owned subsidiary Concentric AB were distributed, and each share in Haldex AB entitled the owner to one share in Concentric AB. The record date for entitlement to receive the Concentric shares was set to 13 June 2011. The shares in Concentric AB were distributed by Euroclear Sweden AB and listed at NASDAQ OMX Stockholm on 16 June 2011.

The AGM resolved, in accordance with the board's proposal, on a mandatory redemption of shares including a share split, a reduction of the share capital with repayment to the shareholders and a bonus issue. Each share was split into two new shares (share split 2:1), one of which was redemption share (HLDX IL). The record date for the share split was 4 July 2011. After a period of trading on NASDAQ OMX Stockholm, the redemption shares were redeemed in exchange of SEK 30 in cash. The record date for the right to receive the redemption amount is 25 July 2011.On July 28 the redemption amount of SEK 30per share was paid to holders of redemptions shares. Finally, in order to restore the share capital, a bonus issue without issuance of new shares was transfer funds from the non-restricted equity to the share capital.

Price trend and trading*

The turbulence on the world's stock exchanges was also reflected on the NASDAQ OMX Stockholm. NASDAQ OMX Stockholm decreased -18.1% in 2011, with the OMX Stockholm Industrial Index (industrial goods and services), the sector in which Haldex is included, also decreased -25.5%.

Total market capitalization at year-end 2011 was SEK 1,114 m (4,653).

A total of 57,9 million Haldex shares (34.2) were traded during 2011, corresponding to average trading volume of 229,012 shares (224,111) per day. The lowest price paid during the year was SEK 23.60* on November 23 and December 14 and the highest price was SEK 34.6* on August Trading on Nasdaq OMX Stockholm accounted for 78% of turnover (92) in the Haldex share during the year. The remaining 22% of trading took place in other markets as a result of the EU's MiFID Directive, which was implemented in 2007 and enables trading in marketplaces other than the one on which the share is listed.

The turnover rate for the share rose to 131% (128). On NASDAQ OMX Stockholm, the turnover rate declined to 95% (119) and the rate on the MidCap list was 66% (65).

*Refers to the trading in the Haldex share after the redemption procedure was finalized (29 July–31 December).

Incentive program

The Annual General Meetings in 2010 resolved to introduce a long-term performance-based incentive program under which senior executives and key personnel would be allotted employee stock options on condition that the participants become shareholders by making their own investment in Haldex shares in the stock market.

Under the 2010 program, each share acquired in the market provides entitlement, free of charge, to an allotment of ten employee stock options, whereby each option provides entitlement to the acquisition of 1.0 Haldex share. A prerequisite for allotment was that the company's operating margin exceeded 1%, excluding restructuring costs and nonrecurring costs/revenues from acquisitions or divestments during the 2010 fiscal year. Maximum allotment would occur if the company's operating margin, subject to the above, exceeded 4%. The employee stock options would be allotted based on the company's earnings outcome in 2010 and in accordance with decisions taken by the Board during 2011. Maximum allotment occurred in 2011.

According to the conditions in the program, the program were recalculated due to the capital structure changes that occurred due to the demerger of the group. Both strike price and number of shares that each option entitles to has been recalculated in accordance with generally accepted methods whereby the demerger and new capital structure cost in the end has not affected the cost for the Group or the benefit for the employee.

Shareholders

The number of Haldex shareholders increased 7% during 2011 to a total of 13,348 (12,502) at year-end. Swedish ownership increased slightly from 66% to 67% at year-end 2011.

Dividend and dividend policy

The Board's policy for the distribution of unrestricted capital to shareholders is to pay one-third of annual profit after tax over a business cycle to shareholders through the allocation and repurchase of shares, taking into account the anticipated financial position.

Data per share

	2011	2010	2009	2008	2007
Earnings, SEK	46.94	2.87	2.40	-1.25	4.06
Dividend, SEK	2.00	3.00	-	-	4.50
Market price at year-end, SEK	25.20	105.25	44.50	26.70	113.50
Equity, SEK	30.20	53.62	54.13	83.15	85.36
EBIT multiple	7	12	neg	12	12
P/E ratio	8	37	24	neg	18
Payout ratio, %	4	105	-	-	72
Payout ratio incl. redemption,%	-	1.150	-	-	72
Dividend yield, %	7.9	2.9	-	-	4.0
Dividend yield incl. redemption, %	-	31.4	-	-	4.0
Total return, %	26	137	157	-76	-28
Market price/equity, %	82	196	82	32	133

1) Has been adjusted for the bonus issue effect via the new share issue.

For the 2011 fiscal year, the Board intends to propose that the Annual General Meeting approve an ordinary dividend of SEK 2:00 per share.

Communication with the market

Representatives from Haldex regularly meet analysts, lenders and shareholders in order to provide a continuous view of the performance during the financial year. The published interim reports and the annual report are distributed to shareholders upon request. The documents may also be downloaded in PDF format from Haldex' website and through external providers, for example via Dagens Industri's website. Press releases, interim reports and the year-end report are published on the website in Swedish and English in accordance with the regulations of the stock exchange.

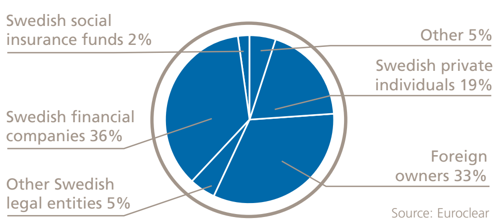
Financial information for 2012

Annual Report 2011 (available at www.haldex.com)	March 28
Annual General Meeting at 16:00 PM CET in Landskrona. Venue: Landskrona Slott, Citadellet	April 18
Q1: Interim report January – March	April 25
Q2: Six Month report January – June	July 20
Q3: Interim report January – October	November 6
Q4: Year-End report January – December	February 2013

Shareholders and number of shares

	2011	2010	2009	2008	2007	2006
Number of shareholders	13,348	12,502	10,486	8,576	8,382	10,305
Average number of shares, thousands	44,133	44,216	34,020	21,920	21,980	22,065
Number of shares at year-end, thousands	44,216	44,216	44,216	21,920	21,920	22,065

Ownership structure, December 30, 2011



Ten largest shareholders, December 30, 2011

Name	No. of Shares	Percent of votes and capital
Öresund, Investment AB (Creades AB)	5,802,625	13.1
Handelsbanken fonder	2,549,872	5.8
Skandinaviska Enskilda Banken S.A., NQI	2,454,537	5.6
Afa Försäkring	2,000,000	4.5
Unionen	1,296,753	2.9
JPM Chase NA	1,229,081	2.8
J P Morgan Clearing Corp, W9	1,200,790	2.7
CBNY-DFA-INT SML CAP V	1,034,178	2.3
SSB CL OMNIBUS AC OM07 (15 PICT)	1,031,044	2.3
CANADIAN TREATY CLIENTS ACCOUNT	839,544	1.9
Total ten largest shareholders	**19,438,424**	**43.9**
Total other shareholders	24,777,546	56.1
Haldex AB – treasury shares	0	0
Total	**44,215,970**	**100.00**

Source: Euroclear

Ownership structure, December 30, 2011

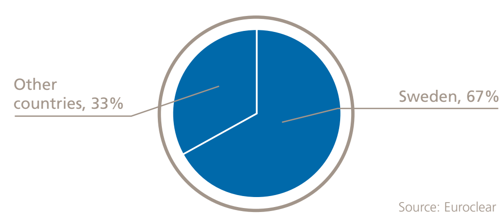
Shareholding	No. of shareholders	No. of shares	Percent of total
1 – 500	8,728	1,724,857	3.9
501 – 1 000	2,234	1,908,197	4.32
1 001 – 5 000	1,931	4,519,072	10.22
5 001 – 10 000	211	1,641,775	3.71
10 001 – 15 000	68	891,845	2.02
15 001 – 20 000	34	616,591	1.39
20 001 –	142	32,913,633	74.44
Total	**13,348**	**44,215,970**	**100**

Source: Euroclear

Changes in share capital since 1995

	Increase in share capital SEK m	Share capital, SEK m	Number of shares
1995 Beginning of the year		93	4,645,046
1995 Share split 4:1			18,580,184
1998 New issue 1:5/95	18	111	22,296,220
2009 New issue 1:1	110	221	44,215,970

Geographic distribution of ownership



The following analysts follow the development of Haldex on a regular basis

ABG Sundal Collier .... Erik Pettersson
Carnegie .... Kenneth Toll Johansson
Danske Bank .... Björn Enarsson
Handelsbanken Capital Markets ..... Hampus Engellau, Jon Hyltner
SEB Enskilda .... Stefan Cederberg, Anders Trapp
Swedbank Markets .... Mats Liss
Pareto Öhman .... David Jacobsson

Five-year summary, Haldex Continued Operations

Five-year summary

	2011	2010	2009	2008	2007
Net sales, SEK m	4,030	3,710	3,134	4,234	4,529
Operating income, SEK m[1]	235	162	-60	4	166
Operating income, SEK m	235	110	-112	-92	116
Operating margin, %[1]	5.8	4.4	-1.9	0	3.7
Operating margin, %	5.8	3.0	-3.6	-2.2	2.6
Return on capital employed,%[2]	10.1	5.9	-5.2	-3.1	4.9
Depreciation, SEK m	146	146	144	160	140
Investments, SEK m	100	146	103	232	259
Number of employees	2,365	2,220	2,169	2,856	3,149

Quarterly Report

	2011					2010				
Amounts in SEK m	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Net sales	952	1,026	1,017	1,035	4,030	881	977	977	875	3,71
Cost of goods sold	-680	-747	-761	-779	-2,967	-630	-694	-690	-641	-2,656
Gross income	**272**	**279**	**256**	**256**	**1,063**	**251**	**283**	**287**	**234**	**1,054**
	28.6%	27.2%	25.2%	24.7%	26.4%	28.5%	29.0%	29.3%	26.7%	28.4%
Sales, administrative and prod. development costs	-215	-209	-195	-210	-829	-216	-238	-236	-205	-895
Other operating income and expenses	-2	-4	4	3	1	-5	-2	-52	9	-50
Operating income[1]	**55**	**66**	**65**	**49**	**235**	**30**	**43**	**-1**	**38**	**110**
Financial income and expense	1	6	-12	-12	-18	-17	-21	-17	-13	-68
Earnings before tax	**56**	**72**	**53**	**37**	**217**	**13**	**22**	**-18**	**25**	**42**
Taxes	-18	-27	-18	-13	-75	-4	-7	6	-8	-13
Net profit/loss	**38**	**45**	**35**	**24**	**142**	**9**	**15**	**-12**	**17**	**29**
of which non-controlling interests	*2*	*3*	*0*	*1*	*6*	*1*	*2*	*2*	*0*	*5*

Operating income

	2011					2010				
Amounts in SEK m	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Restructuring costs	-	-	-	-	-	-	-	-53	-	-53
Operating income excluding restructuring costs	**55**	**66**	**65**	**49**	**235**	**30**	**43**	**52**	**38**	**162**

Quarterly key figures

	2011					2010				
Amounts in SEK m	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-year
Operating margin, %[1]	5.8	6.4	6.4	4.8	5.8	3.4	4.4	5.3	4.3	4.4
Operating margin, %	5.8	6.4	6.4	4.8	5.8	3.4	4.4	-0.1	4.3	3.0
Cash flow after net investments	-143	-40	40	152	9	-26	22	42	-25	13
Return on capital employed, %[1,2]	9.7	10.1	10.4	10.1	10.1	0.3	3.5	6.4	8.7	8.7
Return on capital employed,%[2]	7.0	7.7	10.4	10.1	10.1	0.3	3.5	3.5	5.9	5.9
Investments	32	20	22	26	100	20	46	42	38	146
R&D,%	3.6	3.5	3.4	3.2	3.3	4.1	3.7	3.6	4.2	3.9
Number of employees	2,346	2,418	2,360	2,365	2,365	2,106	2,198	2,315	2,220	2,220

[1] Excluding restructuring costs.
[2] Rolling 12-month basis.

Definitions

Capital turnover rate
Net sales divided by average total assets less non-interest-bearing liabilities.

Debt/equity ratio
Net debt as a percentage of shareholders' equity.

Direct yield
Dividend divided by market price at year-end.

Earnings per share
Net income for the year divided by average number of shares.

EBIT multiple
Market value at year-end plus net debt divided by operating income.

Equity/assets ratio
Shareholders' equity as a percentage of total assets.

Gross margin
Gross profit, i.e. net sales less cost of goods sold, as a percentage of net sales.

Interest coverage ratio
Operating income plus interest income divided by interest expenses.

Net debt
Interest-bearing debt less liquid assets.

Operating margin
Operating income as a percentage of net sales.

P/E ratio
Market value at year-end divided by earnings.

Payout ratio
Dividend divided by earnings per share.

Profit margin
Operating income plus interest income as a percentage of net sales.

R&D, %
Costs for research and development as a percentage of net sales.

Return on capital employed
Operating income plus interest income as a percentage of average total assets less non-interest-bearing liabilities.

Return on equity
Net income for the year as a percentage of shareholders' equity on average.

Return on total assets
Operating income plus interest income as a percentage of average total assets.

Total return
Market price at year-end, including dividend, divided by marketprice at beginning of year.

ABBREVIATIONS

ABA
Automatic Brake Adjuster

ABS
Antilock Brake System

ADB
Air Disc Brake

CVS
Commercial Vehicle Systems

EBS
Electronic Brake System

EMB
Electronic Mechanical (Disc) Brake

ModulAir
Air dryer product range with modular design

TCM
Trailer Control Module

TTM
Trailer Control Module

Board of Directors

1 Magnus Johansson*

Born 1955. Elected 2011.
B.A.
Senior Vice President Group Demand Chain of SKF AB since 2011. Magnus Johansson has held a number of management positions within the SKF Group since 1981, latest as President of SKF China (2005 - 2009), and after that as Senior Vice President Business Development and Government Relations.
Shareholding: -

2 C.S. Patel*

Born 1939. Elected 2011.
Bachelor of Engineering (ME), MSc (Industrial Engineering), MBA.
Previously President and CEO of Anand Automotive Ltd, Inda.
Before that operations analyst within Ford Inc, USA.
Shareholding: -

3 Göran Carlson**

Chairman of the Board since 2011.

Born 1957. Member since 2010.
M. Sc. Economics and MBA.
Previously President of Ur & Penn – Erling Persson AB, President and owner of c/o Departments & Stores AB and founder of Medstop AB, a chain of pharmacies.
Deputy Chairman of Svenskt Tenn AB.
Deputy Chairman of Medstop AB.
Shareholding: 2,306,356 shares of Haldex AB.

4 Camilla Hult

Born 1968. Member since 2009.
Represents IF Metall.
Shareholding: -

5 Stefan Charette**

Born 1972. Elected 2009
MSc Mathematical Finance, BSc Electrical Engineering.
CEO of Creades AB.
Previously CEO of Investment AB Öresund, AB Custos and President of the Brokk Group. Corporate advisor for multinational corporations at Lehman Brothers and Salomon Smith Barney.
Chairman of the Board of Directors in Concentric AB, Note AB and Global Batterier.
Board member of Transcom S.A., Bilia AB, Creades AB
Shareholding: 50,825 (including companies, insurance and pension)

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6 Anders Thelin*

Born 1950. Elected 2007.
Member of the Compensation Committee.
M.Sc.ME.
President of Sandvik Venture AB since 2012. Member of Sandvik's Group Managment. Previously held several senior executive positions within Sandvik, such as President of Sandvik Coromant and Sandvik Tooling.
Chairman of the Board and Board member of a number of companies in the Sandvik Group.
Shareholding: 9,000

Peter Sundvall (not present)
Born 1971. Deputy member since 2011.
Represents the Federation of Salaried Employees in Industry and Services in the Haldex Group.
Shareholding: -

7 Fredrik Hudson

Born 1974. Deputy member since 2011.
Represents IF Metall.
Shareholding: -

8 Arne Karlsson*

Born 1944. Elected 2003.
Member of the Audit Committee.
M.Sc. Economics.
Has held several executive positions in Scania both in Sweden and abroad. Last position responsible for Commercial Systems, Scania AB, London and Executive Vice President Scania AB.
Chairman of the Board and Board member of a number of companies in the Scania Group. Member of the Board of Finnveden Bulten AB.
Shareholding: 2,000

9 Björn Cederlund

Born 1942. Member since 1994.
Represents the Federation of Salaried Employees in Industry and Services in the Haldex Group.
Shareholding: 1,000

10 Caroline Sundewall*

Born 1958. Elected 2003.
Chairman of the Audit Committee since 2007.
M. Sc. Economics.
Has worked at Chase Manhattan Bank and Handelsbanken, and as stock exchange and business columnist at Dagens Industri, Affärsvärlden and Finanstidningen, and as business controller at Ratos, and manager of the business editorial staff and stock exchange columnist at Sydsvenska Dagbladet. Since 2001, independent consultant at Caroline Sundewall AB.
Chairman of the Board of Svolder AB and the Streber Cup Foundation.
Member of the Board of Ahlsell AB (chairman of the audit committee), Lifco AB, Mertzig Asset Management, Pågengruppen AB, Södra AB, Södra Cell and Tradedoubler (chairman of the audit committee).
Shareholding: 3,000 via Caroline Sundewall AB.

* Independent in relation to the company, Group Management and largest shareholders.
** Independent in relation to the company and Group Management, but not in relation to the largest shareholders.

Management

Ulf Ahlén
CEO and President

Born 1948. Employed since 2011.
Education: Upper Secondary Economics Major
Previous employment: Various position within Haldex, BorgWarner, Volvo Cars, Opcon
Shareholding: 8,000
Employee Stock Options: -

Pramod Mistry
CFO

Born 1970. Employed since 2006.
Education: CIMA
Previous employment: Various positions within Haldex, TEREX
Shareholding: 23,700
Employee Stock Options: 10,000

Jay C. Longbottom
Executive Vice President Air Controls and President North American operations

Born 1953. Employed since 2002.
Education: B.A. M.B.A.
Previous employment: Various positions within Haldex, SKF
Shareholding: 28,000
Employee Stock Options: 20,000

Andreas Ekberg
Senior Vice President Foundation Brake

Born 1969. Employed since 1998.
Education: M. Sc Business and Economics
Previous employment: Various positions within Haldex, Tarkett
Shareholding: 3,500
Employee Stock Options: 10,000

Andreas Richter
Senior Vice President Sales & Marketing

Born 1965. Employed since 1993.
Education: BSME
Previous employment: Various positions within Haldex
Shareholdings: 9,000
Employee stock options: 10,000

Pete Lazar
Senior Vice President Human Resources

Born 1953. Employed since 2000.
Education: B.A., Business Administration and Political Science
Previous employment: Various positions within Haldex, Dr. Pepper/ Seven Up Bottling Group.
Shareholdings: 1,000
Employee stock options: 10,000

Greg Vassmer
Senior Vice President R&D and Quality

Born 1956. Employed since 2003.
Education: M.Sc. Mechanical Engineering
Previous employment: Various positions within Haldex, SKF
Shareholdings: -
Employee stock options: -

AiChang Li
Senior Vice President Head of China

Born 1960. Employed since 2006.
Education: Master in Mechanical Engineering.
Previous employment: Various positions within western Automotive Companies in China.
Shareholdings: -
Employee stock options: 10,000

Auditors:

Michael Bengtsson
Authorized Public Accountant,
PricewaterhouseCoopers AB.
Auditor in Haldex since 2007.

Ann-Christine Hägglund
Authorized Public Accountant,
PricewaterhouseCoopers AB.
Auditor in Haldex since 2010.

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