Haldex

Innovative Vehicle Solutions

ANNUAL REPORT **2012**

Content

Haldex in brief

Haldex develops, manufactures and distributes products for brake and suspension systems on commercial vehicles. Our customers include manufacturers of heavy trucks, buses and trailers and axle manufacturers for these types of vehicles. Other applications as military vehicles and agriculture vehicles are also served. The product portfolio comprises all of the main components and sub-systems included in a complete brake or suspension system. Haldex has a global presence in terms of sales, research, development, technical service and production. Net sales amounted to approximately 3,9 billion SEK in 2012. Manufacturing takes place in Sweden, Germany, Hungary, China, India, Brazil, Mexico and the USA. The company employs approximately 2,200 people.

Haldex in the world

Highlights 2012

Haldex opened new plant in Brazil

Haldex inaugurated a new manufacturing facility in São José dos Campos in March 2012. The activities in São Paulo, Flores da Cunha and Rio de Janeiro sites were consolidated into this new manufacturing facility.

70 millionth Brake Adjuster

Haldex began the serial production of Automatic Brake Adjusters over four decades ago. Today the company has a 60 percent share of the world market. In 2012, Haldex celebrated the production of the 70 millionth Brake Adjuster, which left one of the production sites in Sweden, USA, Brazil, India, or China.

Haldex and Master strategic partners in Brazil

Haldex and Master Sistemas Automotivos Limitada, confirmed the closing of a long term collaboration contract. The partnership includes manufacturing, sales and technical support of commercial vehicle trailer anti-lock systems for pneumatic brakes (Trailer ABS). Total sales resulting from this agreement is estimated at more than 300 MSEK during the initial five year period.

Global supply agreement for Automatic Brake Adjuster

Haldex has signed a Long Term Agreement (LTA) with a global truck manufacturer for the continued global supply of Haldex Automatic Brake Adjusters (ABA). The total value of the agreement is estimated to be 350 MSEK over a five year period.

Fleet+ winner of the Trailer Innovation Award 2013

Every two years, leading road transport magazines from ten European countries award innovative vehicle solutions. In September 2012, during the IAA commercial vehicle show in Hannover, Germany, Haldex Fleet+ was awarded the prestigious Trailer Innovation Award 2013 in the category "Smart Trailer". Fleet+ monitors trailer operations to maximize overall safety and optimize the total cost of ownership.

Fliegl trailers incorporate Haldex TEM® Safe Parking

Haldex and German trailer manufacturer Fliegl have signed an agreement to incorporate the Haldex Trailer Emergency Module TEM® Safe Parking as standard equipment in all trailers produced from January 2013. The multi-award winning Safe Parking function prevents the most frequent causes of accidents during coupling and uncoupling between truck and trailer.

New laboratory at the Suzhou plant in China

Haldex has expanded the Suzhou manufacturing plant with a comprehensive laboratory in order to develop and produce products for the Chinese market. The product development activities have been intensified to meet local demands.

Key figures

	2012	2011
Net sales, SEK m	3,933	4,030
Operating income, SEK m[1]	210	235
Operating income, SEK m	150	235
Operating margin, %[1]	5.3	5.8
Operating margin, %	3.8	5.8
Earnings before tax, SEK m	106	217
Earnings after tax, SEK m	49	142
Earnings per share, SEK	1:02	3:08
Proposed dividend, SEK	1:00	2:00
Return on capital employed, %	9.8	10.1
Equity/assets ratio, %	48	47
Cash flow after net investments, SEK m	120	9
Investments, SEK m	118	100
Number of employees	2,200	2,365

[1] Excluding restructuring costs

Solutions for commercial vehicles

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 as an innovative solution provider, with a focus on brake and air suspension products.

Core values

Customer first - Respect for the individual - Passion for excellence

Strategy

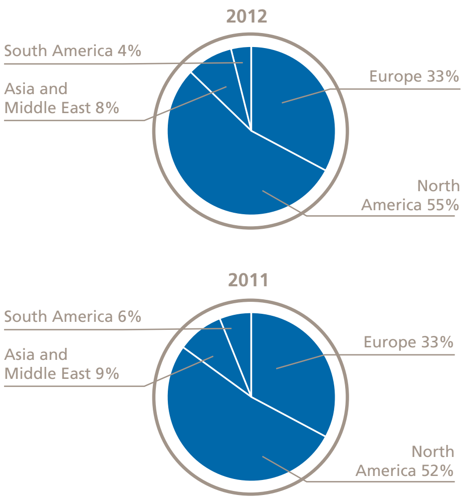
Haldex will:

- Use its leading market position in the USA and Europe to take full advantage of the strong commercial vehicle 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 innovation, growth and profitability.
- Build on our strong position in the aftermarket, promote product benefits, and provide technical support and excellent customer service.
- Focus on supply chain performance to meet the growth in demand due to market recovery.
- Drive continuous improvements in quality, productivity and cost efficiency.

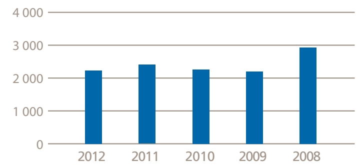
Haldex Way

Haldex runs a continuous improvement program named Haldex Way. A new version of Haldex Way, with an updated certification process for the manufacturing sites, is under development and with a planned launch during 2013.

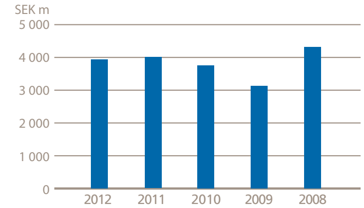
Net sales per region



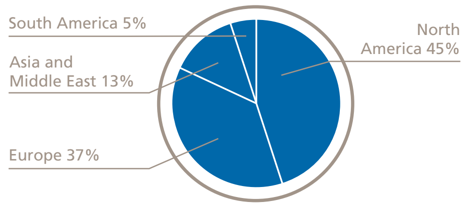
Number of employees



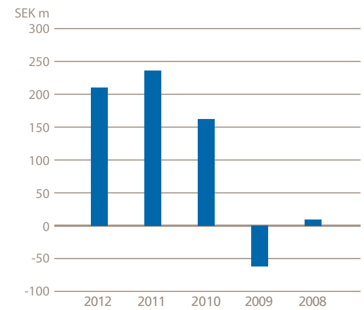
Net sales



Number of employees per geographical market



Operating Income, SEK m*



* Excluding restructuring costs

Previous years relates to Haldex Continued Operations.

Business and market overview

Haldex' products improve safety, the environment, and vehicle dynamics for commercial trucks, trailers and buses. Haldex has a global market share of approximately 15%, and a significantly higher share in some product areas. Until mid 2012, operations were conducted in the two business units, Air Controls and Foundation Brake, which still exist as product lines in the financial reports. To further improve customer focus, Haldex reorganized the company into a functional organization from mid 2012, and approaches the market via three customer segments: Truck, Trailer and Aftermarket.

Truck

Haldex is supplying global truck manufacturers with a portfolio of selected products. By doing this, we increase our customer's competitiveness and support them in their desire for more optimized transport solutions. Customer needs are identified and innovative solutions provided. Haldex can spearhead premium products for leading OEM's, with the objective to be a preferred supplier in certain areas.

Trailer

In the trailer segment, Haldex is a clear market leader in certain product areas and have strong global presence. The technical complexity rapidly increases in trailers. The OEM's will in a near future, depend on competent partners that understand their complete need. With a complete trailer product range, Haldex is well-equipped to take a strong position.

Aftermarket

The aftermarket accounts for about 45% of Haldex' annual turnover. As the aftermarket generally is more stable over business cycles than OEM production of trucks and trailers, this segment is very important. Haldex focuses on delivering premium products that will improve customer's total cost of ownership due to higher quality and longer life span.

Major customers

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

Competitors

The major competitors are Knorr Bremse and Wabco. Meritor 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.

On the road forward

As this is my first year as CEO for Haldex, I would like to express my joy and enthusiasm for getting the opportunity to lead this fine company. With more than 15 years in managing positions in both the automotive and manufacturing industry, I look forward to using my knowledge and experience to steer Haldex in the right strategic direction.

There are no doubts that the commercial vehicle industry has a bright future. The need for goods transportation increases as population and economies grow, which is specifically significant within the emerging markets. However, the urbanization trend, with more people in cities, requires more trucks, trailers, and buses to manage the demand on timely delivery of goods and peoples' transportation needs. These global driving forces are often supported by local legislation promoting safety and the environment. For Haldex this is good news, since our innovative products will support our customer's management of legal requirements; in the end, it also contributes to, for example, better safety levels of a school bus in China or a lighter trailer, reducing fuel consumption in a congested metropolitan area.

Customer first

Even if the longer term business environment is favorable for us, Haldex is not unaffected by the financial turmoil, which certain regions, particularly Europe, have experienced the last couple of years. To increase competitiveness, companies within the commercial vehicle industry have a strong focus on continuously reducing costs, and so does Haldex. We are managing a number of initiatives involving product rationalizations and sourcing activities to improve our cost efficiency. In addition, we are taking advantage of the better cost base in some regions of the world and moving production of relevant products to benefit from improved competitiveness.

Report from the CEO

One of Haldex' core values is to put the customer first. In 2012, we decided to restructure into a functional organization, which will improve our ability to service our customers. The new organization is flatter, leaner, and provides a platform for capturing synergies in a better way. This makes it easier to do business with Haldex and is at the same time more efficient. The commercial function has regional leadership, which are part of the Group Management Team, with a clear focus to be a fast, responsive, and value-adding partner to our customers. The former business units, Foundation Brake and Air Controls, are now product lines rather than organizational units.

The aftermarket provides stability

The overall Truck and Trailer markets were challenging during 2012. The first half year in North America was very strong, while Q3 became softer and Q4 weak; however, all in all, a stronger year than 2011. Europe was fairly stable over the quarters, but in total, slightly down versus the year before. Different to past years, the emerging markets had a very weak development in 2012, with negative growth of 15-30% in our Chinese, Indian and Brazilian markets. Haldex market position was kept at a fairly stable level in all our major sales regions, where North America represents 55%, Europe 33%, and the Emerging markets 12% of total sales. Considering the market conditions, it's comforting to see that the operating profit before restructuring costs came in at 210 million SEK and the operating margin at 5,3%, still in line with the higher level of + 5% achieved since 2011. Total sales for 2012 amounted to 3,933 billion SEK and the result after tax was 49 million SEK.

Haldex' products have a strong position among the OEM customers, which over the years, have developed a large installed base of Haldex products in Truck, Bus, and Trailer fleets around the world. This has successfully developed our aftermarket business to be approximately 45% of our total sales. In a demanding marketplace, this serves as a stable platform, reducing the dramatic effects of changing business cycles and supports the recognition of the Haldex brand.

Growing the emerging markets

As stated previously, the emerging markets in a total industry perspective were a disappointment in 2012, but these markets still represent an enormous potential. While the established markets normally follow the business cycles with moderate growth rates over the cycles, the emerging markets provide longer term growth rates in a different league, due to scale. China is now clearly the number one Truck market in the world and accounts for more than one third of all trucks built, and there is still a large need ahead of us. It is, therefore, important to protect and grow our market shares in these markets.

The key to success in the fast-growing emerging markets is the ability to adapt our products to local conditions. During the years, Haldex has been successful in localizing functional and cost-efficient versions of our products manufactured in our plants in China, India and Brazil. We also see complementing opportunities of more sophisticated products for niche applications growing as the quality demands are increasing and legal requirements are driving towards more advanced technology; for example, air disc brakes to buses in China.

Outlook 2013

We have a solid foundation and market leadership for key products, a strong aftermarket position, and a base to develop in the emerging markets. During the last financial crisis, significant work was done to rationalize the operational footprint and make the company more flexible with a lower breakeven point; all beneficial to the positive development of our results.

Our market outlook for 2013 is cautious for North America and Europe, while we expect a positive development in the emerging markets. We have a financial objective to reach a 7% operating margin and will take new steps to improve our cost position and invest in development efforts to try to bridge the gap from where we are today towards reaching our goals.

The Haldex spirit

Being new to the company, it didn't take me long to recognize the Haldex spirit. It's very evident that our employees are service-minded and want to "go the extra mile" to satisfy our customers. It's been a pleasure to visit our different sites and meet people who are knowledgeable, dedicated, and hard working. I appreciate all the good contributions made by Haldex employees during 2012 and look forward to sustaining the Haldex spirit in 2013.

Landskrona, March 14, 2013

Bo Annvik, President and CEO

Increasing need for goods transportation

People need goods. That's the fundamental idea behind the transportation industry, and thus for the manufacturers of commercial vehicles. Important factors that affect the overall need for goods are macroeconomic trends and demographic changes.

A growing economy has a positive impact on the commercial vehicle industry. Production volumes of commercial vehicles for the established markets in North America and Europe follow the concurrent financial cycles, while countries like China and India in the long term are expected to show sharply increasing production volumes. Growing population and an urbanization trend both increase the need for goods transportation, and the forecast for 2013 indicates a more positive development in these markets.

Global truck sales have been on a rising trend the last 15 years, from 1.5 million sold vehicles in 1996 to 2.5 million in 2011. The biggest growth has been in Asia, which now accounts for 60% of all sold trucks.

Driving forces

An Original Equipment Manufacturer (OEM) of commercial vehicles, as well as Haldex, has to consider a number of driving forces that affect their business, including:

- Legislative requirements and implementation
- Environmental demands
- Focus on total cost of ownership
- Demand for longer product life
- Increased involvement of alternative suppliers

Improved environmental footprint is an important driving force for OEMs. Governments, and customers, demand reduced emissions from the road traffic. In Europe, the new emission standard, EURO6, is enforced from January 2014 and in other regions standards according to EURO5 are currently being implemented. Therefore, much of the OEM's present focus is to develop more energy efficient engines and lighter vehicles.

Vehicle and road safety is another priority. 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. Electronic Stability Control is required for all new vehicles in Europe from 2014.

Localizing business strategies

To secure Haldex' business in all relevant parts of the world, we have to adapt our business strategies to the varying needs of different market regions. In the established markets in North America and Europe, Haldex' products are well represented among major OEMs. As we continue to serve our customers in our established markets, we also need to take necessary measures not to miss any opportunities within the emerging markets.

Haldex, and the commercial vehicle industry, are challenged with a number of factors: cost sensitivity, demand for easy service of vehicles, different utilization of vehicles (overload), infrastructure quality (demanding robust vehicles), vehicle financing/purchasing patterns, etc. To identify customer needs, Haldex supports prioritized markets with local representation. This is backed up by Haldex' global platform development centers, which adapt our products to local specifications.

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 to the commercial vehicle market in general.

- Haldex has strong aftermarket sales, approximately 45% of our total sales. Since fluctuations within the aftermarket are normally quite small, aftermarket sales have a stabilizing effect during economic cycles.
- Depending on the regional market, products with different technical specifications are used. In Europe, disc brakes are installed in 75% of all new commercial vehicles, compared to 5% in North America, where drum brakes are most specified.
- 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.

North America

Production of commercial vehicles in North America peaked in 2011, and the high volumes continued through 2012. In light of the economic uncertainty it is hard to assess the market development in North America, however the forecast for 2013 shows a slightly negative development in the expected productions volumes.

An ongoing trend among the fleets is to keep vehicles over a longer time, and they tend to specify premium components with long life span and warranty, which favor Haldex' products. This has a positive effect on aftermarket sales as well, which improved slightly during 2012. Remanufacturing of used products is common and accounts for a substantial part of the North American aftermarket sales.

2012 was the first in the 4-year implementation plan for new federal rules requiring a 30% shorter stopping distance. North American OEM's have solved the issue in most cases by simply ordering wider drum brakes for their vehicles, alternatively by equipping some of the axles with disc brakes.

Europe

The establishment of a single European market, has for decades boosted a trend with transporting goods over longer distances, stimulating the production of of commercial vehicles. In 2012 though, the production volumes were slightly down, due to the financial instability. A generally more restrictive credit policy among European banks affects companies in all branches, also fleets and transporters. Bearing in mind the financial circumstances, the production volumes reached must be considered as fair.

The new European emission standard, EURO6, will be effective for all new vehicles from January 2014. This will increase the cost for new trucks and possibly render a pre-buy effect during the second half of 2013. The countries within EU are, during a 3-year period, implementing electronic stability control (ESC) in heavy vehicles, which will be mandatory by the end of 2014.

South America

Brazil is the largest and most important market in South America, with a strong economy and self-sufficient with oil and gas. Compared to many other emerging markets, Brazil is technically mature, partly due to a progressive legislation that stimulates development within the commercial vehicle industry. From 2012, new emission standards equivalent with EURO5 were effective. The pre-buy effect that occurred late 2011 resulted in lower production volumes the first half of 2012, but we have seen a recovery during the latter half of the year.

During 2012, the OEM's started to prepare for ABS technology. By January 2013, 40% of all new commercial vehicles had to be equipped with ABS, which will be mandatory for all new commercial vehicles by January 2014. Up to now, very few heavy vehicles were equipped with ABS in Brazil.

In 2016, Brazil will host the Summer Olympic Games. Large infrastructural projects are planned and substantial volumes of trucks and buses are expected to be ordered to handle transportation of goods and people before and during the games.

Asia and the Middle East

Asia and the Middle East represent an enormous potential for the commercial vehicle industry. Fast growing economic wealth and demographic development are leading the way for increased goods transportation. However, the financial crisis has also hit these regions and dramatically slowed down the market activity. In China, several years of rapid growth was followed by decreasing production volumes in 2011, as well as in 2012 (down 13%). That said, Asia is still by far dominating global sales of commercial vehicles with its 60% share.

Traditionally cost sensitive customers in China have requested low-cost vehicles. The trend is moving towards better quality and more sophisticated technology. Customer demand in combination with new legislation regarding ABS, emissions and automatic brake adjustment, support the trend. Ambitious infrastructure projects also promote increased road transportation.

The Indian government has introduced a state program to upgrade roads and expand the infrastructure. This will drive a demand for commercial vehicles over time. Legislative work is also in progress in India, by 2014-2015 new ABS regulations are expected to be effective. In emerging markets like India, new regulations can transform the market rapidly.

HALDEX STORY # 117

Mr disc brake ambassador

To be a fully customer orientated company you actually need to listen to… the customers. To sell you need to have sales people. And to have any products to sell you need technical brains. If you join these roles into one hybrid person you get Jeffrey Stokes. He is the New Zealander who in his youth moved to England where he grew up. Several years later he met his Swedish wife, who eventually brought him to Sweden, where he joined Haldex.

– As a product manager for disc brakes working globally, my mission is to align Haldex closer to our customer's needs, says Jeffrey Stokes. Customer focus is in Haldex' DNA and in our strategies, so having a proactive relationship with our customers comes naturally. I travel a lot to meet our customers, to understand their needs and to explain how they can benefit from Haldex' new generation air disc brakes, ModulT.

Europe is, and will continue to be, the largest volume market for Haldex' disc brake products. But the emerging markets in Asia, China in particular, are right now maturing fast and there is a fast rate of demand growth for more sophisticated and technically advanced products.

– In China legislation and a strong customer demand promote Haldex' innovative products, says Jeffrey Stokes. When I talk to Chinese OEMs within both truck, trailer and bus, I notice that Haldex' products are highly regarded. What they appreciate most is our ability to understand their needs and by that localise our products. From my point of view Haldex is well positioned to meet the demand for disc brakes in China, since we have quality products, commercial compatibility and, of course, the right customer focus.

Award winning safety solutions

Haldex' products have one common denominator – the overall purpose to improve vehicle and road safety. Our safety profile is widely appreciated by the market, and during the years, Haldex' products have been recognized with several prestigious awards. These recognitions from the commercial vehicle industry are important to Haldex, especially as they confirm our strategy to be a producer of "Innovative Vehicle Solutions".

Our products are also designed to increase the end user vehicle utilization through smart solutions that increase vehicle up-time. This is achieved through reliability and reduced down time by providing information that allows for more efficient use of the vehicle, and vehicle down time avoidance through improved prognostics.

Investing in the future

Innovation does not come easy. Nor is it something that comes by chance. Every new feature, product, or solution require countless hours in Haldex' development centers around the globe. Throughout 2012, Haldex continued to invest in product development activities ensuring long term new and existing product platforms.

Haldex has a strong track record in industrializing innovations and bringing them to market. We develop ideas and partner with customers, from the concept stage to actual production launch, in order to ensure that these products are capable of meeting customer's specific demands for fit, function and to meet specific market requirements. Haldex strives to satisfy each customer's unique requirements, which calls for solid knowledge of the customer, the application, the market, and a strong foundation of platform product development.

A competitive industry

The commercial vehicle industry is highly competitive. Vehicle OEM's continuous development of their vehicles is critical for the truck, bus, and trailer manufacturers to defend their market positions and sales. The market is complex, with Haldex supplying product to the vehicle OEM's to provide value to the end users, ranging from single vehicle owners to large multinational fleets. General market requirements that affect Haldex' product development, include:

- continuous cost and quality efficiencies
- legislation to increase vehicle and road safety
- increased environmental awareness
- improved vehicle dynamics
- increasing information systems, providing diagnostic, prognostic and usage data

Haldex' ability to anticipate and stay on top of market trends, local legislative demands, and customer applications, helps us to focus our innovative resources to move the technological boundary forward. This enables us to serve the transport fleets, together with truck and trailer OEM's as Haldex offers demanding global customers market-specific product solutions.

Local development

Haldex' proven ability to adapt products to different regional requirements is a critical factor in our success. In established markets such as Europe, technically advanced solutions are requested by OEM's supporting optimized lifetime cost and usage of the vehicle. On many emerging markets, other factors such as low initial purchase cost and ease of maintenance. By developing products for these varying market demands, Haldex has a sustainable global strategy for growth in all markets.

It is our development centers that develop core technologies, which are distributed and adapted in 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. This is achieved through the use of core technology development centers who work with the regional development and application centers who liaise with customers to capture requirements and define suitable product configurations for the application. Product customization may happen locally, or back at the core technology site, depending on the complexity and the relevance of any developments to other markets.

The companies development projects are monitored centrally to provide a clear overview and maximize efficiency. This is managed through the application of the Haldex Project Management Model to ensure that the principle behind our company management system, the Haldex Way, is also applied to product development. Specifically, this relates to constantly striving for efficient development processes and continuous improvement.

During 2012, Haldex industrialized the Universal Trailer ABS product (UABS) for its launch in Brazil in Q1 2013. Development engineers in Europe have worked in close collaboration with our team in Brazil and with our target customer. This collaboration has supported vehicle fitment trials and the development of specific auxiliary components for this customer, resulting in having the right product to meet the Brazilian ABS legislation mandate from January 2013.

Academic partnerships

Haldex cooperates with a number of universities and colleges around the world. These include the Royal Institute of Technology in Stockholm and the Faculty of Engineering at Lund University, both in Sweden, the University of Aalen in Germany and Cambridge University in the UK. By creating partnerships with leading research institutes, we gain access to, and participate in, the latest findings in our field of interest and other applicable topics. As a part of our relationship with universities, Haldex regularly supports students to complete their master's degree projects at our company.

Haldex has extensive use of test track facilities, where we have a vehicle test team and a core fleet of test vehicles. The sites provides Haldex with a wide spread of test surfaces that support our vehicle development and homologation activities.

HALDEX STORY

123

The innovative journey of Fleet+

– It was in the early 2000's, says Franck Bordes, European Sales Director at Haldex. The Haldex R&D had written a software to monitor and store important data during the development phase of EB+ Generation 1. One day I sat beside the engineers and realized that this software could be really powerful. Recording trailer data could be valuable to analyze how the trailer is utilized, not only for Haldex but also for Trailer OE, Fleets and other companies like axles or tire manufacturers.

– Finally the software integrated as a part of the EB+ Gen 1 product, under the name "Fleet Log Reader". It was immediately well received and customers started to support it. In 2005 we launched the second generation and also changed the name to "Fleet+ v2".

Fleet+ v2 became a popular tool to analyze trailer operations. It was used for training purposes to improve driver behavior, to rationalize the vehicles total costs of ownership, but also for incident evaluation. In 2010 the third generation of Fleet+ was launched, now analyzing even more parameters like road condition monitoring, total trailer mileage and extended possibilities to filter out vehicle data.

Today Fleet+ v3 is a mature product, long ahead of the competition. This was recognized last September when Fleet+ v3 won the Smart Trailer category at the Trailer Innovation Awards 2013 in Hannover, Germany.

– It was a great feeling to step up on the stage to receive that prize in front of the German industry, says Franck Bordes. I'm especially proud for Haldex to receive this award for the 3rd consecutive year. It was for sure the reward for the long and dedicated work our engineers have put into this innovative product!

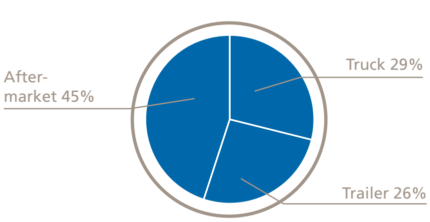
Serving the commercial vehicle industry

Haldex is a trusted partner to the global commercial vehicle industry. The company has traditionally been organized in two business units, Foundation Brake and Air Controls. Effective from July 2012, Haldex has a functional and more customer orientated organization and has therefore abolished the business units. However, they do still exist as product lines in Haldex' financial reports.

With a customer orientated approach, it comes natural to present Haldex' global business divided in the dominating customers segments: Truck, Trailer and Aftermarket. This reflects the way Haldex is working towards the customers in the new functional organization, focused on meeting each customer segment's needs. It also creates a better understanding of our business for all stakeholders.

Haldex' manufacturing sites and distribution centers, covering the three customer segments, are located in Landskrona (Sweden), São José dos Campos (Brazil), Suzhou (China), Nashik (India), Weyersheim (France), Seoul (Korea), Monterrey (Mexico), Blue Springs, Kansas City and Marion (USA), Heidelberg (Germany) and Szentlörinckáta (Hungary).

Sales per Market Segment



Sales per Product Segment

	Air Controls		Foundation Brake	
All amounts in SEK m	2012	2011	2012	2011
Q1	479	453	594	499
Q2	471	466	594	560
Q3	427	456	504	561
Q4	406	448	458	587
Full year	**1,783**	**1,823**	**2,150**	**2,207**

TRUCK The global truck business is driven by a number of factors, where total cost of ownership, safety regulations and environmental considerations are prioritized. The Truck OEM's are facing a market downturn and by that focusing on maintaining market shares resulting in an increased cost pressure, which also affect the suppliers to a large extent. High efficient production processes and superior quality are necessities to be considered as a supplier.

Haldex is operating as a niche supplier to the truck segment. With a number of selected products, we can focus our product development to the areas we consider most interesting and where we can bring value to the customer. Haldex actively identifies areas where we can contribute with new and innovative solutions to the heavy truck manufacturers.

For many years, and with ever increased focus in the truck industry, is a demand for higher reliability and increased utilization through less downtime. The higher expectations call for premium products, an area where Haldex excels with its long experiences.

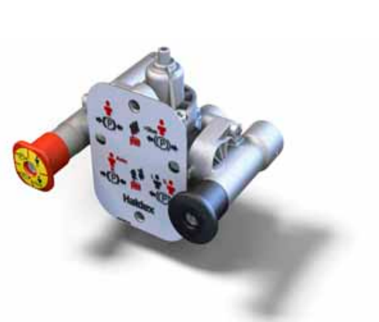
ModulAir cleans, dries and distributes the compressed air in trucks and buses.

ModulT is the newly developed Air Disc Brake platform for commercial vehicles.

S-ABA and **Actuator Self-setting**, Automatic Brake Adjuster and an Actuator for drum brakes.

EB+ Third generation EB+, with more connections and increased functionality.

Fleet+ Trailer data recorder, for analysis and service support.



TEM Safe Parking Secures trailer maneuvering during truck and trailer coupling.

TRAILER The manufacturers of trailers operate independently from the truck OEM's. The trailer business is traditionally operating on a regional level, with a few exceptions acting globally. Normally independent axle manufacturers deliver to the trailer industry. Haldex offers complete solutions for foundation brake and air management systems to both trailer and axle manufacturers. Axle manufacturers normally dress the axles with products at the wheel-end, while the trailer manufacturers install system related products. Like the truck industry, the trailer and axle business are equally performance, quality and cost-driven, which requires innovative solutions from its suppliers.

As a supplier to leading trailer and axle manufacturers with a complete product portfolio, Haldex acts as a system supplier offering innovative solutions. The Haldex EBS and ABS are core parts of the trailer brake system, monitoring and controlling the trailers main functions for brakes, suspension and vehicle stability. In addition, Haldex has developed diagnostic functions and monitoring systems to optimize driving performance and vehicle utilization.

Haldex has demonstrated its ability to develop new innovative solutions and has been rewarded with several industry awards the last years. These products have led the way towards higher vehicle safety.

AFTERMARKET The aftermarket is an important part of Haldex' business, that accounts for about 45% of annual sales. Haldex premium products have a strong position in the aftermarket, and we deliver to many OES, as well as many independent distributors and retailers. The aftermarket has, in times of decreasing truck and trailer manufacturing, a stabilizing effect during economic cycles.

The aftermarket business differs between the continents. The North American aftermarket consists of OE Product Distribution Centers, Independent Warehouse Distributors and Automotive Parts Retailers. Remanufacturing is an important part of the Haldex North American aftermarket business. In Europe the aftermarket is divided in two segments: OES and Independent Distributors.

To further strengthen Haldex' position on the aftermarket, there is an increasing focus on parts availability as well as to further broaden our presence in new markets. Following the introductions of new systems with more advanced functionality, it's a challenge to keep service personnel in the field well trained and updated. In 2012 Haldex, as first supplier, launched Haldex Remote Services starting in Europe. Haldex can support the service partners by remotely connecting to a computer attached to the vehicle. With Haldex Remote Service, the service partner can offer high quality online service directly from Haldex. Haldex Remote Services can also be used to train service personnel from the distance.

Market regions

North America

The North American market continued to grow during 2012, mostly driven by the increased truck build, and Haldex maintained our leading market position on prioritized areas. A general recovery in the economy has increased the demand for transportation. There is a trend among North American customers to keep their vehicles over a long time, which suits Haldex premium products well, offering reliability over time. Haldex products are gaining interest in the North American market and Haldex has succeeded well in obtaining fleet specifications.

A number of customers choose Haldex' products for their vehicles, among them a major trailer builder signed a long term contract for actuators. In 2012, Haldex received important fleet orders for customized panels, including valves and components. Aftermarket sales for 2012 continued on the same high levels as the year before.

Europe

As an effect of the continued financial instability, the volume for the commercial vehicle industry remained on the low levels of 2011. In spite of this, Haldex continued to secure orders from important European customers going forward, strengthening our positions.

The recently developed safety product Haldex Trailer Emergency Module TEM® Safe Parking has gained an increased interest on the market. Trailer manufacturers are now specifying these products as they improve safe operation of the vehicle.

In 2012 Haldex signed a long term agreement with a global truck manufacturer to continue to deliver the Automatic Brake Adjuster over another five year period. This builds on a long term relationship as a sole supplier, since the early 1970's, which confirms competitiveness and performance on the market. During 2012, Haldex surpassed the 70 million production mark of the Automatic Brake Adjuster. The production started four decades ago and the success of this product demonstrates how important Haldex' technology is for the global safety on the roads.

Our new product platform for air treatment and distribution, ModulAir, has been ramped up during the year, this following a world leading vehicle manufacturer introducing a new truck generation.

Haldex was once again recognized by the industry as an innovative company. During the IAA commercial vehicles show in Hannover, Germany, Haldex Fleet+ was rewarded the prestigious Trailer Innovation Award in the category Smart Trailers.

The introduction of the new generation of lightweight brakes, ModulT, has been well received and has generated new customers during the year. 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.

South America

In combination with a slowdown in the Brazilian economy, and a certain pre-buy effect in late 2011 related to the emission regulation (EURO5) coming in force during 2012, the first part of the year suffered from lower sales. The volumes for the second half of 2012 showed indications that the market is about to recover.

Early 2012, Haldex opened up the new manufacturing plant in São José dos Campos in Brazil. This plant replaces three former locations, and it was carefully chosen for its strategic and logistical location. The transition was successfully completed and the manufacturing of all products are now in place.

Haldex has signed a long term collaboration contract with Master Sistemas Automotivos Limitada, worth more than 300 MSEK during the initial five year period. This partnership includes manufacturing, sales and technical support of Trailer ABS. A new legislation will be introduced in 2013, requiring new trailers in Brazil to be equipped with ABS systems, and will be fully implemented by 2014. The ABS legislation is expected to also increase the penetration rate of Automatic Brake Adjusters in order to take full utilization of the ABS performance. Annual trailer production volume for the Brazilian market amounts to about 60.000 vehicles.

Asia and the Middle East

Asia is the largest market for heavy trucks with more than 2.5 million produced trucks in 2012. However, the formerly strong markets in China and India have rapidly slowed down. For 2012, the sales dropped 13% compared to the year before. In the long term perspective, the Asian markets still have a large growth potential and need for efficient transport solutions, which Haldex will be a part of.

In 2012, Haldex was nominated by a Chinese truck manufacturer to supply ADB to their new general truck, as well as to a leading bus manufacturer. Haldex has also signed an agreement with a leading Chinese bus manufacturer to deliver ABS.

To strengthen our market presence in China, Haldex has expanded the already well-established Suzhou manufacturing plant with a test center. More products can now be developed and produced for the Chinese market. In addition, the manufacturing area has been expanded for higher capacity. For both China and India, product development activities have been intensified to meet local demands. For the same reasons as in China, Haldex is now also strengthening its testing and validation capability in India.

We rely on our people

Haldex creates "Innovative Vehicle Solutions". That said, our most valuable asset is our people. Without the competence and commitment from all employees, our long-standing success in the highly competitive commercial vehicle business would not have been possible. Creating and maintaining attractive workplaces, where our employees can thrive and further develop, has always been a priority for Haldex.

People Management Strategy

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

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

To reach the goals defined in the People Management Strategy, Haldex focuses on:

- Competence development
  Increasing our competence levels will enable the organization to 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 in all situations will lead to enhanced operational excellence.
- Haldex culture
  Developing a strong corporate culture, encouraging performance and accountability, will create the prerequisites for continued improved performance.

Individual development plans is one of the Key Performance Indicators of our People Management Strategy. Our goals can only be achieved when each individual is involved proactively in the development of his or her work, with the abilities to interact with others for their own and the company's development.

The Haldex Employee Engagement Survey is a tool to provide measureable feedback on the effectiveness of our management, information flow and employee job satisfaction. Our ambition is to identify what we are good at and find areas of improvement that may be necessary to address in order to follow our core values and our business plan.

Haldex has been active in promoting our employer brand through several focused initiatives, including internship programs with local universities. As one result of our efforts within HR, Haldex was nominated by Universum Communications as "Employer Branding Company of the Year 2013" in Sweden.

CSR – corporate social responsibility

Haldex has a corporate social policy 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.

By applying our social policy to all activities, Haldex actively guards the individual's interests in areas as human rights, child labor, business ethics and health and safety. In all communities Haldex operates, we shall contribute to improve the economic, environmental and social conditions through an open dialogue with relevant interest groups.

Contributing to a sustainable world

OEM's in the commercial vehicle industry are affected by stricter environmental legislation, as well as market demands for cleaner and more fuel effective engines. For instance, in 2014, EURO6 will be fully implemented in the Euro zone with sharper rules regarding vehicle emissions.

Several of Haldex' newer products, like the 15% lighter ModulT disc brake, fulfill the commercial vehicle manufacturers' need for more efficient or lighter products. In addition to improved product performance, Haldex makes quality products with a long life span, which to a large extent, can be recycled. This is equally important from both an environmental perspective as well as in terms of the product's overall cost.

Long-term commitment

To minimize Haldex' environmental footprint, we have an active and long-term environmental program. This engagement encompasses the entire company; from product development and manufacturing processes, to how we utilize our resources and minimize waste.

The largest potential for improvement lies in the future. For example, the strategic 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.

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

Certified production

All Haldex' production plants around the world have environmental management systems that are ISO 14001 certified. In line with that, all sites are continuously working to improve their impact on the environment.

The commitment to sustainability has resulted in Haldex having a considerably lower environmental impact than a decade ago. The energy consumption in 2012 was around 13 megawatt-hours per SEK million in turnover, which is almost a 50% reduction. Heating Haldex manufacturing sites accounts 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's hot water is heated by recycled heat from the manufacturing process.

Financial report

HALDEX STORY #47

ModulX moves south

There are times in everyone's lifes when you need to move. This is even so for popular products. Haldex' disc brake ModulX was put in production in 2004, and during the years the manufacturing plant in Landskrona has produced products for various customers. In 2012 Haldex realized it was time to make room for new products in Landskrona, and ModulX was selected for a new destiny in Hungary. To cater for a smooth transfer to Haldex' manufacturing plant in Szentlörinckáta, Per Holmqvist was appointed as project manager.

– We started our planning during spring 2012, says Per Holmqvist. Since ModulX volumes will decrease over the next couples of years, we wanted to downsize the footprint of the manufacturing equipment, before moving. During late 2012 we made extensive changes to the assembly line and ran several batches to test the machines and to secure product quality.

Even if Haldex managed to make a radical reduction in equipment size, a full truck was sent to Hungary with ModulX equipment, accompanied by four trucks with production material. The equipment was fine-tuned and ready to start in early 2013, customer audits have been conducted, and now the new line in Szentlörinckáta is in full production.

– Moving a complete product line is not something we do every day. Of course we had our share of challenges, like a very short time frame, but also the fact that we rebuilt a 9 station assembly line into a 2 station assembly cell. But with hard work from all project members we succeeded to be up and running according to the schedule. Now I'm sure my colleagues in Hungary will take good care of ModulX for the rest of its product life.

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 2012. 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.

Organization of Haldex

In May 2012 Haldex reorganized the company into a functional organization replacing the previous business unit structure of Air Controls and Foundation Brake. The new functional matrix structure will provide more focused support for the organization and these services will be shared amongst the various product lines and sales and distribution channels.

The Haldex business has been one reporting segment from May 2012 and the financial information is analyzed and reviewed by the executive decision makers from one segment to assess the company performance.

The Group has two product lines, Air Controls and Foundation Brake. In 2012 some products have been moved out from the Foundation Brake product line into the Air Controls product line. The 2011 numbers in this report have been adjusted likewise for comparison reason.

In 2011 the Haldex Group was restructured. The Traction Systems Division was divested in January 2011 while the Hydraulic Systems Division was listed as separate company in June 2011.

In the income statement for 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 relates to the Haldex Group as it is structured today.

Sales and operating income

Haldex net sales amounted to SEK 3,933 m (4,030). Adjusted for currency-exchange fluctuations and divestitures, sales decreased 3%, compared with 2011.

Net sales within Air Controls amounted to SEK 1,783 m (1,823). Adjusted for currency exchange fluctuations sales decreased by 3% compared with 2011. Net sales within Foundation Brake amounted to SEK 2,150 m (2,207). Adjusted for currency exchange fluctuations sales decreased by 4% compared with 2011.

Sales amounted to SEK 1,304 m (1,340) in Europe, SEK 2,162 m (2,096) in North America, SEK 317 m (363) in Asia and the Middle East and SEK 150 m (231) in South America.

Operating income, excluding restructuring cost, amounted to SEK 210 m (235), resulting in a operating margin of 5.3% (5.8). Operating income and operating margin including restructuring costs amounted to SEK 150 m and 3.8% respectively.

Streamlining processes

Since the recent market downturn Haldex has taken significant steps to improve the cost base with footprint changes in North America and the recent factory consolidation in South America. Haldex today is a much leaner and more flexible company, and has stabilized and improved the production and business processes. The effects of these changes are apparent now as we are able to flex with the lower demand and maintain margins and generate strong cash flow.

As a continuation of this streamlining Haldex initiated a program during 2012 to better optimize production, engineering, sales and administration functions. This program has been finalized during the year and expenses related to this program totaled SEK 60 m, with expected annual savings of SEK 35-40 m.

Earnings

Income before tax amounted to SEK 106 m (217). Financial expenses amounted to SEK 44 m (18). The costs essentially consist of interest payments on loans and pension liabilities, as well as unutilized credit facilities. Earnings after tax amounted to SEK 49 m (142). Tax charges amounted to SEK 57 m (75), resulting in a tax rate of 54% (35). The high tax rate during 2012 is mainly driven by the changed Swedish corporate tax rate 2013, from 26.3% to 22%. The changed corporate tax rate resulted in a revaluation effect on deferred tax assets and liabilities. The net impairment amounts to SEK 15 m and is mainly related to impairment of previously acquired tax losses. Adjusted for the revaluation effect the tax rate amounted to 39% instead of 54%. After the successful change in our North American footprint in combination with the strong North American market and the on-going cost reduction program in Europe, relatively more of the Group's profit comes out from the North American operations, where the corporate tax rate is higher, compared to Europe and our other served markets.

Cash flow

Operating Cash flow amounted to SEK 238 m (108). Cash flow was negatively affected by restructuring charges of SEK 40 m, excluding restructuring the Operating Cash flow amounted to SEK 278 m. Cash flow after net investments amounted to SEK 120 m (9), including net investments of SEK 118 m.

Investments

Net investments for Haldex increased SEK 18 m from last year and amounted to SEK 118 m (100), of which investments in development projects accounted for SEK 11 m (6).

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 during fiscal year 2012 totaled SEK 156 m, of which SEK 11 m was capitalized. At December 31, 2012, capitalized development costs amounted to SEK 177 m.

Financial position

As per December 31, 2012, the Group has a net debt amounting to SEK 445 m (488).

The net debt consists of cash and cash equivalents totaling SEK 346 m, interest bearing debt of SEK 605 m, and a pension liability of SEK 206 m. The value of derivatives in respect of the company's loans in foreign currency is also included in the net debt, positive SEK 20 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 38 m of the facility had been utilized

Shareholder's equity amounts to SEK 1,242 m (1,336) resulting in an equity/asset ratio of 48% (47).

RISKS & RISK MANAGEMENT

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 location.

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' subsuppliers' purchasing of raw materials. Exposure is greatest towards various types of metal, where annual volumes total approximately SEK 1,100 m, of which various grades of steel accounted for about SEK 900 m and aluminum for about SEK 200 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.

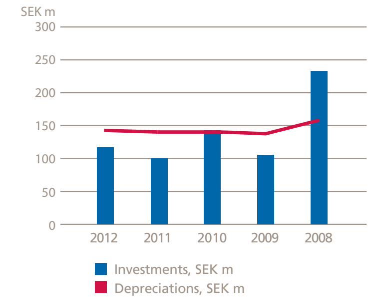
Because Haldex has production at several plants for a particular product line, it has the potential to reduce the consequences of such business disruption by increasing production at other plants. However, this normally results in additional costs.

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

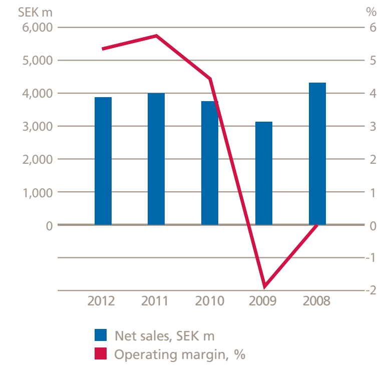
Product development

Requirements from users and legislators for increased safety and improved environmental and vehicle dynamics are resulting in increased demand

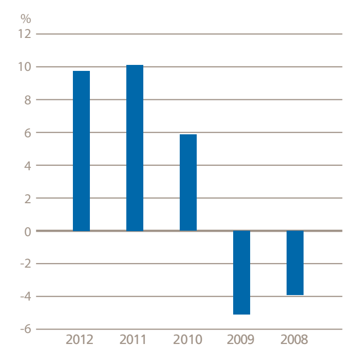
Investments and Depreciations



Net sales and Operating Margin[1]



Return on capital employed[2]



[1] Excluding restructuring cost
[2] Rolling 12 months

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 2012, the Group's expenditure for product development corresponded to 3.4% (excluding amortization) of sales (3.3).

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 177 m (184) at December 31, 2012. During 2012 SEK 11 m (6) 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.

Haldex endeavours 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 2012, the value of net flows in foreign currencies totalled approximately SEK 188 m (248). 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 17 m (22) and between CAD and USD by some SEK 8 m (9), after tax. The translation effect on operating receivables and liabilities as well as on financial assets and liabilities, to a currency other than the respective local functional currency, is SEK 1 m (1) at a weakening/strengthening of 10 % of the underlying currency. Equity would be SEK 11 m (12) higher / lower by a strengthening/weakening of 10% of the underlying rates on cash flow hedges.

In accordance with the current Treasury policy, 50% 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, 2012, 62% (70) 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 2012 to hedge invoiced and forecasted currency flows. At December 31, these contracts had a nominal value of SEK 141 m net (199) and had a positive market value of SEK 2 m (2).

At December 31, 2012

SEK m Nominal amount	USD Net purchased	HUF Net purchased	CAD Net sold	GBP Net sold	EUR Net sold
Year of maturity 2013	57	15	67	29	117
Average exchange rate	6.83	3.01	6.80	10.91	8.67
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 2012, the value of the Group's net assets, meaning the difference between capital employed and net indebtedness, corresponded to SEK 1,242 m (1,336) and was represented by the following currencies:

SEK m	2012	2011
SEK	331	502
USD	332	310
EUR	150	154
GBP	52	-3
Other	377	373

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, 2012, 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 2012 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, 2012, SEK 605 m (670) of the loan liability was subject to an average variable interest rate of 3.51% (4.33). A change of one percentage point in the interest rate would affect the cost of the Group's borrowing by approximately SEK 4 m (5) 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 totalled SEK 449 m (561) 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 2012, no single customer accounted for more than 9% (9) of sales. The Group's customer losses normally total less than 0.1% of sales.

Accounts receivable

Due but not impaired	2012	2011
1– 30 days	22	34
30 – 60 days	6	7
> 60 days	18	11

The year's net cost for doubtful accounts receivable amounted to SEK 5 m (-3).

The provision for doubtful receivables changed as follows:

Provision for doubtful receivable	2012	2011
Provision on January 1	12	19
Change in provision for anticipated losses	5	-3
Confirmed losses	-1	-3
Exchange-rate effect	1	-1
Provision on December 31	17	12

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 25 m (11) at December 31. The corresponding risk for investments in credit institutions was SEK 346 m (395), 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 one year. On December 31, 2012, 100% (100) of borrowing had a maturity longer than one year. 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 long- term credit facilities must total at least 5% of net sales. These funds totalled SEK 667 m (665) at year-end 2012, corresponding to 17% (16) of net sales.

Haldex' main sources of financing December 31

Nominal value	2012	2011
Syndicated loan	EUR 75	EUR 75
Bond loans	SEK 270	SEK 270

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 as well as noise.

Guidelines concerning adoption of guidelines for remuneration of senior executives

In compliance with the motion submitted to the 2013 Annual General Meeting (AGM), the Board of Directors proposes that the following guidelines apply for the period up to the 2014 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 2012 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 headoffice functions, including the central financial function.

In 2012, Haldex AB reported an operating loss of SEK 11 m (loss: 69). Earnings after tax amounted SEK 32 m (275). Equity at year-end amounted to SEK 1,231 m (1,287) and cash and cash equivalents to SEK 167 m (182).

Events after the balance-sheet date

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

Net sales per Region and Product line

SEK m	**2012**	2011	Change, nominal	Change, currency adjusted
Air Controls	1,783	1,823	-2%	-3%
Foundation Brake	2,150	2,207	-3%	-4%
Continued Operations	**3,933**	**4,030**	**-2%**	**-3%**
Discontinued Operations	-	1,027	n/a	n/a
Haldex Group	**3,933**	**5,057**	**n/a**	**n/a**
North America	2,162	2,096	3%	-1%
Europe	1,304	1,340	-3%	0%
Asia and the Middle East	317	363	-13%	-13%
South America	150	231	-35%	-28%
Continued Operations	**3,933**	**4,030**	**-1%**	**-3%**
Discontinued Operations	-	1,027	n/a	n/a
Haldex Group	**3,933**	**5,057**	**n/a**	**n/a**

Investments

SEK m	**2012**	2011	Change, nominal
Continued Operations	118	100	18%
Discontinued Operations	-	29	n/a
Haldex Group	**118**	**129**	**n/a**

Depreciation

SEK m	**2012**	2011	Change, nominal
Continued Operations	145	146	-1%
Discontinued Operations	-	36	n/a
Haldex Group	**145**	**182**	**n/a**

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	631,659,387
Total	**1,009,935,618**

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

Cash dividend to shareholders of SEK 1:00 per share

in the following manner:	
To be distributed to the shareholders:	44,215,970
To be carried forward:	965,719,648

Consolidated income statement

Amounts in SEK m	Note	2012 Continuing Operations	2012 Discontinued Operations	2012 Haldex	2011 Continuing Operations	2011 Discontinued Operations	2011 Haldex
Net sales		3,933	-	3,933	4,030	1,027	5,057
Cost of goods sold	9	-2,904	-	-2,904	-2,967	-768	-3,735
Gross income		**1,029**	**-**	**1,029**	**1,063**	**259**	**1,322**
Selling expenses	9	-389	-	-389	-420	-39	-459
Administrative expenses	8, 9	-302	-	-302	-256	-86	-342
Product development expenses	9	-145	-	-145	-153	-28	-181
Other operating income and expenses		-43	-	-43	1	-45	-44
Capital gain		-	-	-	-	1,904	1,904
Operating income		**150**	**-**	**150**	**235**	**1,965**	**2,200**
Interest income		2	-	2	13	1	14
Interest expense		-18	-	-18	-19	-11	-30
Other financial items		-28	-	-28	-12	-	-12
Earnings before tax		**106**	**-**	**106**	**217**	**1,955**	**2,172**
Taxes	10	-57	-	-57	-75	-19	-94
Net income for the year		**49**	**-**	**49**	**142**	**1,936**	**2,078**
Attributable to:							
Parent Company shareholders		45	-	45	136	1,936	2,072
Minority interests		4	-	4	6	-	6
Earnings per share before dilution, SEK		1:02	-	1:02	3:08	43:86	46:94
Earnings per share after dilution, SEK		1:02	-	1:02	3:08	43:86	46:94
Average number of shares, thousands		44,216	-	44,216	44,133	44,133	44,133

Consolidated statement of comprehensive income

Amounts in SEK m	**2012**	2011
Net profit	49	2,078
Other comprehensive income		
Change in hedging reserve, after tax	-	-38
Translation difference	-55	-82
Reversal translation difference	-	72
Total other comprehensive loss	**-55**	**-48**
Total comprehensive income/loss	**-6**	**2,030**

Consolidated balance sheet

Amounts in SEK m	Note	**2012**	2011
ASSETS			
Fixed assets			
Intangible fixed assets	11	537	559
Tangible fixed assets	12	501	550
Financial fixed assets	16		
Deferred tax assets	14	109	145
Long-term receivables		25	22
Total fixed assets		**1,172**	**1,276**
Inventories	19	456	503
Current receivables			
Accounts receivable from customers	16	449	561
Other current receivables	16, 20	138	112
Derivate instruments	15	25	11
Cash and cash equivalents	21	346	395
Total current assets		**1,414**	**1,582**
Total asset		**2,586**	**2,858**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital		221	221
Share premium		491	491
Retained earnings		513	611
Attributable to Parent Company shareholders		1,226	1,323
Attributable to non-controlling interests		16	13
Total equity		**1,242**	**1,336**
Long-term liabilities	17		
Long-term interest-bearing liabilities	22	595	675
Pensions and similiar obligation	23	206	204
Deferred tax liabilities	14	16	17
Other long-term liabilities		23	28
Total long-term liabilities		**840**	**924**
Current liabilities			
Short-term loans	17	10	3
Debt to suppliers	17	279	379
Derivative instruments	15	11	10
Other provisions	24	66	55
Other current liabilities	25	138	151
Total current liabilities		**504**	**598**
Total equity and liabilities		**2,586**	**2,858**
Pledged assets		None	None
Contingent liabilities		3	3

Changes in shareholders´equity

Amounts in SEK m	Share capital	Share premium	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Consolidated statement of changes in shareholders' equity							
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			-10	-38		-48		-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					1	1	0	1
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**	**1,323**	**13**	**1,336**
Opening balance January 1, 2012	**221**	**491**	**-194**	**1**	**804**	**1,323**	**13**	**1,336**
Total comprehensive income								
Profit or loss					45	45	4	49
Other comprehensive income								
Foreign currency translation difference			-55			-55		-55
Change in hedging reserve, after tax								
Total other comprehensive			-55			-55		-55
Total comprehensive income	**0**	**0**	**-55**	**0**	**45**	**-10**	**4**	**-6**
Transactions with shareholders								
Dividend, cash					-88	-88		-88
Change in non-controlling interests							0	0
Total transactions with shareholders	**0**	**0**	**0**	**0**	**-88**	**-88**	**0**	**-88**
Closing balance December 31, 2012	**221**	**491**	**-249**	**1**	**761**	**1,226**	**16**	**1,242**

Consolidated Cash Flow statement

Amounts in SEK m	**2012**	2011
Cash Flow from Operating activities		
Operating income[1]	150	2,200
Reversal of depreciation, amortization and impairment losses	145	182
Interest paid	-34	-23
Profit/loss from divestment of participation in subsidiary	-	-1,904
Taxes paid	-18	-16
Cash Flow from operating activities before changes in working capital	**243**	**439**
Change in working capital		
Current receivables	68	-224
Inventories	22	-7
Operating liabilities	-95	-94
Change in working capital	-5	-325
Cash flow from operating activities[2]	**238**	**114**
Cash Flow from investments		
Net investments	-118	-124
Cash proceeds from sale of shares in subsidiaries	-	1,425
Cash Flow from investments[3]	**-118**	**1,301**
Cash Flow from financing		
Change in loans	-76	-347
Dividend to Haldex shareholders'	-88	-133
Share redemption	-	-1,326
Transfer of debt in relation to the distribution of Concentric	-	274
Change in long-term receivables	-	13
Cash Flow from financing[4]	**-164**	**-1,519**
Change in cash and bank assets, excl. exchange-rate difference	**-44**	**-104**
Cash and cash equivalents, opening balance	395	502
Exchange-rate difference in cash and bank assets	-5	-3
Cash and cash equivalents, closing balance	**346**	**395**

[1] Operating income from the Haldex Group's continuing operations amounted to SEK 150 m (235) and from discontinued operations to SEK - m (1,965).
[2] Cash flow from operating activities conducted by the Haldex Group's continuing operations was SEK 238 m (108) and from discontinued operations SEK - m (6).
[3] Cash flow from investments conducted by the Haldex Group's continuing operations was a negative SEK -118 m (-100) and from discontinued operations SEK - m (1,400).
[4] Cash flow from financing activities conducted by the Haldex Group's continuing operations was a negative SEK -164 m (-1,519) 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 1.2 "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.

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 not normally assessed as exceeding five 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 should be impairment tested per cash-generating unit. Within Haldex the impairment test is carried out on a Haldex Group level.

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 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 8, Information on remuneration of senior executives.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

During 2010 Haldex reached an agreement with BorgWarner Inc. concerning the divestment of the Traction Systems Division. The transaction was finalized on January 31, 2011.

During 2011 former Haldex was demerged, whereby the Hydraulic Systems Division was listed as an independent company.

In the income statement for 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.

2.18 Amendments to accounting policies and informative statements

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below.

Amendment to IAS 1, 'Financial statement presentation', regarding other comprehensive income

The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The group intends to adopt the amendment no later than the accounting period beginning on 1 January 2013. The amendment will result in additional sub-headings in other comprehensive income.

Amendment to IAS 19, 'Employee benefits'

The amended standard removes the option to use the corridor approach; instead all actuarial gains/losses will be recognized immediately in other comprehensive income. In addition an interest expense shall be calculated based on the

discount rate on the net defined benefit liability (asset), hence no expected return on the plan assets will be regarded in the pension cost. The payroll tax associated with the Swedish defined benefit obligation will be recognized as part of the obligation. The group will adopt t the amendment in the accounting period beginning on 1 January 2013.

The amendment will have the following preliminary impact on the statement of financial position and comprehensive income for 2012.

The pension liability for 2012 will be adversely affected with approximately SEK -118 m. Opening Equity for 2012 will be affected negatively with SEK -46 m due to the amended standard. Income for the period 2012 will not be significantly affected, but other comprehensive income will be affected with SEK -67 m. All amounts are net of tax.

IFRS 10, 'Consolidated financial statements'

The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

IFRS 12, 'Disclosures of interests in other entities'

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014.

IFRS 13, 'Fair value measurement'

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The group intends to adopt IFRS 13 no later than the accounting period beginning on 1 January 2013. The standard will increase the disclosure requirements for financial instruments.

IFRS 9, 'Financial instruments'

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

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 2012, the Groups' total goodwill, which amounted to SEK 354 m (372) at December 31, 2012, was impairment tested. The impairment testing is conducted by discounting expected future cash flows, as determined in the business plans and thus arriving at a value. The value is placed in relation to the carrying amount of the Groups' goodwill. Haldexs' net sales 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 plans, in which Haldexs' 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 9% (8). 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: 6%
- 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 2012 and 2011 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 strategy changes or 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 Haldexs' 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.

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 amounted to 1.1% (1.3) of net sales as of December 31, 2012.

Pensions

The pension liabilities recognized in the balance sheet are estimated by actuaries and based on annual assumptions. These assumptions are described in Note 23.

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 30 m.

NOTE 4 SEGMENT REPORTING

In May 2012 Haldex reorganized the company into a functional organization that then replaced the previous business unit structure of Air Controls and Foundation Brake.

The new functional matrix structure will provide more focused support for the organization and these services will be shared amongst the various product lines, sales and distribution channels.

The Haldex business will be one reporting segment from May 2012 and the financial information will be analyzed and reviewed by the executive decision makers from one segment to assess the company performance.

Air Controls and Foundation Brake remains as the Groups two major product lines.

The top ten customers accounts for about a third of the salses, with no single customer accounting for more than 9%.

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.

Breakdown by geographic area

2012	North America	Europe	Asia and the Middle East	South America	**Continued operations**	Discontinued operations	**Group**
Net sales	2,162	1,304	317	150	**3,933**	-	3,933
Assets	948	1,315	190	133	**2,586**	-	2,586
Investments	37	68	7	6	**118**	-	118

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	129

NOTE 5 COST DISTRIBUTED BY TYPE

	2012	2011
Direct material costs	2,202	2,235
Personnel costs	835	855
Depreciation	145	146
Other operating costs	601	559
Continued operations	**3,783**	**3,795**
Discontinued operations	-	966
Total operating costs	**3,783**	**4,761**

NOTE 6 INFORMATION ON REMUNERATION OF SENIOR EXECUTIVES

Amounts in SEK k	2012 Basic salary incl. benefits/ Director fees	2012 Variable remuneration	2012 Pension	2011 Basic salary incl. benefits/ Director fees	2011 Variable remuneration	2011 Pension
Board of Directors						
(5 members, of whom 1 women)						
Göran Carlson (Chairman)	525	-	-	550	-	-
Stefan Charette	188	-	-	175	-	-
Arne Karlsson	263	-	-	225	-	-
Magnus Johansson	225	-	-	200	-	-
Annika Sten Pärson	100	-	-			
C.S. Patel *(Board member until April 2012)*	88	-	-	175	-	-
Caroline Sundewall *(Board member until April 2012)*	138	-	-	275	-	-
Anders Thelin *(Board member until April 2012)*	100	-	-	200	-	-
Total	**1,625**	**-**	**-**	**1,800**		
President						
Bo Annvik, *from July 2012*	2,009	476*	844	-	-	-
Ulf Ahlén, *to June 2012*	1,906		1,262	321	-	95
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
Other senior executives						
(Group Management)						
9 (7) people, of whom 0 women at year end 2012	12,123	1,637	1,760	4,274	923	480
To June 15 2011 (5 people, of whom 0 women)	-	-	-	5,858	12,117	1,057
	16,038	**2,113**	**3,866**	**15,800**	**23,067**	**2,175**

* One-time remuneration for shares in Haldex.

Guidelines

The guidelines for determining the remuneration of senior executives that were adopted by the 2012 Annual General Meeting comply with the guidelines proposed to the 2013 Annual General Meeting.

Information on these is presented in the Directors' Report on page 36.

Severance pay

For members of the Group Management, serevance pay is provided in accordance with the guidelines established by the Board of Directors for remuneration of senior executives.

Serevance pay to the President is disclosed in the Remuneration of the Board of Directors and senior executives section within the Coprorate Governance report, page 74.

Variable Remuneration

Remuneration of senior executives shall consist of a well-balanced combination of fixed salary and variable remuneration.

Variable compensation for 2012 includes both a performance-based incentive program and a more long term incentive program, LTI 2010. The performance-based incentive program shall be based on outcomes of predetermined financial and individual objectives and not exceed 50% of the fixed annual salary.

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

Long-term 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 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 accetpted methods whereby the demerger and the new capital structure has not affected the cost for the Group or the benefit for the employee.

NOTE 6 INFORMATION ON REMUNERATION OF SENIOR EXECUTIVES CONT.

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's website, www.haldex.com.

NOTE 7 EMPLOYEES

	Women	**Men**	**Total 2012**	Women	Men	Total 2011
Sweden	80	207	287	105	258	363
USA	145	422	567	160	441	601
Mexico	132	270	402	138	285	424
China	37	130	167	30	140	169
Germany	39	139	178	36	139	176
Hungary	66	76	142	72	62	134
Brazil	25	96	121	44	118	163
India	14	105	119	17	98	115
Great Britain	11	66	77	10	74	84
France	27	45	72	28	47	76
Canada	7	14	21	6	16	22
Italy	5	4	9	5	5	10
Poland	3	6	9	3	6	9
Spain	3	4	7	4	4	8
Austria	2	5	7	2	5	7
South Korea	1	6	7	1	6	7
Belgium	1	4	5	1	4	5
Russia	1	2	3	1	2	4
Continued operations	**599**	**1,601**	**2,200**	**663**	**1,713**	**2,376**
Discontinued operations	-	-	-	141	350	491
Total	**599**	**1,601**	**2,200**	**804**	**2,063**	**2,867**

	2012			2011		
	Salaries and remuneration	Social security costs	Of which, pension costs	Salaries and remuneration	Social security costs	Of which, pension costs
Haldex Continued Operations	617	218	31	613	242	29

NOTE 8 AUDITING FEES

	2012	2011
PricewaterhouseCoopers		
Audit assignments	4	4
Audit work in addition to the audit assignment	-	-
Tax advice	4	1
Other assignments	2	-
Continued operations	**10**	**5**
Discontinued operations – other assignments	-	16
Total	**10**	**21**

NOTE 9 DEPRECIATION

	2012	2011
Cost of goods sold	96	97
Selling costs	4	6
Administrative costs	22	18
Product development costs	23	25
Continued operations	**145**	**146**
Discontinued operations	-	36
Total	**145**	**182**

NOTE 10 TAXES

	2012	2011
Current tax	-18	-38
Deferred tax	-39	-56
Total recognized tax expenses	**-57**	**-94**

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	2012	2011
Earnings before tax	106	2,172
Tax at applicable tax rate in Sweden	26%	26%
Differences in tax rates of different countries of operation	12%	2%
Non-deductible expenses	3%	1%
Non-taxable revenues	0%	-24%
Tax attributable to prior years	-2%	0%
Utilization of previously unrecognized loss carryforwards	-2%	0%
Revaluation of losses carried forward – changed Swedish corporate tax rate	15%	0%
Other taxes	3%	0%
Reported effective tax rate	**54%**	**4%**

The high tax rate during 2012 is mainly driven by the changed Swedish corporate tax rate, from 26.3% to 22%. The changed corporate tax rate resulted in a revaluation effect on deferred tax assets and liabilities. The net impairment amounts to SEK 15 m and is mainly related to impairment of previously acquired tax losses. Adjusted for the revaluation effect the tax rate amounted to 39% instead of 54%.

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

	2012	2011
Deferred tax		
Hedging reserve	1	13
	1	**13**

NOTE 11 INTANGIBLE ASSETS

	Goodwill	Patent and other intagible assets	Capitalized development costs	**Total**
As per January 1, 2011				
Acquisition value	865	522	401	1,788
Accumulated depreciaion	-	-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	673
Accumulated depreciation	-	-60	-54	-114
Carrying amount	**371**	**4**	**184**	**559**
January 1 – December 31, 2012				
Opening carrying amount	371	4	184	559
Exchange rate differences	-17	-1	-3	-21
Investments	-	5	11	16
Depreciation	-	-2	-15	-17
Closing carrying amount	**354**	**6**	**177**	**537**
At December 31, 2012				
Acquisition value	354	67	245	666
Accumulated depreciation	-	-61	-68	-129
Carrying amount	**354**	**6**	**177**	**537**

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, 2011						
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 carrying amount	131	38	405	118	115	807
Exchange rate differences	-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**
January 1 – December 31, 2012						
Opening book value	85	22	289	99	55	550
Exchange rate difference	-3	-1	-11	-3	-2	-20
Investments	5	1	45	29	22	102
Divested/impaired	-	-	-3	0	-	-3
Internal transfer	-	-	5	2	-7	0
Depreciation	-11	0	-82	-35	-	-128
Closing carrying amount	**76**	**22**	**243**	**92**	**68**	**501**
At December 31, 2012						
Acquisition value	201	25	961	576	72	1,835
Accumulated depreciation	-125	-3	-718	-484	-4	-1,334
Carrying amount	**76**	**22**	**243**	**92**	**68**	**501**

NOTE 13 OPERATIONAL LEASES

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

	Buildings	Machinery and other equipment	**Total**
2013	39	12	51
2014-2017	115	13	128
2018 and beyond	42	0	42

Expensed leasing fees during 2012 totaled SEK 54 m (52).

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:

	2012	2011
At January 1	128	29
Effects on divested operations	-	136
Income statement charge (Note 10)	-39	-56
Tax charged directly to equity (Note 10)	1	13
Exchange differences	3	6
At December 31	**93**	**128**

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

	Assets		Liabilities		Net	
	2012	2011	**2012**	2011	**2012**	2011
Tax loss carryforwards	108	139	-	-	108	139
Tangible fixed assets	-	-	4	7	-4	-7
Intangible assets	-	-	23	24	-23	-24
Provisions	15	17	-	-	15	17
Pensions and similar obligations	22	26	-	-	22	26
Acquisition-related surplus values	-	-	17	18	-17	-18
Other	21	5	29	10	-8	-5
Net deferred tax assets/tax liability	**166**	**187**	**73**	**59**	**93**	**128**

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

	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts – cash flow hedges	4	2	4	2
Forward exchange contracts – at fair value through profit or loss	1	1	1	1
Currency swaps – at fair value through profit or loss	20	8	6	7
Total	**25**	**11**	**11**	**10**

Equity gains and losses in short-term currency forward contracts will be transferred to the income statement at different points during 2013.
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 ASSETS AS PER BALANCE SHEET

	2012					2011				
	Non Financial instruments	Loans and receivables	Assets at fair value through profit or loss	Derivates used for hedging	**Total**	Non Financial instruments	Loans and receivables	Assets at fair value through profit or loss	Derivates used for hedging	**Total**
Assets as per balance sheet										
Tangible & Intangbible fixed assets	1,038	-	-	-	1,038	1,109	-	-	-	1,109
Financial fixed assets										
Deferred tax assets	109	-	-	-	109	145	-	-	-	145
Long-term receivables	-	25	-	-	25	-	22	-	-	22
Inventory	456	-	-	-	456	503	-	-	-	503
Current receivables										
Accounts receivables	-	449	-	-	449	-	561	-	-	561
Other current receivables	78	60	-	-	138	57	55	-	-	112
Derivative instruments	-	-	21	4	25	-	-	7	4	11
Cash and cash equivalents	-	346	-	-	346	-	395	-	-	395
Total	**1,681**	**880**	**21**	**4**	**2,586**	**1,814**	**1,033**	**7**	**4**	**2,858**

NOTE 17 LIABILITIES AS PER BALANCE SHEET

	2012					2011				
	Non Financial liabilities	Other financial liabilities	Derivates used for hedging	Liabilities at fair value through profit or loss	**Total**	Non Financial liabilities	Other financial liabilities	Derivates used for hedging	Liabilities at fair value through profit or loss	**Total**
Liabilities as per balance sheet										
Long-term liabilities										
Deferred taxes	16	-	-	-	16	17	-	-	-	17
Pension & similar obligation	206	-	-	-	206	204	-	-	-	204
Interest-bearing liabilities	-	595	-	-	595	-	675	-	-	675
Other long-term liabilities	-	23	-	-	23	-	28	-	-	28
Current liabilities										
Short-term loans	-	10	-	-	10	-	3	-	-	3
Debt to suppliers	-	279	-	-	279	-	379	-	-	379
Derivative instruments	-	-	4	7	11	-	-	2	8	10
Other provisions	66	-	-	-	66	55	-	-	-	55
Other current liabilities	138	-	-	-	138	151	-	-	-	151
Total	**426**	**907**	**4**	**7**	**1,344**	**427**	**1,085**	**2**	**8**	**1,522**

NOTE 18 LIQUIDITY

	2012			2011		
	<1 yr.	>1< 2 yr.	> 2 yr.	<1 yr.	>1< 2 yr.	> 2 yr.
Long-term credit facilities incl. Int.	-20	-341	-271	-32	-30	-725
Other credits						
Account payable	-279			-379		
Derivatives	-27			-39		
Total	**-326**	**-341**	**-271**	**-450**	**-30**	**-725**
Account receivable	449			560		
Net flow	**123**	**-341**	**-271**	**110**	**-30**	**-725**
Derivatives						
-outflow	-1,450			-1,466		
-inflow	1,423			1,427		

Haldex Multicurrency Revolving Credit Facility and bond loan are subject to a variable interest term of 1–6 months, thus the fair values correspond to the carrying amounts. Available unused credit facilities at year-end totaled SEK 481 m (436). Calculated interest comprises the counter-value in SEK based on exchange rates at December 31, 2012 and the current interest rates on the liability.

NOTE 19 INVENTORIES

	2012	2011
Raw materials	275	312
Semi-manufactured products	27	28
Finished products	154	163
Total	**456**	**503**

NOTE 20 OTHER CURRENT RECEIVABLES

	2012	2011
Tax receivables	41	16
Prepaid expenses and accrued income		
Rents and insurance	9	11
Accrued income	0	0
Other prepaid expenses	28	30
Other current receivables	60	55
Total	**138**	**112**

NOTE 21 CASH AND CASH EQUIVALENTS

	2012	2011
Bank accounts and cash	346	395
Total	**346**	**395**

NOTE 22 LONG-TERM INTEREST-BEARING LIABILITIES

	2012	2011
Multicurrency Revolving Credit Facility	325	400
Bond loans	270	270
Other promissory notes and secured loans	0	5
Total	**595**	**675**

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 26 27

NOTE 23 PENSIONS AND SIMILAR OBLIGATIONS

Pension liabilities in the balance sheet	2012	2011
FPG/PRI-pensions	95	93
Other defined-benefit plans	111	111
Total	**206**	**204**

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 increased during the year by SEK 70 m. At year-end, the acturial losses totaled 19% (9) of the present value of the pension obligations. The return on plan assets recognized in the proincome statement totaled SEK 14 m, while the actual return was SEK 23 m. The plan assets consist primarily of shares, interest-bearing securities and shares in mutual funds.

Group	2012	2011
Pension obligations, funded plans, present value as of December 31	374	299
Plan assets, fair value as of December 31	-282	-263
Total	**92**	**36**
Pension obligations, unfunded plans, present values as of December 31	232	216
Unreported actuarial gains (+), losses (-)	-118	-48
Net liability	**206**	**204**

Total pension costs

Group	2012	2011
Pensions vested during the period	-9	-8
Interest on obligations	-22	-23
Expected return on plan assets	14	17
Amortization of unreported actuarial gains (+), losses (-)	-10	-11
Effect of reductions and regulations	1	1
Pension costs, defined-benefit plans	**-26**	**-24**
Pension costs, defined-contribution plans	-5	-5
Total pension costs	**-31**	**-29**

Pension obligations

Group	2012	2011
Opening balance	515	1,628
Effects on divested operations	-	-1,170
Pensions vested during the period	9	8
Interest on obligation	22	23
Benefits paid	-21	-20
Unreported actuarial gains (-), losses (+), pension obligations	90	29
Effects of reductions and settlements	1	0
Exchange rate differences	-10	17
Pension obligations, current value	**606**	**515**

NOTE 23 PENSIONS AND SIMILAR OBLIGATIONS CONT.

Plan assets

Group	2012	2011
Opening balance	263	1,183
Effects on divested operations	-	-933
Expected return on plan assets	14	17
Contributions from employers	9	8
Contributions from employees	1	1
Disbursement of pension payments	-10	-16
Unreported actuarial gains (+), losses (-), plan assets	9	-11
Exchange rate differences	-4	14
Plan assets, fair value	**282**	**263**

Reconciliation of interest-bearing pension liabilities

Group	2012	2011
Opening balance, pension liablities (net)	204	347
Effects of divested operations	-	-146
Pension costs	26	24
Benefits paid	-21	-20
Contributions from employers	-9	-8
Contributions from employees	-1	-1
Compensation from plan assets	10	16
Effects from reductions and regulations	1	3
Exchange rate difference	-4	-11
According to balance sheet	**206**	**204**

Actuarial assumptions

Percent	Sweden	Germany	France	Great Britain	USA
Discount rate, January 1	3.80	5.20	5.20	4.90	4.75
Discount rate, December 31	3.30	3.80	3.80	4.30	3.60
Expected return on plan assets	3.30	3.80	3.80	4.30	3.60
Expected salary increase	3.00	2.70	2.70	2.90	3.00
Expected inflation	2.00	2.00	2.00	2.90	2.50

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

Group	2012	2011	2010	2009	2008
Present value of defined benefit obligations	606	515	1,628	1,638	1,479
Plan assets	282	263	1,183	1,145	1,023
Surplus (+)/deficit (-)	-320	-252	-445	-493	-456
Experience-based adjustment of obligation	-4	29	-13	-17	-19
Experience-based adjustment of plan assets	9	-11	57	48	-161

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 24 OTHER PROVISIONS

	Warranty reserves	Restructuring reserves	**Total**
January 1, 2012	52	3	55
Provisions	29	60	89
Requisitions	-37	-39	-76
Translation differences	-2	0	-2
December 31, 2012	**42**	**24**	**66**

NOTE 25 OTHER CURRENT LIABILITIES

	2012	2011
Tax liabilities	8	21
Accrued expenses and deffered income		
Personal costs	82	83
Other accrued expenses	23	14
Other current liabilities	25	33
Total	**138**	**151**

NOTE 26 CORPORATE ACQUISITIONS

No acquisitions during 2012.

NOTE 27 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.

Parent Company income statement

Amounts in SEK m	Note	**2012**	2011
Net sales		67	41
Administrative costs	6	-78	-110
Operating loss		**-11**	**-69**
Dividends from Group companies		10	297
Group contribution		35	5
Interest income	7	44	81
Interest expenses	7	-31	-35
Other financial items		-8	-1
Earnings before tax		**39**	**278**
Taxes	14	-7	-3
Net income for the year		**32**	**275**

Parent Company comprehensive income report

Amounts in SEK m	**2012**	2011
Income for the period	32	275
Other comprehensive income	-	-
Total comprehensive income	**32**	**275**

Parent Company balance sheet

Amounts in SEK m	Note	**2012**	2011
ASSETS			
Fixed assets			
Intangible fixed assets	8	0	1
Financial fixed assets			
Shares and participations	9	1,802	1,723
Long term receivables subsidiaries	10	9	9
Other Long-term receivables	10	23	27
Total fixed assets		**1,834**	**1,760**
Current assets			
Account receivables from subsidiaries		841	830
Other current receivables	11	12	9
Derivative instruments	12	29	17
Cash and cash equivalents	13	167	182
Total current assets		**1,049**	**1,038**
Total assets		**2,883**	**2,798**
SHAREHOLDERS´EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (44,215,970 shares with a quota value of SEK 5)		221	221
Unrestricted equity			
Share premium reserve		378	378
Retained earnings		600	413
Net income for the year		32	275
Total equity		**1,231**	**1,287**
Provisions			
Pensions and similar obligations	15	16	16
Other provisions		16	14
Total provisions		**32**	**30**
Long-term liabilities			
Long-term interest-bearing liabilities	16	595	670
Debts to subsidiaries		219	217
Total long-term liabilities		**814**	**887**
Current liabilities			
Debts to suppliers		2	2
Debts to subsidiaries		776	562
Derivative instruments	12	17	18
Other current liabilities	17	11	11
Total current liabilities		**806**	**593**
Total equity and liabilities		**2,883**	**2,798**
Pledged assets	18	None	None
Contingent liabilities	18	134	261

Changes in Parent Company equity

	Restricted equity		Unrestricted equity		
Amounts in SEK m	Share capital	Statutory reserve	Share premium reserve	Retained earnings	**Total**
Opening balance at January 1, 2011	**221**	**455**	**378**	**2,342**	**3,396**
Net income for 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**
Opening balance at January 1, 2012	**221**	**0**	**378**	**688**	**1,287**
Net income for the year				32	32
Dividend, cash				-88	-88
Value of employees´service				0	0
Closing balance at December 31, 2012	**221**	**0**	**378**	**632**	**1,231**

Parent Company Cash Flow statement

Amounts in SEK m	2012	2011
Cash flow from operations		
Income after financial items	39	278
Adjustment for non-cash items*	1	-285
Taxes paid	-	-
Cash flow from operations before change in working capital	40	-7
Change in working capital		
Current receivables	-27	1,993
Operating liabilities	212	-433
Change in working capital	185	1,560
Cash flow from operations	**225**	**1,553**
Cash flow from investments		
Investments in shares and participations	-79	-60
Cash flow from investments	**-79**	**-60**
Cash flow from financing		
Dividend to shareholders	-88	-1,459
Repurchase of own shares	-	-8
Payment of shares	-	20
Interest-bearing liabilities	-73	-114
Cash flow from financing	**-161**	**-1,561**
Change in cash and cash equivalents	-15	-68
Cash and cash equivalents at beginning of year	182	250
Cash and cash equivalents at year-end	167	182

* Adjustments for non-cash items:		
Non-cash dividend	-	-287
Other	1	2
	1	-285

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.

NOTE 3 AVERAGE NUMBER OF EMPLOYEES

	2012			2011		
	Women	Men	Total	Women	Men	Total
Sweden	4	4	8	6	5	11

NOTE 4 SALARIES AND OTHER REMUNERATION

	2012				2011			
	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	13	9	9	3	45	34	21	5

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 13 m (35). The Board of Directors consists of five members (7); 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, one person (2) amounted to SEK 2 m (15), of which variable remuneration amounted SEK 0 m (12). Further information about remuneration to senior executives is disclosed in Note 6, page 48.

Pension payments for other senior executives accounted for SEK 0 m (1) of total pension costs.

NOTE 5 AUDITING FEES

	2012	2011
PricewaterhouseCoopers		
Audit assignment	2	1
Audit work in addition to the audit assignment	0	0
Tax advice	1	-
Other assignments	-	10
Total	**3**	**11**

NOTE 6 DEPRECIATION

	2012	2011
Administrative costs	1	1
Total	**1**	**1**

NOTE 7 INTEREST INCOME AND INTEREST EXPENSES

	2012	2011
Interest income		
External interest income	1	11
Interest income from Group companies	43	70
Total	**44**	**81**
Interest expense		
External interest expense	-17	-18
Interest expenses to Group companies	-14	-17
Total	**-31**	**-35**

NOTE 8 INTANGIBLE FIXED ASSETS

January 1 - December 31, 2011	
Opening carrying amount	2
Investments	0
Depreciation	-1
Closing carrying amount	**1**
At December 31, 2011	
Acquisition value	9
Accumulated depreciation	-8
Carrying amount	**1**
January 1 - December 31, 2012	
Opening carrying amount	1
Investments	0
Depreciation	-1
Closing carrying amount	**0**
At December 31, 2012	
Acquisition value	9
Accumulated depreciation	-9
Carrying amount	**0**

NOTE 9 SHARES AND PARTICIPATIONS

At December 31, 2012, 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	%	**2012**	2011
Haldex Brake Products AB	556068-2758	Landskrona	127,000	100	143	143
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	30	16
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	9	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 Kft		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	855	794
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
Haldex Traction Holding II AB	556819-2271	Landskrona	500	100	0	0
					1,802	**1,723**

Shares in subsidiaries	Participations	%	**2012**	2011
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
2012	**1,723**	**-**	**79**		**1,802**
2011	2,312	-	348	-937	1,723

NOTE 10 LONG-TERM RECEIVABLES

	2012	2011
Deferred tax assets	7	12
Long-term receivables subsidiaries	9	9
Other long-term receivables	16	15
Total	**32**	**36**

NOTE 11 OTHER CURRENT RECEIVABLES

	2012	2011
Tax assets	1	1
Prepaid expenses		
Rents and insurances	-	1
Other prepaid expenses	2	2
Other current receivables	9	5
Total	**12**	**9**

NOTE 12 DERIVATIVE INSTRUMENTS

	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Short-term				
Forward exchange contracts – at fair value through profit or loss	9	9	11	11
Currency swaps – at fair value through profit or loss	20	8	6	7
Total	**29**	**17**	**17**	**18**

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

	2012	2011
Cash and bank balances	167	182
Total	**167**	**182**

NOTE 14 TAXES

	2012	2011
Current tax expense for year	1	-
Tax on group contribution	-9	-
Deferred tax related to temporary differences	1	-3
Total	**-7**	**-3**

NOTE 15 PENSIONS AND SIMILAR OBLIGATIONS

Pension obligations attributable to defined-benefit plans

	2012	2011
Pensions vested during the period	0	-1
Interest on obligation	-1	-1
Total pension cost	**-1**	**-2**

Reconciliation of interest-bearing pension liabilities

	2012	2011
Opening balance, pension liabilities	16	14
Benefits paid	0	0
Pension costs	0	2
According to balance sheet	**16**	**16**

NOTE 16 LONG-TERM INTEREST-BEARING LIABILITIES

	2012	2011
Multicurrency Revolving Credit Facility	325	400
Bond loans	270	270
Total	**595**	**670**

Haldex Multicurrency Revolving Credit Facility and Bond loan are subject to a variable interest term of 1–6 months, thus the fair values correspond to the carrying amounts.

Available unused credit facilities at year-end totaled SEK 481 m (436). Calculated interest comprises the counter-value in SEK based on exchange rates at December 31, 2012 and the current interest rates on the liability.

Maturity structure, years

	Totalt	0–1	1–3	3–5	> 5 years	Average rate
SEK m	595	-	595	-	-	3.41
Total	**595**	**-**	**595**	**-**	**-**	**3.41**
Calculated interest	37	20	17	-	-	-
Total	**632**	**20**	**612**	**-**	**-**	**-**

NOTE 17 OTHER CURRENT LIABILITIES

	2012	2011
Accrued expenses		
Personnel cost	7	7
Other accrued expenses	4	4
Total	**11**	**11**

NOTE 18 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	2012	2011
Securities and guarantees on behalf of subsidiaries	134	261

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 14, 2013

Göran Carlson
Chairman of the Board

Stefan Charette
Board member

Arne Karlsson
Board member

Magnus Johansson
Board member

Annika Sten Pärson
Board member

Camilla Andersson Hult
Board member

Björn Cederlund
Board member

Bo Annvik
President and CEO

Our audit report was issued on March 14, 2013

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 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 31–68.

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 2012 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 2012 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

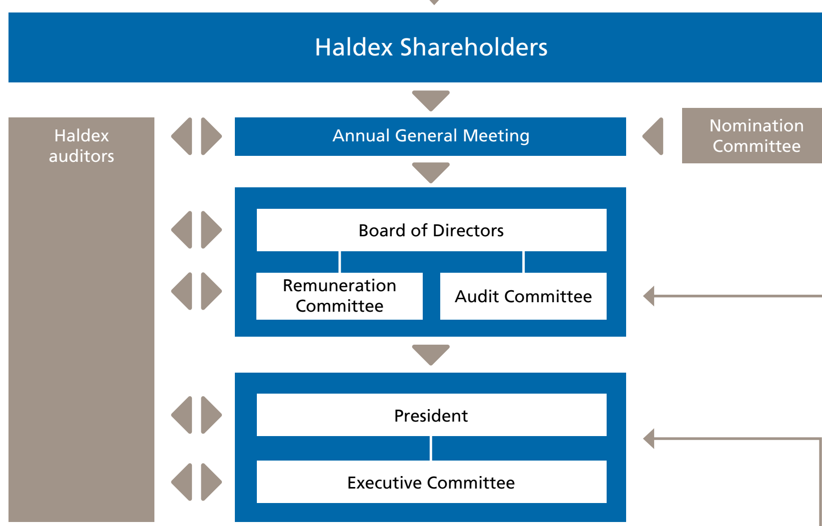
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Landskrona March 14, 2013

Michael Bengtsson Authorized Public Accountant PricewaterhouseCoopers AB	Ann-Christine Hägglund Authorized Public Accountant 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 Board of Haldex has deemed that for 2012 it was more appropriate for the entire Board to act as the two committees.

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 respon-sible 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 2012

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 2012, 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 2012 Annual General Meeting, the four largest shareholders have each appointed representatives to form the Nomination Committee for the 2013 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 13,366 at year-end. Creades AB represented the largest owner with 13.1% of the share capital. Swedish ownership totaled 65% at year-end 2012. Information concerning ownership is updated each month on Haldex' website, www.haldex.com. See also page 78-79, 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 39% of the voting rights attended the 2012 Annual General Meeting held on April 18, 2012, in Landskrona. Göran Carlson 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:

- The AGM resolved in accordance with the Board of Directors' proposal, on a dividend of 2 SEK per share.
- It was decided that the Board shall comprise five members with no deputies. The Meeting re-elected Göran Carlson, Stefan Charette, Magnus Johansson and Arne Karlsson and elected Annika Sten Pärson as director. Göran Carlson was re-elected Chairman of the Board.
- For the period up until the close of the 2013 Annual General Meeting, directors fees were decided as follows: SEK 500,000 pertains to the Chairman and SEK 200,000 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. 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 2011 fiscal year.

Stefan Charette, Creades AB, presented the Nomination Committee's proposal for a resolution regarding the Nomination Committee for the 2012 Annual General Meeting.

Nomination Committee for the 2013 Annual General Meeting

In accordance with a decision by the 2012 Annual General Meeting, the four largest shareholders shall each appoint representatives to form the Nomination Committee for the 2013 Annual General Meeting. At the end of September 2012, these shareholders were Creades AB, Göran Carlson through companies, Afa Försäkring AB and Handelsbankens Fonder. Combined, they represented 27.5% of the voting rights in Haldex AB as per September 28, 2012. The shareholders' representatives who will comprise members of the 2013 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 25, 2012.

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 Media – Press Releases – 2012 – Nominations Committee at Haldex AB prior to 2013 Annual General Meeting.

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 2012, the Board of Directors met at 11 times. The main issues addressed were financial and market position, establishment of the Board of Directors' work procedures and the Instructions for the President, as well as strategic and organizational issues. During the autumn operational strategy and budget for 2013 was addressed.

Board Committees

Until April 2012, the Audit Committee comprised of the Board members Göran Carlson, Arne Karlsson and Caroline Sundewall. Caroline Sundewall was the Chairman of the Committee. After April 2012 the Audit Committee comprised of Göran Carlson, Stefan Charette, Magnus Johansson, Arne Karlsson and Annika Sten-Pärson. Arne Karlsson was the Chairman of the Committee. The Audit Committee was convened 6 times during 2012.

Until April 2012, the Compensation Committee consisted of Board members Göran Carlson, Magnus Johansson och Anders Thelin. Göran Carlson was its Chairman. After April 2012 the Compensation Committee comprised of Göran Carlson, Stefan Charette, Magnus Johansson, Arne Karlsson and Annika Sten-Pärson. Magnus Johansson was the Chairman of the Committee. The Committee held 3 meetings during 2012.

Board members, attendance 2012

Name	Audit Committee		Compensation Committee		Board meetings	
	Jan–April	April–Dec	Jan–April	April–Dec	Jan–April	April–Dec
Göran Carlson	2	4	1	2	3	8
Stefan Charette	-	4	-	2	3	8
Magnus Johansson	-	4	1	2	3	8
Arne Karlsson	2	4	-	2	3	8
C S Patel**	-	-	-	-	3	-
Annika Sten Pärson*	-	4	-	2	-	8
Caroline Sundewall**	2	-	-	-	3	-
Anders Thelin**	-	-	1	-	3	-

* Board Member since April 2012
** Board Member until April 2012

Evaluation of Board activities in 2012

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 2012 was discussed in conjunction with the Board meeting in December 2012.

Auditors

At the 2011 Annual General Meeting, Authorized Public Accountants Michael Bengtsson and Ann-Christine Hägglund from Pricewaterhouse-Coopers AB were re-elected, 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 , Lernia AB 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 2013 Annual General Meeting, the Board of Directors proposes that the following guidelines shall apply up to the 2014 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 2012 Annual General Meeting. For additional information concerning remuneration of senior executives, refer to Note 6.

Remuneration of the Executive Committee in 2012

President

President, from the period from January 1 until June 30 2012, has been Ulf Ahlén. From July 1 2012 Bo Annvik is the President and CEO of the Haldex Group.

Remuneration President Ulf Ahlén

Based on the terms and conditions the President Ulf Ahlén was not entitled to any severance pay. The The President's pension benefits are premium-based and comprise an ITP scheme and an annual provision for 67% of fixed salary exceeding 20 "basic amounts" (base figure for Swedish social security), based on Ulf Ahléns earlier contract as Division Manager.

Remuneration President Bo Annvik

In 2012 President Bo Annvik received a fixed salary as detailed below. In addition to a reciprocal 12-month period of notice, the President will, in the event of termination of employment by the company, receive severance pay equivalent to 12 months' salary. In the event of resignation by the President, no severance pay may be claimed. The President's pension benefits are premium-based and comprise an ITP scheme and an annual provision for 25% of fixed salary exceeding 20 "basic amounts" (base figure for Swedish social security). Retirement age is 65.

Bo Annvik received shares in Haldex corresponding to a value of SEK 200 k when he took office as the President and CEO in Haldex.

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 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 April 2012 – April 2013

Remuneration of Board members elected by the Annual General Meeting is approved by the Annual General Meeting following proposals from the Nomination Committee. For the period April 2012 to April 2013, remuneration was determined 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 Executive Committee 2012, SEK thousands

		2012	
	Basic salary incl. benefits	Variable remuneration	Pension
President			
Ulf Ahlén. to June 30, 2012	1,906	-	1,262
Bo Annvik, from July 1, 2012	2,009	476	844
Other senior executives (Group Management)			
9 people, of whom 0 women, at year end 12	12,123	1,637	1,760
Total	**16,038**	**2,113**	**3,866**

Remuneration of the Board April 2012 to April 2013, SEK

	Compensation Committee	Audit Committee	Board fees	Total Remuneration
Göran Carlson	-	-	500,000	500,000
Stefan Charette	-	-	200,000	200,000
Arne Karlsson	-	100,000	200,000	300,000
Magnus Johansson	50,000	-	200,000	250,000
Annika Sten Pärson	-	-	200,000	200,000
Total	**50,000**	**100,000**	**1,300,000**	**1,450,000**

The Annual General Meeting in 2012 decided, in addition to above, of remuneration to members of the Audit Committee of SEK 50,000 and remuneration to members of the Compensation Committee of SEK 25,000. According to decision of the Board, only the committees chairmen received remuneration.

Auditing fees 2012, SEK m

	2012	2011
PricewaterhouseCoopers		
Audit assignments	4	4
Audit work in addition to the audit assignment	-	-
Tax advice	4	1
Other assignments	2	-
Continued operations	**10**	**5**
Discontinued operations – audit assignment	-	0
Discontinued operations – other assignments	-	16
Total	**10**	**21**

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. 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.

The Board of Haldex has deemed that for 2012 it was more appropriate for the entire Board to perform said tasks and act as the Audit Committee.

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 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 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 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 2012, 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 2012 on pages 70-77 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 14, 2013

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.

Price trend and trading

The turbulence on the world's stock exchanges was also reflected on the NASDAQ OMX Stockholm. NASDAQ OMX Stockholm increased 12,0% in 2012, with the OMX Stockholm Industrial Index (industrial goods and services), the sector in which Haldex is included, also increased 18,7%.

Total market capitalization at year-end 2012 was SEK 1,481 m (1,114). A total of 57,9 million Haldex shares (34.2) were traded during 2012, corresponding to average trading volume of 229,012 shares (224,111) per day. The lowest price paid during the year was SEK 25,60 on January 2 and the highest price was SEK 47,30 on March 15. Trading on Nasdaq OMX Stockholm accounted for about 70% of turnover (78) in the Haldex share during the year. An additional 5% of the shares were traded in other Trading systems within Nasdaq around the world. The remaining 25% 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 133% (131). On NASDAQ OMX Stockholm, the turnover rate rose slightly to 96% (95) and the rate on the MidCap list was 52% (66).

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 slightly with 1% during 2012 to a total of 13,366 (13,348) at year-end. Swedish ownership decreased slightly from 67% to 65% at year-end 2012.

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.

For the 2012 fiscal year, the Board intends to propose that the Annual General Meeting approve an ordinary dividend of SEK 1:00 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.

Data per share

	2012	2011	2010	2009	2008
Earnings, SEK	1.02	46.94	2.87	2.40	-1.25
Dividend, SEK	1.00	2.00	3.00	-	-
Market price at year-end, SEK	33.50	25.20	105.25	44.50	26.70
Equity, SEK	28.09	30.20	53.62	54.13	83.15
EBIT multiple	9	7	12	neg	12
P/E ratio	30	8	37	24	neg
Payout ratio, %	98	4	105	-	-
Payout ratio incl. redemption,%	-	-	1.150	-	-
Dividend yield, %	3.0	7.9	2.9	-	-
Dividend yield incl. redemption, %	-	-	31.4	-	-
Total return, %	137	26	137	157	-76
Market price/equity, %	119	82	196	82	32

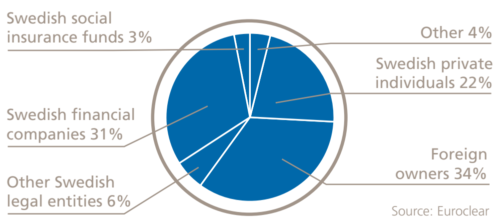
Financial information for 2013

Annual Report 2012 (available at www.haldex.com)	March 28
Annual General Meeting at 16:00 PM CET in Stockholm. Venue: IVA, Grev Turegatan	April 25
Q1: Interim report January – March	April 25
Q2: Six Month report January – June	July 19
Q3: Interim report January – October	November 6
Q4: Year-End report January – December	February 2014

Shareholders and number of shares

	2012	2011	2010	2009	2008	2007
Number of shareholders	13,366	13,348	12,502	10,486	8,576	8,382
Average number of shares, thousands	44,216	44,133	44,216	34,020	21,920	21,980
Number of shares at year-end, thousands	44,216	44,216	44,216	44,216	21,920	21,920

Ownership structure



Ten largest shareholders, December 28, 2012

Name	No. of Shares	Percent of votes and capital
Creades AB	5,852,625	13.1
SKANDINAVISKA ENSKILDA BANKEN S.A., W8IMY	2,711,832	6.1
HANDELSBANKEN FONDER AB RE JPMEL	2,108,422	4.8
Afa Försäkring	2,000,000	4.5
JPM CHASE NA	1,296,852	2.9
UNIONEN	1,296,753	2.9
J P MORGAN CLEARING CORP, W9	1,200,780	2.7
FJÄRDE AP FONDEN	1, 044,545	2.4
CBNY-DFA-INT SML CAP V	861,876	2.0
Swedbank Robur fonder	824,594	1.9
Total ten largest shareholders	**19,198,279**	**43.4**
Total other shareholders	25,017,691	56.6
Haldex AB – treasury shares	0	0
Total	**44,215,970**	**100.00**

Source: Euroclear

Ownership structure, December 28, 2012

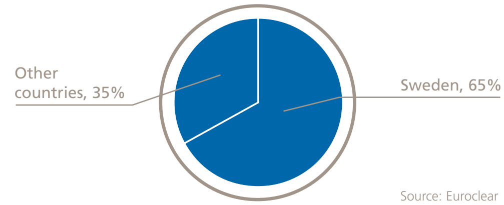
Shareholding	No. of shareholders	No. of shares	Percent of total
1 – 500	8,543	1,695,569	3.83
501 – 1 000	2,240	1,908,829	4.32
1 001 – 5 000	2,034	4,932,434	11.16
5 001 – 10 000	288	2,246,503	5.08
10 001 – 15 000	67	854,774	1.93
15 001 – 20 000	42	786,690	1.78
20 001 –	152	31,791,171	71.90
Total	**13,366**	**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
Erik Penser Bankaktiebolag ....Olof Larshammar
Handelsbanken Capital Markets ..... Hampus Engellau, Jon Hyltner
SEB Enskilda .... Stefan Cederberg, Anders Trapp
Swedbank Markets .... Mats Liss
Pareto Öhman .... David Jacobsson

Five-year summary & Quarterly report

Five-year summary, Haldex Continued Operations

	2012	2011	2010	2009	2008
Net sales, SEK m	3,933	4,030	3,710	3,134	4,234
Operating income, SEK m[1]	210	235	162	-60	4
Operating income, SEK m	150	235	110	-112	-92
Operating margin, %[1]	5.3	5.8	4.4	-1.9	0
Operating margin, %	3.8	5.8	3.0	-3.6	-2.2
Return on capital employed,%[2]	9.8	10.1	5.9	-5.2	-3.1
Depreciation, SEK m	145	146	146	144	160
Investments, SEK m	118	100	146	103	232
Number of employees	2,200	2,365	2,220	2,169	2,856

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

Quarterly Report, Haldex Continued Operations

			2012					2011		
Amounts in SEK m	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Net sales	1,073	1,065	931	864	3,933	952	1,026	1,017	1,035	4,030
Cost of goods sold	-789	-784	-689	-642	-2,904	-680	-747	-761	-779	-2,967
Gross income	**284**	**281**	**242**	**222**	**1,029**	**272**	**279**	**256**	**256**	**1,063**
	26.4%	26.4%	26.0%	25.7%	26.2%	28.6%	27.2%	25.2%	24.7%	26.4%
Sales, administrative and prod. development costs	-224	-224	-195	-193	-836	-215	-209	-195	-210	-829
Other operating income and expenses	4	-31	-15	-1	-43	-2	-4	4	3	1
Operating income[1]	**64**	**26**	**32**	**28**	**150**	**55**	**66**	**65**	**49**	**235**
Financial income and expense	-11	-13	-11	-9	-44	1	6	-12	-12	-18
Earnings before tax	**53**	**13**	**21**	**19**	**106**	**56**	**72**	**53**	**37**	**217**
Taxes	-19	-6	-9	-23	-57	-18	-27	-18	-13	-75
Net profit/loss	**34**	**7**	**12**	**-4**	**49**	**38**	**45**	**35**	**24**	**142**
of which non-controlling interests	*2*	*1*	*1*	*0*	*4*	*2*	*3*	*0*	*1*	*6*

Operating income

			2012					2011		
Amounts in SEK m	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Restructuring costs	-	-34	-20	-6	-60	-	-	-	-	-
Operating income excluding restructuring costs	**64**	**60**	**52**	**34**	**210**	**55**	**66**	**65**	**49**	**235**

Quarterly key figures

			2012					2011		
Amounts in SEK m	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-year
Operating margin, %[1]	6.0	5.6	5.6	3.9	5.3	5.8	6.4	6.4	4.8	5.8
Operating margin, %	6.0	2.4	3.4	3.2	3.8	5.8	6.4	6.4	4.8	5.8
Cash flow after net investments	42	6	9	63	120	-143	-40	40	152	9
Return on capital employed, %[1,2]	10.1	10.9	10.4	9.8	9.8	9.7	10.1	10.4	10.1	10.1
Return on capital employed,%[2]	10.1	9.4	7.9	7.0	7.0	7.0	7.7	10.4	10.1	10.1
Investments	23	27	32	36	118	32	20	22	26	100
R&D,%	3.0	3.4	3.4	3.8	3.4	3.6	3.5	3.4	3.2	3.3
Number of employees	2,367	2,306	2,262	2,200	2,200	2,346	2,418	2,360	2,365	2,365

[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 Telematics Module

Board of Directors

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.
Board member of Transcom S.A., Bilia AB, Lindab International AB and Creades AB.
Shareholding: 50,825 (including companies, insurance and pension).

Göran Carlson** I *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: 2,506,356 through companies.

Annika Sten Pärson*

Born 1963. Elected 2012.
Degree in Strategic Marketing from Berghs School of Communication.
Chief Sales & Marketing Officer of Com Hem AB and since 2008 responsible for the Consumer division. Annika has previously held management positions in companies such as Coop and Candelia.
Shareholding: -

Arne Karlsson*

Born 1944. Elected 2003.
Chairman 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 sister companies in the Scania Group. Member of the Board and Chairman of the Audit Committee of FinnvedenBulten AB.
Shareholding: 2,000

Magnus Johansson*

Born 1955. Elected 2011.
B.A.
Director, Vehicle Service Market, SKF Automotive. 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 Group Demand Chain
Shareholding: -

Fredrik Hudson

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

Björn Cederlund

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

Camilla Hult

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

* 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

Bo Annvik
President and Chief Executive Officer

Born 1965. Employed 2012
Education: M Sc Business Administration
Previous employment: EVP Outokumpu Group and Head of Division Specialty Stainless. President SKF Sealing Solutions and VP Business Development, Automotive Division, SKF. Management positions at Volvo Cars
Board member: AB Handel och Industri, Handelsbanken
Shareholding: 6,000
Employee Stock Options: -

Pramod Mistry
Chief Financial Officer

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

Ed Meador
Senior Vice President,
North American Sales

Born 1962.
Employed since: November 2012
Education: BA Business Management
Previous employment: CEO Motor Wheel CVS, VP Commercial Operations, Hayes Lemmerz
Shareholdings: -
Employee stock options: -

Andreas Ekberg
Senior Vice President
Global Operations

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
Europe and ROW Sales

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

Bjarne Lindblad
Senior Vice President,
Global Sourcing & Logistics

Born 1956.
Employed since 2004
Education: Business Administration
Previous employment: Nolato Group, Haldex
Shareholdings: 1,000
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

Paul Bale
Senior Vice President, Business Development and acting head of Research & Development and Quality

Born 1965. Employed since 2000.
Education: BSc (Hons) Electronic Eng., MBA.
Previous employment: Various technical and business unit leadership positions within Haldex, Lear Corporation and Valeo
Shareholdings: 1,090
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.

HALDEX STORY

12

"Lean manufacturing in practice"

In 2010 Haldex moved the operations in Iola, USA, to Monterrey in Mexico. Haldex has a strategy of continuous improvement, so as soon as the new production unit was in place our people in Mexico immediately started to review the efficiencies. Pedro Espinosa is Plant Manager in Monterrey:

– We wanted to investigate if there were room for improvements that could optimize the operations, make better use of space and personnel, and look for opportunities to add value to our customers. One goal for this project was to standardize operations between the products, to reduce the number of productions cells. We thoroughly reviewed cell layout, mutual placement and which components that were required in each cell.

Instead of having cells with low percentage of usage, Haldex started to consolidate the cells to handle several tasks. Simultaneously to running production more efficiently the project found ways to further minimize waste products and also waste time, like when production staff changes from one cell to another. The production staff was trained to raise the competence regarding waste, production flow, etc.

– Early 2012 we operated with 32 cells, instead of the original 56. We reduced the used space by 37%, increased cell usage by 25% and increased productivity by 13%. All these significant improvements occurred without affecting the delivery of any customer orders. This is an example of lean manufacturing in a true Haldex way, and it couldn't have occurred without the dedicated work from our Monterrey team, says a proud Pedro Espinosa.

HALDEX STORY #98

"Creating a uniform fleet brake system"

When you operate a large fleet, it's a challenge to service all the different components on a truck or trailer. This is especially true if your fleet consists of vehicles from different manufacturers. The placement of components vary by manufacturer, which can make working on trailers and converter dollies a challenge even for the most experienced technician. That's why one of the major fleets approached Haldex with their problem, with the request of developing a standardized braking system for their trailers.

– We saw the customer's problem, struggling to serve their vehicles with this wide variety of brake components, says John Cochios, National Fleets Account Manager at Haldex in the USA. By developing a modular brake system we could facilitate easier and faster service. And less vehicle time spent in the garage equals substantial cost savings.

Haldex' engineering team started to develop a modular trailer brake system, and about a year later the mission was completed. There were challenges, of course, like how to withstand road vibrations and how to mount the product. But with them solved, the fleet client can today happily see the results of having brake system uniformity throughout their trailer fleet.

– The Trailer Modular Brake System makes it easier to provide maintenance, says John Cochios. The benefit to the fleet of reducing troubleshooting time on the brake system, as well as the ability to change out the entire system in 20-25 minutes, has helped to increase productivity. Haldex provided a unique solution to a customer problem, and we have already seen interest from other fleets with requests of having the same solution.

Contacts

Haldex Headquarter
Haldex AB
Box 507, SE-261 24 Landskrona
Sweden
Tel.: +46 418 47 60 00
Fax: +46 418 47 60 66
E-Mail: info@Haldex.com

Austria
Haldex Wien Ges.m.b.H.
Vienna
Tel.: +43 1 8 69 27 97
Fax: +43 1 8 69 27 97 27
E-Mail: info.AT@Haldex.com

Belgium
Haldex N.V.
Balegem
Tel.: +32 9 363 90 00
Fax: +32 9 363 90 09
E-Mail: info.BE@Haldex.com

Brazil
Haldex do Brasil Ind. e Comércio Ltda.
São José dos Campos
Tel.: +55 12 3935 4000
E-Mail: info.BR@Haldex.com

Canada
Haldex Ltd.
Cambridge, Ontario
Tel.: +1 519 621 6722
Fax: +1 519 621 3924
E-Mail: info.Ca@Haldex.com

China
Haldex Vehicle Products Co. Ltd.
Suzhou
Tel.: +86 512 8885 5301
Fax: +86 512 8765 6066
E-Mail: info.CN@Haldex.com

France
Haldex Europe SAS
Weyersheim
Tel.: +33 3 88 68 22 00
Fax: +33 3 88 68 22 09
E-Mail: info.EUR@Haldex.com

Germany
Haldex Brake Products GmbH
Heidelberg
Tel.: +49 6221 7030
Fax: +49 6221 703400
E-Mail: info.DE@Haldex.com

Hungary
Haldex Hungary Kft.
Szentlörinckáta
Tel.: +36 29 631 300
Fax: +36 29 631 301
E-Mail: info.HU.EU@Haldex.com

India
Haldex India Limited
Nashik
Tel.: +91 253 6699501
Fax: +91 253 2380729
E-Mail: info.IN@Haldex.com

Italy
Haldex Italia Srl.
Biassono
Tel.: +39 039 47 17 02
Fax: +39 039 27 54 309
E-Mail: info.IT@Haldex.com

Korea
Haldex Korea Ltd.
Seoul
Tel.: +82 2 2636 7545
Fax: +82 2 2636 7548
E-Mail: info.HKR@Haldex.com

Mexico
Haldex de Mexico S.A. De C.V.
Monterrey
Tel.: +52 81 8156 9500
Fax: +52 81 8313 7090

Poland
Haldex Sp. z.o.o.
Praszka
Tel.: +48 34 350 11 00
Fax: +48 34 350 11 11
E-Mail: info.PL@Haldex.com

Russia
OOO Haldex RUS
Moscow
Tel.: +7 495 747 59 56
Fax: +7 495 786 39 70
E-Mail: info.RU@Haldex.com

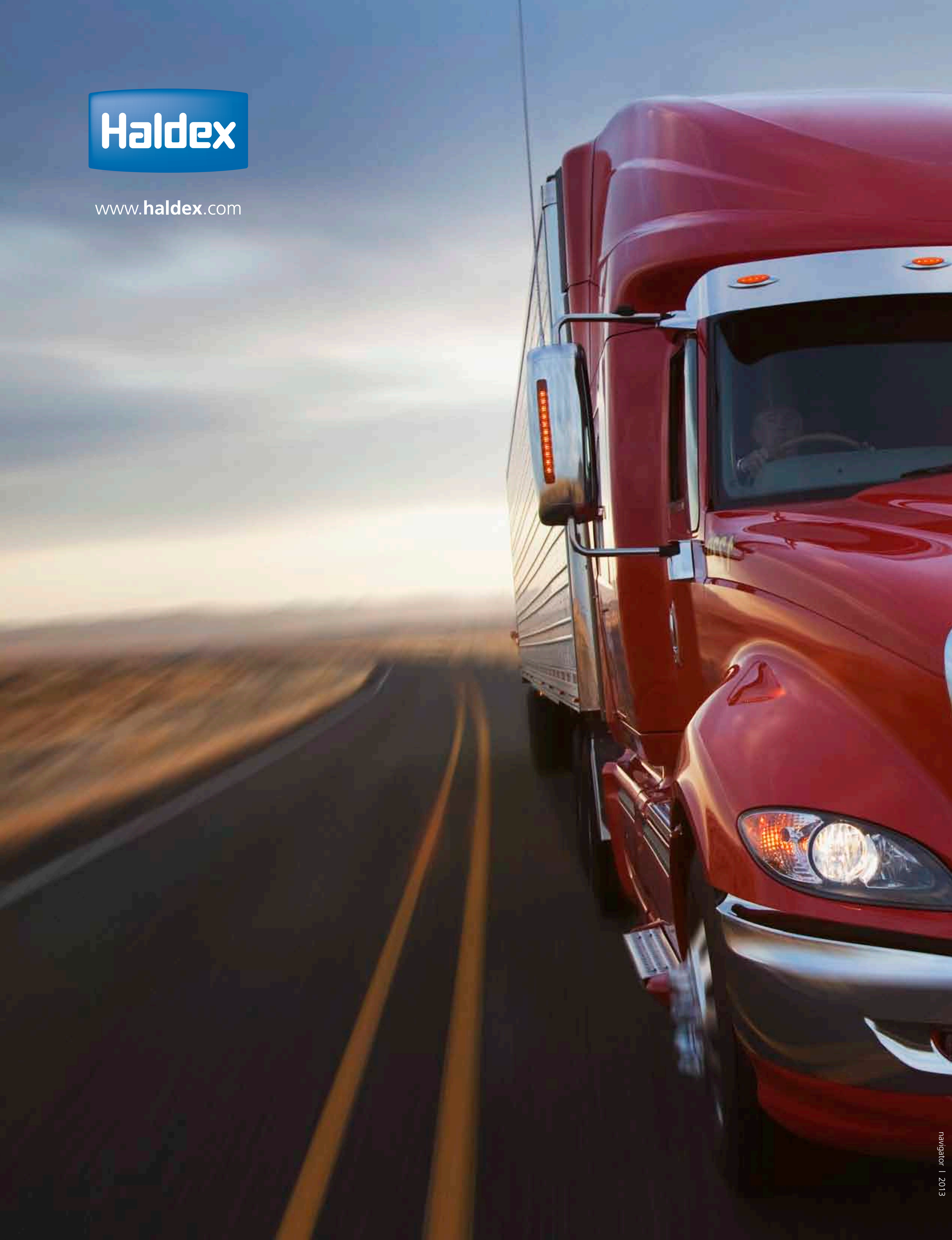
Spain
Haldex España S.A.
Granollers
Tel.: +34 93 84 07 239
Fax: +34 93 84 91 218
E-Mail: info.ES@Haldex.com

Sweden
Haldex Brake Products AB
Landskrona
Tel.: +46 418 47 60 00
Fax: +46 418 47 60 01
E-Mail: info.SE@Haldex.com

United Kingdom
Haldex Ltd.
Newton Aycliffe
Tel.: +44 1325 310 110
Fax: +44 1325 311 834
E-Mail: info.GBAy@Haldex.com

Haldex Brake Products Ltd.
Redditch
Tel.: +44 1527 499 499
Fax: +44 1527 499 500
E-Mail: info.GBRe@Haldex.com

USA
Haldex Brake Products Corp.
Kansas City
Tel.: +1 816 891 2470
Fax: +1 816 891 9447
E-Mail: info.US@Haldex.com



Haldex

www.haldex.com