

Annual Report 2008/09



Welcome to Systemair

Welcome to Systemair's Annual Report for the financial year 1 May 2008–30 April 2009. The year began with robust demand and healthy earnings but closed with a stagnant quarter. After a year of aggressive initiatives as well as cost-cutting, we feel well equipped for dealing positively with the recession and are carefully optimistic about further growth.

In this Annual Report, you can read more about how we contribute to a good indoor climate and continue to develop efficient ventilation products that satisfy the requirements of low energy consumption.

I hope that you will find the Report enjoyable reading!



Gerald Engström
CEO Systemair

Contents

Systemair in Brief	3	Consolidated Income Statement	40
Goals and Goal Achievement	4	Consolidated Balance Sheet	41
Brief History	5	Changes in Equity – Group	42
CEO's Statement	6-7	Consolidated Cash Flow Statement	43
Operations – Mission – Acquisitions	8-12	Parent Company Income Statement	44
Market	14-17	Parent Company Balance Sheet	45
Systemair Brands	18-19	Changes in Equity – Parent Company	46
Products	20-23	Parent Company Cash Flow Statement	47
Production Plant	24-27	Accounting Policies and Notes to the Accounts	48-63
Sustainability	28-29	Audit Report	64
Personnel	30-31	Key Ratios and Definitions	65
The Systemair Share	32-33	Corporate Governance Report	66-69
Annual Report	35	Board of Directors and Group Management	70-71
Directors' Report	36-39	Addresses	72
Proposed Distribution of Unappropriated Profits	39	Annual General Meeting Information	73

Systemair in Brief

Systemair is a leading ventilation company with operations in 38 countries in Europe, North America, the Middle East, Asia, Africa and Australia. The Company had sales of approximately SEK 3.3 billion in the 2008/09 financial year and currently employs about 1,945 people. Since it was founded in 1974, the Company has increased sales every year and at the same time reported an operating profit. During the past three years, growth has averaged roughly 13%. The Group comprises about 60 companies.

Systemair has well-established operations in growth markets. The Group's products are marketed under the Systemair, Frico, VEAB and Fantech brands. Systemair shares have been quoted on the Mid Cap List of the Nasdaq OMX Nordic Exchange in Stockholm since October 2007.

Significant Events in 2008/2009

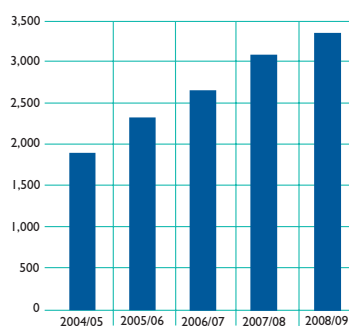
- Acquisition of the assets in Emerson Ventilation Products, Kansas, United States, in May 2008.
- Acquisition of Megcool Industries, Kuala Lumpur, Malaysia, in May 2008.
- Inauguration of an assembly plant in India, in January 2009.
- Inauguration of a new manufacturing plant in Malaysia, in February 2009.
- Breakthrough order for tunnel fans in Italy.
- Breakthrough order in India, Delhi International Airport.

Key Ratios

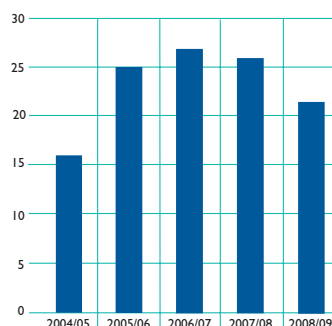
	2008/09	2007/08	2006/07
Net sales, SEK million	3,333.1	3,091.6	2 664.2
Growth, %	7.8	16.1	14.8
Operating profit, SEK million	341.0	402.5	329.4
Operating margin, %	10.2	13.0	12.4
Profit margin, %	9.0	11.3	11.7
Return on capital employed, %	21.3	25.8	26.8
Earnings per share, SEK	4.5	4.7	4.9
Equity per share, SEK	19.7	15.3	12.4
Equity/assets ratio, %	43.3	37.3	33.9
Dividend per share, SEK	0.75*	1.50	1.46
No. of employees at year-end	1,945	1,827	1,644

* Dividend recommended by the Board to the AGM to be held on 3 September 2009 in Skinnkatteberg.

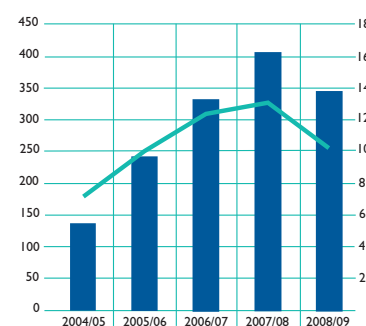
Net sales, SEK million



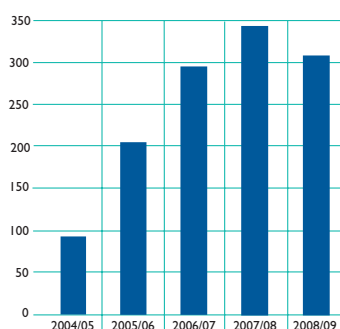
Return on capital employed %



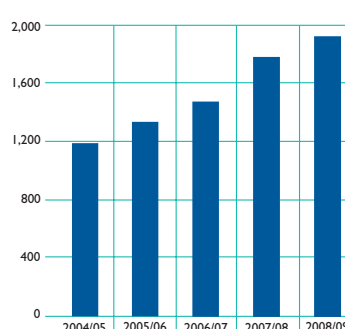
Operating profit (EBIT), SEK million/EBIT margin, %



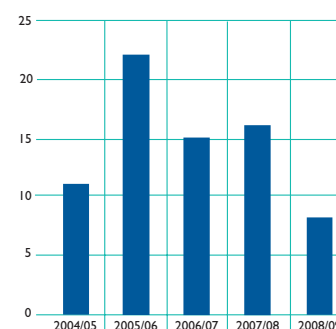
Cash flow from operating activities, SEK million



Average number of employees



Growth in net sales, %



Goals and goal fulfilment

Systemair's overall goal is to be one of the leading ventilation companies in Europe.

Goal	Description	Fulfilment												
Growth														
To achieve average annual growth of no less than 12% in sales over a business cycle.	The goal is to be achieved through organic growth and acquisitions. Sales growth has averaged 14.8% per year during the past 10 years. Organic growth is to be achieved through in-house product development and expanded market shares in Western Europe. New geographic markets will be entered through acquisitions or the establishment of new ventures.	Net sales for the financial year rose 8%. Group sales benefited from price increases as well as the appreciation of foreign currencies, in particular the euro (EUR) and the U.S. dollar (USD).												
Profitability														
To achieve an average operating margin of no less than 10% over a business cycle.	The operating margin has averaged 8.1% during the past 10 years and 11.9% the past three years. The Company deems the conditions for achieving this goal favourable, given its current structure and ongoing healthy growth.	 <table><caption>Operating margin, %</caption><thead><tr><th>Period</th><th>Operating margin, %</th></tr></thead><tbody><tr><td>2004/05</td><td>7.1</td></tr><tr><td>2005/06</td><td>10.1</td></tr><tr><td>2006/07</td><td>12.5</td></tr><tr><td>2007/08</td><td>13.1</td></tr><tr><td>2008/09</td><td>10.5</td></tr></tbody></table>	Period	Operating margin, %	2004/05	7.1	2005/06	10.1	2006/07	12.5	2007/08	13.1	2008/09	10.5
Period	Operating margin, %													
2004/05	7.1													
2005/06	10.1													
2006/07	12.5													
2007/08	13.1													
2008/09	10.5													
Financial position														
The Group's equity/assets ratio should not be less than 30%.	The Group's financial position is solid, and the equity/assets ratio was 43.3% at 30 April 2009. The Company continually evaluates opportunities for strategic acquisitions. Financing is intended to be secured at the time of each particular transaction.	 <table><caption>Equity/assets ratio, %</caption><thead><tr><th>Period</th><th>Equity/assets ratio, %</th></tr></thead><tbody><tr><td>2004/05</td><td>36.5</td></tr><tr><td>2005/06</td><td>44.5</td></tr><tr><td>2006/07</td><td>34.5</td></tr><tr><td>2007/08</td><td>37.5</td></tr><tr><td>2008/09</td><td>43.3</td></tr></tbody></table>	Period	Equity/assets ratio, %	2004/05	36.5	2005/06	44.5	2006/07	34.5	2007/08	37.5	2008/09	43.3
Period	Equity/assets ratio, %													
2004/05	36.5													
2005/06	44.5													
2006/07	34.5													
2007/08	37.5													
2008/09	43.3													
Dividend policy														
Based on Systemair's growth objectives, the dividend target is approximately 30% of the Company's profit after tax.	The AGM resolves on the dividend to be paid taking into consideration the Board's recommendation. The aim is to secure a stable financial position for continued acquisitions, the establishment of sales companies and progressive expansion of production capacity. At the same time, shareholders should receive a reasonable share of the Company's earnings.	The Board of Directors has proposed a dividend of SEK 0.75 (1.50) per share, which is less than the target of 30% of profit after tax. The proposed dividend is a little more than 16% (31) of net consolidated profit. The reason for reducing the dividend is that the Board and Management wish to make more room for strategic acquisitions that may emerge as a result of the global financial crisis.												

A brief history

The 1970s and 1980s

1974

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

1976

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

1981

- Exports to the United States began via RB Kanalfäkt, established and owned by a local agent
- Systemair acquired 50% of the company's shares in 1987 and the remaining 50% in 2001/2002.

1985

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

1986

- Gerald Engström took over as CEO.

1989

- Sales company acquired in Denmark.

1989/91

- Norwegian sales company Jolin acquired in stages.

1990s

1992

- Frico International, quoted on the OTC, was acquired. The product range was augmented with air curtains and fan heaters.

1995

- Environment Air, Canada, customer and manufacturer of residential air handling units, was acquired.

1996

- Acquisition of factory in Bouctouche, Canada, for the production of duct fans and air handling units for the North American market.

End of the 1990s

- **Policy was adopted that sales be conducted primarily through wholly owned sales subsidiaries.**

1997

- Own representative office in Moscow, Russia.
- SCIE Systemair, previously sales agent in France, acquired. The name was later taken by the whole Group.

1998/99

- Acquisition of:
 - Europair, Södertälje, Sweden, which developed and sold air terminal devices
 - LTI Lüftungstechnik, Windischbuch, Germany, second largest production unit and central warehouse. LTI's sales companies in the UK, Poland and Singapore became the first subsidiaries to be renamed Systemair.

1999/00

- Acquisition of the sales company AS APF Group, Estonia, with subsidiary in Latvia
- Establishment of representative office in Shanghai, China.

2000s

2000/01

- New distribution centre in Skinnskatteberg.
- Acquisition of Danvent, Denmark, producer of air handling units for large structures
- Acquisition of 75% of the shares in UAB Alitas, Lithuania
- Sales subsidiary in Turkey under the Systemair name.

2001/02

- **Systemair adopted as the common name for the entire Group.**
- Acquisition of:
 - Veab Heat Tech, Hässleholm, Sweden, leading manufacturer of duct heaters and fan heaters
 - Equipment maker Auranor Aggregater, Eidsvoll, Norway.
 - Sales company Bivent, Austria
 - Phoenix Components, UK, with production and sales of air curtains under the Shearflow brand
- Sales companies founded in Hong Kong, Hungary and Ireland.

2002/03

- Acquisition of:
 - Sales company Meijdijk Ventilatietechnik, the Netherlands.
 - The Klockargården property, Skinnskatteberg, with 26,000 sqm of floor area on a 30 hectare site
- **Inauguration of Systemair's development centre** in Skinnskatteberg, AMCA-accredited laboratory for measuring air flow, sound, energy consumption and electrical safety.

2003/04

- Acquisition of:
 - Fans&Spares, distributor with nine branches in England
 - Gelu, German manufacturer of air curtains
 - Antlia, distributor in Switzerland
- Establishment of a new sales company in Belgium.

2004/05

- Acquisition of:
 - Sales companies in Romania and South Africa
 - Frico subsidiary in the Netherlands
 - Production facility in Ukmergė, Lithuania.

2005/06

- Acquisition of:
 - Marvent, Slovenia, a producer of high-temperature fans for smoke extract ventilation
 - Multiventilacao, a sales company in Portugal
- Establishment of sales companies in Dubai, Spain and India
- **Gerald Engström, CEO, Systemair, named Entrepreneur of the Year in Sweden.**

2006/07

- Acquisition of:
 - Altexa, sales company in Austria
 - The assets of Matthews & Yates, UK, leading manufacturer of axial fans
 - Imos, Slovakia, manufacturer of air terminal devices.

2007/08

- Acquisition of:
 - Koolclima, Spain, manufacturer of air handling units.
 - Climaproduct, Italy, distributor
- Establishment of:
 - Systemair Software, India
 - Matthews & Yates, Australia
- **Systemair was listed on the OMX Stockholm Exchange.**
- **Systemair was awarded the Swedish Trade Council's Export Prize.**

2008/09

- Acquisition of:
 - Megcool Industries, Malaysia
 - The assets of Emerson Ventilation Products, United States
- Inauguration of a new assembly plant and central warehouse in Malaysia
- Inauguration of a new assembly plant in India.



Cautious optimism despite challenges

“We feel well equipped to deal with the recession positively. Our aim is to continue growing in 2009/10.”

In our first six months, we continued to enjoy healthy demand and good earnings. The downturn in the economy was anticipated but not until November-December 2008 did it affect us. During the third quarter, the calendar and the economy worked against us, and growth slowed to 5%.

The fourth quarter was even weaker, with no growth at all. We have been hit by a sharp drop in volumes to Russia, Ukraine, the Baltic states, Spain, Ireland and other markets. Despite this, we enjoy ongoing robust growth in Germany, Poland, France, the United Arab Emirates and South Africa, to give a few examples. In total, we grew 8% for the entire year, though we were helped by foreign exchange and, to some extent, acquisitions. An operating margin of 10.2% would likely please many, but it is considerably worse than the preceding year's 13.0%.

During the year, we launched aggressive initiatives as well as cost-cutting, trimming capacity significantly and adjusting costs in several manufacturing units, such as in Sweden, Denmark, Spain and Canada. In Germany, we decided to close the production facility for air curtains that the Group had taken over in conjunction with an acquisition four years ago. That production will be moved to Skinnskatteberg, thus achieving cost savings as well as logistical advantages. The costs of these projects have been recognised on an ongoing basis and not reported as extraordinary expenses.

Aggressive initiatives

The acquisition of the assets in Emerson Ventilation Products in Kansas provides a sound base for future expansion in commercial ventilation products in North America. Production has been streamlined, and investments have been made to modernise the plant. We have acquired the property of six hectares with a 16,000 sqm building, where we now have production and a distribution centre for the U.S. operations. Kansas City lies in about the middle of the United States, an outstanding location for a distribution centre.

The acquisition of Megcool in Kuala Lumpur, Malaysia, has turned out well. We have moved to a new, larger property of about 4,000 sqm, and the facility will become our base for further expansion in Southeast Asia.

In India, we have built up sales offices in four cities – Delhi, Pune, Bangalore and Calcutta – and had a small-scale assembly plant and warehouse constructed in Alwar, south of Delhi, as a base for continued growth in India.

In Lithuania, construction is under way in Ukmergė on a new production facility estimated to be completed in June 2009. The property consists of about 8,000 sqm with the option of adding as much at a later date. Our current manufacturing of products for residential ventilation will be moved to this new location. We also intend to manufacture

Photo above: Gerald Engström inaugurates the production plant in Lenexa, Kansas, in the presence of Jürgen Zilling, member of Systemair's Board of directors, the Mayor of Lenexa and representatives from Kansas Department of Commerce.



large air handling units for the Eastern European market there.

Further growth

We leave a tough second half behind us but feel well equipped for dealing positively with the recession. Our aim is to continue growing in 2009/10. We have an attractive product programme with high availability for comfort ventilation. In the safety ventilation field, we have a strong product programme that affords good prospects for growth. In the tunnel ventilation product area, chiefly related to infrastructure projects, during the year we received several interesting large orders and look forward to promising sales growth. One emphasis in our product development is energy-efficient EC motors in fans and units. The motors strengthen our competitive advantage, and here we are international market leaders.

The challenge that we have undertaken is, in all of our development activities, to create products and systems that consume less energy while improving performance in other respects. With that focus, we will be poised for tomorrow's heightened demands related to energy and the environment.

In many markets, we remain a minor player but see good prospects for expanding our market shares with this concept despite the prevailing recession. The new products that have been added through product development and company acquisitions also

enhance our offering. As a rule, renovation projects multiply in a recession, and our products work particularly well in such projects.

In summary, we are cautiously optimistic about further growth.

I wish to direct special thanks to all the employees who worked so hard against all odds. Thanks also to all our customers, suppliers, shareholders and other partners!

Gerald Engström
CEO



New robot-equipped production line for panels at Systemair's factory in Denmark. The largest air handling units, the "central units", are manufactured here.

Operations

Systemair is a global group with subsidiaries in 38 countries and owns 12 production plants, with a total of 170,000 sqm, in 11 countries. Our operations consist of developing, manufacturing, marketing and distributing high-quality ventilation products in two segments: Comfort ventilation and Safety ventilation.

The Comfort ventilation business encompasses fans, air handling units, air terminal devices, air curtains and heating products. The products are used in new production and building renovation and conversion. Our customers are chiefly ventilation contractors and distributors of ventilation and electrical products as well as specifications consultants.

Safety ventilation consists of smoke extract fans and fire dampers as well as fans for ventilation of tunnels. The latter are part of infrastructure projects, where customers are usually large construction companies.

We have a successful concept with a standardised product range, the majority of which is developed in-house. The products are marketed mainly under the Systemair and Fantech (in North America) brands for ventilation products, the Frico brand for air

curtains and heating products and the Veab brand for duct heaters, fan heaters and dehumidifiers.

The Company began in 1974 with the circular duct fan, which considerably simplified installation work. "The direct route" (illustration below) became a concept that initially applied to installations but today is the basis for how we work in the Group and is the starting point for our values. (Page 30)

Sales have risen every year since the start, while we have also posted an operating profit. And once again this year, though growth slowed somewhat.

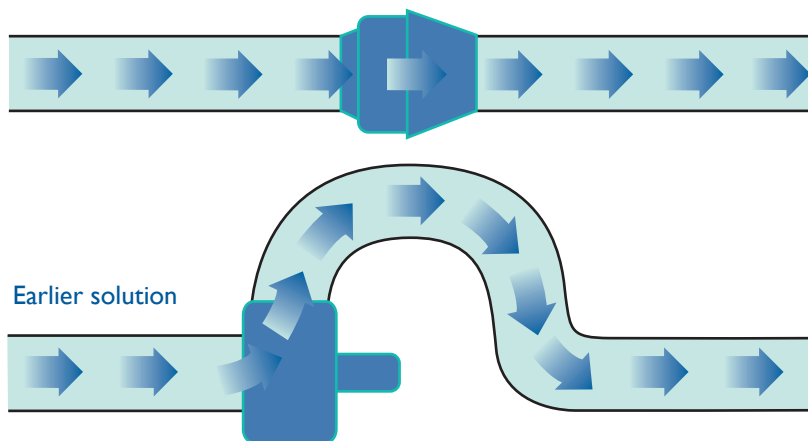
Systemair has received a AAA-rating* – the highest – again for 2008. This is the 14th year in a row, and we are one of 400 companies of Sweden's approximately 300,000, who have achieved that.

* By AAA Soliditet AB

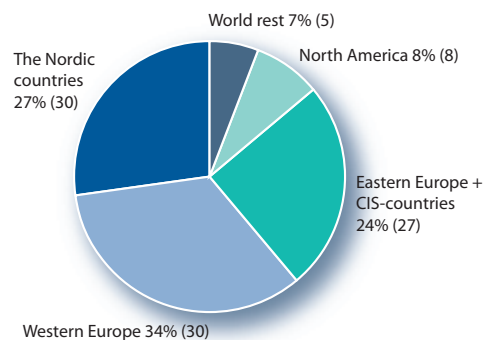
MISSION STATEMENT

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

The circular duct fan – "The direct route"



Sales – Geographic breakdown 2008/09 (2007/08)



Systemair's duct fan simplifies the design and installation of fan systems.

Business model

We have a well established business model with modern production plants and owned sales companies. Today we are a leading producer and supplier of ventilation products, with subsidiaries in 38 countries. The business model contributes to stable growth and continuing expansion. Thanks to multiple geographic markets and a shared computer system, we have direct contact with customers and a broad, well developed product programme. The model also yields benefits in production. We can produce in longer series, for economies of scale in production and logistics.

Organisation

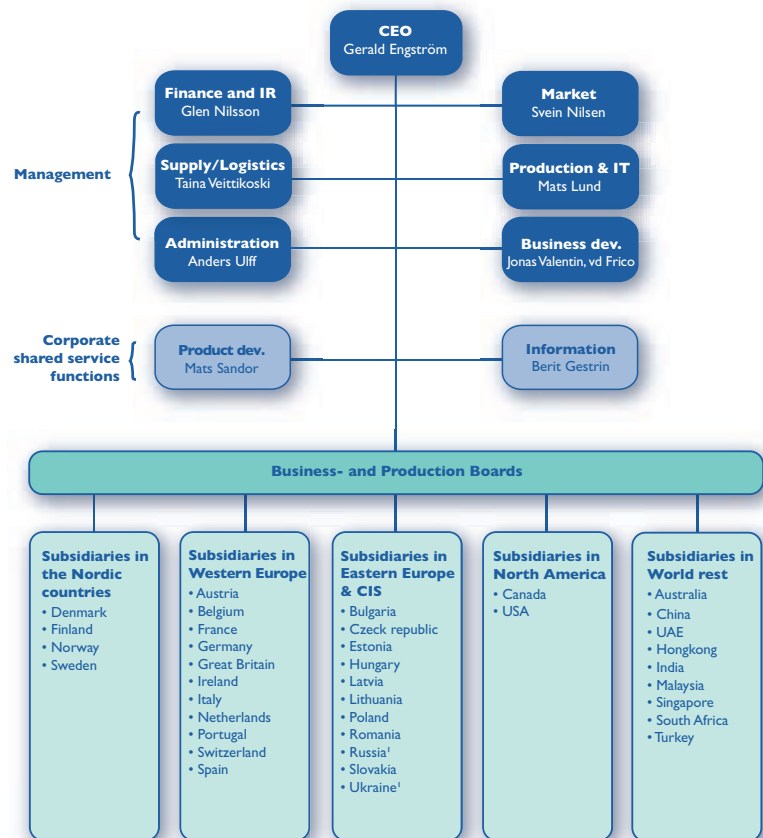
Owned sales companies enable control and economies of scale in production, distribution and marketing. Direct communication with customers also provides us with sound knowledge and immediate information about demands and trends in different markets. That helps us react more quickly to change.

For smooth information transfer between sales companies and head office, we have “business boards” and “production boards”. The local MD together with one or two people from the head office form a local council for business development and information transfer.

Core values

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

Organisational structure – Group management and other Group-wide functions



¹ Operations in Russia and Ukraine are rep. offices

Quality

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

Availability

We have adopted the strategy of producing much of our product range for inventory. Instead of starting to produce when we receive an order, we can deliver right away, from a central or local warehouse facility. The strategy of producing for inventory rather than in response to customer orders also translates into higher productivity. Manufacturing takes place in 12 modern production plants in Europe, North America and Asia.

Delivery reliability

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

Goal for continued growth

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

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

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

Overall strategies for continued growth

Our strategies for achieving our overall objectives is based on:

- Continuous marketing to ventilation contractors, distributors and consultants in the indoor climate sector
- Innovative product development and high-quality products
- A focus on energy-efficient ventilation products
- Continued development of Systemair's own sales organisation
- Ongoing follow-up on infrastructure projects requiring tunnel ventilation
- A continued strategy of acquisition and establishment to expand market shares.

Technology Manager for Frico GmbH, Gerlinde Fuss, in a production meeting with personnel at Frico Engineering in Skinnskatteberg, Sweden.



Acquisitions and integration

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

Acquisitions

At the start of the financial year, Systemair acquired Megcool Industries of Kuala Lumpur, Malaysia. The company manufactures and markets products for the ventilation of tunnels and parking garages. The former owners, with 30 years' experience in the ventilation industry, remain active in the company. Through the acquisition, the Group acquired a competitive production unit in the region and a base for its continued drive in Asia. In conjunction with the acquisition, the company was renamed Systemair. In February 2009, the company moved to a new factory of 4,000 sqm which also will become a logistics hub for forwarding products in the region.

In May 2008, we also acquired the assets in Emerson Ventilation Products from the U.S. company Emerson. The business produces fans and ventilation equipment. The production company is now called Systemair Manufacturing (Mfg), and sales have been integrated with Fantech, Systemair's North American company. Systemair Mfg has about 40 employees.

Acquisitions since the end of the financial year

In May 2009, we acquired the shares in the ventilation company Energo Plus in Slovenia. Energo Plus is the market leader in Slovenia for ventilation and air-conditioning products. Energo Plus commands a solid position in Slovenia, and we anticipate ample opportunity for expanding sales of Systemair's products. The company was founded in 1990 and has more than 30 employees and a turnover of SEK 100 million 2008.

Integration of new companies

Systemair expands by combining organic growth and acquisitions.

Several areas are evaluated in each acquired company: Corporate culture and fundamental values; Customers and suppliers to identify possible markets and adapt the product range; Organisation to sharpen customer focus and streamline operations based on Systemair's business model; and Costs and margins to draw up a plan and set goals.

A shared corporate culture and fundamental values are essential to the successful integration of the new company.

We set aside substantial resources for this process. For example, Group management reviews the situation with the management and key personnel in the company acquired. Often in the form of seminars and Group-wide activities lasting several days at Systemair headquarters.

When possible, all employees are invited to Skinnskatteberg, an activity that is highly appreciated and has figured prominently in achieving rapid integration. The experience of visiting the modern 50,000 sqm plant instils confidence, a positive impression reinforced by the beautiful natural setting and group activities. We see this as an effective means of combating preconceived notions and quickly establishing contacts at different levels of the company.

During each of these visits – whether it involves only management or all employees – we review our values, or "stone tablets" as we call them. They describe how each and every employee at Systemair should, may and can act in his or her work. (See page 30.)

Integration is further reinforced at Systemair Academy, our own school with annual basic training for all employees and professional development for salespeople, technicians and accountants. Our values and codes of conduct are in every syllabus.



At Systemair Academy, employees from around the world meet at a variety of courses.

The acquisition process

Search process

- Group management
- Subsidiaries/representation office
- Partners
- Customers
- Suppliers

Analysis

- Market position
- Profitability
- Customers
- Corporate culture
- Competitors
- Financial position
- History
- Management
- Product portfolio
- Possible improvement
- Group integration
- Legal due diligence

Agreement

- Price
- Continued support from management
- Products

Integration

- Seminars in company values
- Management and Business Board
- Introduction of:
 - Reporting routines
 - Planning tools
- Review of:
 - Customer and suppliers
 - Organization
 - Costs and margins

Following-up

- Budget
- Key financials
- Strategic development
- Education
- Sales activities



Swedbank Stadion

• THE NO1 SPORTSBAR • BAR & RESTAURANT •

• THE NO1 SPORTSBAR • BAR & RESTAURANT •

*Malmö's new stadium
is ventilated by
Systemair's products*



The Market

The financial year began with two strong quarters and ended with an abrupt halt. Unfortunately the global recession also struck our clients and us. For us, the decline did not arrive until December and gave us a weak third quarter, influenced by both economic conditions and the calendar. The final quarter continued with less demand and lower production volumes, which in turn produced a poorer margin.

For Systemair, sales volumes have declined primarily in Russia, Ukraine, the Baltic states, Spain and Ireland. In other markets, we have managed relatively well – experiencing everything from continued healthy growth to volumes down 5%–10%. Now we are reaping the benefits of the major investments Systemair has made in the past few years in product development, company acquisitions and expanded geographical presence. Among products worth mentioning are the “compact” units – air handling units featuring energy recovery complete with systems for automatic control and monitoring – and large axial fans for tunnel ventilation. These products usher us into new market areas that offset the loss in sales of our standardised products.

Demand factors

Demand for ventilation products is affected by overall economic activity as well as the

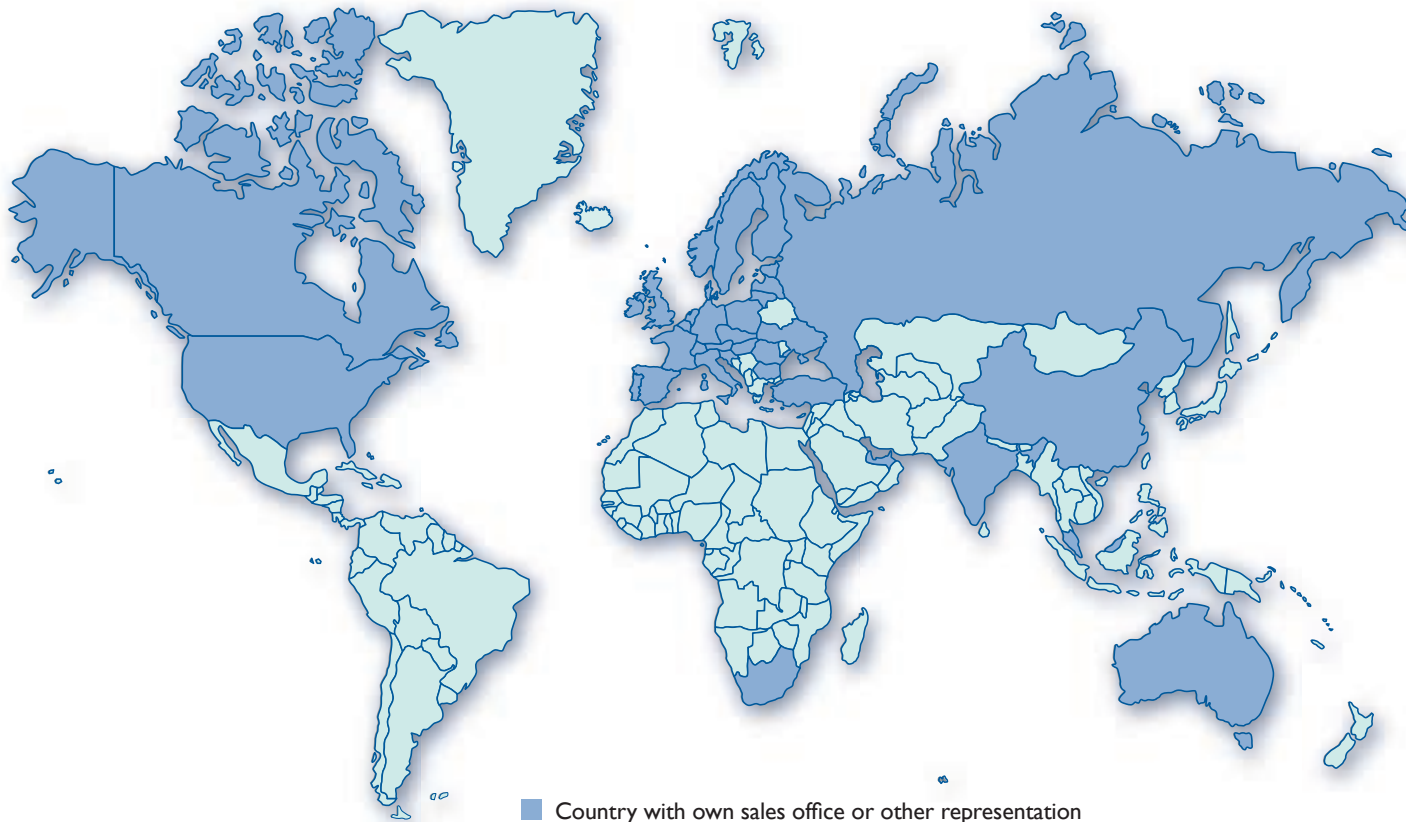
construction market. Higher energy prices spur efficiency enhancements in existing ventilation systems. In an economic boom, much investment goes into building and infrastructure projects; in a recession, construction activity slows, but infrastructure projects are often sustained. At the same time, activity in building renovations, conversions and additions expands, partly offsetting slower construction. Ventilation and air conditioning account for a substantial share of energy consumption in buildings. Correctly designed ventilation systems with energy-efficient ventilation products consume considerably less energy. The connection between good ventilation and health and productivity has been scientifically proven and increases the use of ventilation products. By using products with energy recovery and efficient fans, together with demand-controlled ventilation, Systemair has solutions that effectively reduce energy needs.

Market areas

Systemair has a broad range of products for Comfort ventilation as well as for Safety ventilation. The majority of the Group’s sales, about 90%, are for commercial premises. Interest in the indoor climate and energy savings is rising and favours development of the industry. Fire safety ventilation is an expanding field and one for which we have a comprehensive product programme. In tunnel ventilation, we have won several breakthrough orders in different geographical markets.



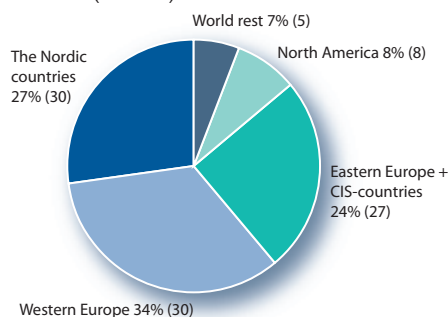
Systemair's tunnel fans are manufactured at the production plants in Germany and Malaysia. During 2009, 328 tunnel fans were delivered for the A32 motorway in Italy.



Geographical business areas

Systemair sells its products to 100 countries. We see major differences between the markets and have thus chosen to divide our operations into geographical business areas instead of product areas.

Sales – Geographic breakdown
2008/09 (2007/08)



Nordic region

Systemair has weathered the recession relatively well in the Nordic markets and retains a solid position. Sales declined a total of 1% for the region. Norway is the biggest market in the region as well as worldwide.

As a result of the financial crisis, the Norwegian authorities have implemented a crisis package that we believe will benefit Systemair in 2009/2010.

Yet Systemair has had a decent year in the region. The launches of fire safety and competitive products for residential ventilation make us cautiously optimistic.

Western Europe

Despite the less active construction industry, we have enjoyed progress in several countries, above all in Germany, Switzerland, France and Italy. We are a minor player in most markets in Western Europe but have a broad and attractive product portfolio and continue to find ample potential for growth. We expanded 22% overall in this region, where Germany is the biggest market.

Ireland and Spain have been hit hard by the recession, which is also apparent in ventilation.

The United Kingdom has also suffered, but there the government has boosted funding for construction and building renovation in the public sector, which has provided a few new projects for Systemair. We see clear signs of growing demand for energy recovery, which is positive. Systemair has energy-efficient air handling units that have an expanding market in the UK.

Eastern Europe

After a long period of robust growth, the construction sector in Eastern Europe was hit hard by the global financial crisis. The effects are tangible, as funding for projects under way has dried up, and demand for ventilation products is weak. Sales in Russia and Ukraine essentially halved during the latter part of the year.

We anticipate the market will remain weak in the short term, but, as financial markets stabilise and investor confidence is restored, the construction sector in

Eastern Europe will recover, too. Systemair continues to devote its efforts to sales and marketing with the aim of expanding market shares and thus holding a strong position when the economy recovers.

North America

Fantech's sales have targeted the residential sector to a large extent and thus suffered greatly when the market stalled. The construction industry remains weak, but now stimulus packages are being implemented to upgrade buildings for better indoor air and lower energy consumption. Fantech's products are well suited for this, so the company expects current measures to position it well to capitalise on opportunities.

With the acquisition of Emerson Ventilation Products, Fantech has obtained new products suitable for the commercial buildings market.

Other markets

Asia continues to advance. Systemair in China has sold a major project, among others, with about 600 box fans and about 250 axial fans. This plainly demonstrates that the Group, though it produces its products in Europe, is competitive in the global market when quality and reliability are more important than price. In Taiwan and Iran, we have won large orders for ventilation in metro systems and anticipate more interesting orders for infrastructure projects in Asia.

Economic activity has declined overall in the Middle East but remains at a high level. Systemair has expanded greatly in the region and successfully boosted sales even in countries where the company is very small. We note increased awareness of Systemair in the region and have attained a good position for major orders. We have enlarged our product offering and expect to be able to cover the market for ventilation units even better.

In India, we are steadily expanding and see the new assembly plant in Alwar as a critical step in winning a larger share of the Indian market. India's economy is expected to grow 7% this year, while European economies are expected to contract. We have a presence in India and in the future will assemble a growing number of products of a Systemair standard for the Asian market.

Africa

As yet, Africa remains a very small market for us, though our sales company in South Africa boosted sales during the year. In the past year, we began selling in North Africa, Angola and Kenya and continue to see potential for increasing sales in this area.

Market communications

Wherever we are in the world, Systemair presents a consistent image. The purpose is twofold: to achieve more effective communication and strengthen the brand and to bolster identification with the company in-house. A standard graphic profile is used for the design of all communication: printed matter and web pages as well as installations at trade fairs. We devote much effort to having well documented products and continuously developing our IT-based interactive sales tools: the online catalogue, CRM tool, web page and e-sales.

Strengths and competitive advantages

As the emphasis on the indoor environment has grown, the Group has honed its market strategy vis-à-vis ventilation contractors, distributors and consultants in the indoor climate sector. The following strategies have become significant strengths and competitive advantages:

- Early presence in growth markets has emerged as an excellent platform for further growth.
- High product availability and fast delivery via an efficient production, logistics and IT organisation.
- Focused product development and a broad product range. We devote substantial resources to the development

of energy-efficient and user-friendly ventilation products.

- The acquisition and integration of companies have produced extensive experience and a structured acquisition process.
- A highly diversified customer base reduces our vulnerability to fluctuations in the economy and to lower demand from individual customers.
- Good relationships with leading suppliers have strongly aided the Group's growth and product development, confirming the perception of Systemair as a leading supplier of high-quality ventilation products.

Customers

The Group's customers are mainly ventilation contractors and distributors of ventilation and electrical products. In infrastructure projects, customers are mainly large construction firms.

Systemair has operations in many geographical markets and a broad customer base consisting of various sizes of customer. The Group's largest customer currently accounts for 2% of sales, the 10 biggest customers together just 10% of sales. This broad and geographically diverse customer base offers considerable stability and reduces our exposure to fluctuations in individual economies as well as to changes in demand from individual customers.

Competitors

	Fans	Central units	Residential units	Compact units	Air terminal devices	Air curtains	Fire safety
Systemair	X	X	X	X	X	X	X

	SE	NO	DK	UK	DE	PL	FR	ES	RU
Systemair	X	X	X	X	X	X	X	X	X

Product areas, competitors

	Fans	Central units	Residential units	Compact units	Air terminal devices	Air curtains	Fire safety
FläktWoods	X	X	X	X	X	-	X
Flexit	(X)	-	X	X	(X)	-	-
Swegon	-	X	X	X	X	-	X
Exhausto	X	X	X	X	-	-	-
Östberg	X	-	X	-	-	-	-
Trox	-	-	-	(X)	X	-	X
VTs	-	X	-	X	-	-	X
Nuair	X	X	X	X	-	-	X
Vent-Axia	X	X	X	X	-	-	X
GEA	X	X	-	X	-	-	X
TLT	X	-	-	-	-	-	X
Gebhardt	X	-	-	-	-	-	X
Rosenberg	X	X	-	X	-	-	X
S&P	X	-	X	-	-	X	X
Wolf	-	X	(X)	-	-	-	-
CIAT	-	X	-	X	-	-	-
Aldes	-	-	-	-	X	-	X
Novenco	X	X	-	-	-	-	-

European presence, chief competitors

	SE	NO	DK	UK	DE	PL	FR	ES	RU
FläktWoods	X	X	-	X	-	-	-	-	-
Flexit	(X)	X	-	-	-	-	-	-	-
Swegon	X	X	X	-	-	X	-	-	-
Exhausto	X	X	X	-	-	-	-	-	-
Östberg	X	X	-	-	-	-	-	-	X
Trox	-	-	-	-	X	-	-	-	-
VTs	-	-	-	-	-	X	-	-	X
Nuair	-	-	-	X	-	-	-	-	-
Vent-Axia	-	-	-	X	-	-	-	-	-
GEA	-	-	-	-	X	-	-	-	-
TLT	-	-	-	-	X	-	-	-	-
Gebhardt	-	-	-	-	X	-	-	-	-
Rosenberg	-	-	-	-	X	X	-	-	-
S&P	-	-	-	X	-	X	-	X	-
Wolf	-	-	-	-	X	-	-	-	-
CIAT	-	-	-	-	-	-	X	-	-
Aldes	-	-	-	-	-	-	X	-	-
Novenco	-	X	X	-	-	-	-	-	-



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

Systemair brands

Systemair – health and comfort

The Systemair brand embraces high-quality ventilation products. By improving the indoor climate, Systemair's ventilation products contribute to better health and comfort and greater productivity. The product range is continuously evolving, and substantial resources are dedicated to the development of efficient and user-friendly ventilation products that consume less energy.

Demand for greater energy efficiency will increase. Today it is considerably more profitable to improve energy efficiency than it is to invest in alternative energy production.

Equipment for people's safety is another

field that is seen as increasingly vital. In these areas, Comfort ventilation with low energy consumption and Safety ventilation, Systemair has stepped up development efforts in recent years. Among other products, this relates to compact units and residential units with electronically commutated (EC) motors; the EC fan product area, including ceiling, box and duct fans; axial fans; a new high-temperature roof fan produced in Slovenia; and fire dampers. These investments will reach payback in the near future. EC motors are a new, extremely efficient type of motor. Compared to

standard motors, they substantially reduce electricity consumption in fans. The motors can also be speed-regulated with no loss in efficiency.

Now we are reaping the benefits of the major investments Systemair has made in the past few years. The compact air handling units with heat recovery and the large axial fans for tunnel and garage ventilation, in particular, are enabling us to enter new market areas. This helps us offset weaker sales in our standardised product areas.

Frico – the brand for air curtains and heating products

With more than 75 years' experience, Frico is the market leader in Europe and drives the development of air curtains and heating products. They have developed a broad

range that is well adapted to the market's heightened demand for energy-efficient products. "Local climate, global comfort" is Frico's expression of what the company

stands for: energy-efficient products that manage the local climate in business complexes, industrial buildings and offices.

Frico progressed favourably this year. The company is the leading supplier of air curtains, radiant heaters and fan heaters and commands a solid position. In current market conditions, major customers tend to choose stable suppliers. Thanks to its strong brand, Frico has been able to win market shares in the sagging market. Streamlining the organisation in the past financial year and reviewing costs while enhancing the company's presence in the market contributed to the favourable results.

Frico consists of Frico AB and subsidiaries in Norway, France, the United Kingdom, Germany, the Netherlands and Austria. In addition, the company has representative offices in Russia, Spain and China as well as distributors in a total of 50 countries around the world.



Jonas Valentin, MD of Frico



VEAB – Europe's leading manufacturer of electric duct heaters

VEAB Heat Tech AB specialises in the development, manufacture and marketing of heating products for ventilation systems, movable and stationary fan heaters and dehumidification systems. The company, operating since 1967, also manufactures a broad programme of water heaters and coolers.

VEAB also manufactures a selection of products under the Systemair brand, distributed through Systemair's sales companies.

Products are delivered mostly as complete units with integrated control equipment, sensors, actuators, and the like, ready for installation in ventilation ducts and systems. New products this year included electric duct heaters with built-in thermostat control and built-in automatic flow safeguards that automatically monitor operation.

VEAB is heavily export-oriented, with sales to about 30 countries the world over. During the year, sales suffered from the economic slowdown; the Russian market in

particular clearly declined. It has been possible to offset this to some extent through increased sales, primarily in Western Europe.

VEAB's products target both new production and renovation projects, giving it flexibility and options for weathering ups and downs.

In the past few years, VEAB has made sizeable investments. Today the company has some of the industry's most modern and flexible production capacity and can offer customised solutions with short delivery times. During the year, the company was forced to reduce staffing. At the same time, the organisation has been fine-tuned, and VEAB is well equipped to meet the future with a strong brand.



Björn Walther, MD of VEAB Heat Tech.



Fantech – for the North American market

Fantech develops, designs and markets ventilation solutions for the North American market, primarily fans and air handling units.

During the year, sales were greatly affected by the ongoing recession, especially because the company has been dependent on the residential sector. Through the acquisition of the Emerson Ventilation Products business (now Systemair Mfg) and an expanded range of roof-mounted energy recovery units, Fantech will be able to focus more sharply on the commercial market in the future.

The products are sold to ventilation distributors and electrical wholesalers throughout the United States and Canada, by the company's own salespeople and agents.

Construction of residential and commercial buildings will continue at a low level in 2009/10. Governmental stimulus programmes for upgrading existing buildings to improve the quality of indoor air and to boost energy efficiency open up new opportunities. Fantech's products are suitable for such renovation projects.

Thanks to the expansion of manufacturing capacity with Systemair Mfg – which has up-to-date machinery and newly renovated premises of 16,000 sqm – Fantech is well prepared for expanding production when the market recovers.



Glenn Thomson, MD of Fantech sales.



Comfort ventilation



Fans and accessories

The fans and accessories product area is Systemair's largest product area and includes circular and rectangular duct fans, ceiling fans and box fans for residential and commercial premises and also axial fans. The fan range is marketed under the *Systemair* brand in all markets except North America, where it is sold under the *Fantech* brand.

Air handling units

The air handling units product area is comprehensive – from small units for apartments and small houses, up to large, container-sized units for industry and commerce. In North America, the focus is on units for residential ventilation, sold under the *Fantech* brand. In other markets, the entire range, from small to large units, is sold under the *Systemair* brand.



Air terminal devices

The air terminal devices product area includes supply and exhaust diffusers, iris dampers*, fire dampers and grilles. The purpose of an air terminal device is to supply and distribute fresh air to a room or to extract used air. Air terminal devices are sold under the *Fantech* brand in the North American market and the *Systemair* brand on other markets.

Air curtains and fan heaters

The air curtains and fan heaters product area is marketed under the *Frico* and *Systemair* brands. The range also includes radiant heaters. Duct heaters and humidifiers are sold under the *VEAB* brand and are also included in Systemair's standard range of ventilation products.



Safety ventilation



Fire safety

The fire safety product area includes products that have been tested and certified to withstand high temperatures for a long period. The products are tested by an independent testing institute, for example to withstand as much as 630°C for at least two hours. The product range includes ceiling fans, axial fans and centrifugal fans as well as fire dampers. The products are sold under the *Systemair* brand.

Garage and tunnel fans

The garage and tunnel fans product area includes fans for the ventilation of all kinds of tunnels: for roads, railways and metro systems. Fans are produced in sizes up to 2.8 meters in diameter. The product group entered Systemair's range with the acquisition in 2007 of the English company Matthews & Yates. The products are sold under the *Systemair* brand.



* An iris damper is an adjustment device that measures air flow, among other things, to enable optimal balancing of the ventilation system.



Products – product development

The Company was founded with the objective of simplifying the work of ventilation contractors. This remains an important focus in our product development. Our products should be easy to install, use and service. Product development is a mainstay, and we strive to maintain a leading edge in technical advances and the design of our products.

The EU's energy directive has heightened awareness of energy use. In Europe, 40% of energy is used for buildings; their heating, cooling and ventilation represent a large portion of energy consumed. This greater interest benefits Systemair, as energy-efficiency was a key parameter early in the development of our products.

Strategic product development

About 80 technicians and designers in the Group work on developing new energy-efficient products that are easy to install and use. The development centre in Skinnskatteberg is one of Europe's most modern facilities for measuring air flow, sound levels and energy consumption. We have development centres and laboratories at four more production units: Windischbuch, Germany (axial fans, ceiling fans, box fans and tunnel fans); Bratislava, Slovakia (air terminal devices and fire dampers); Bouctouche, Canada (fans and air handling units for homes); and Lenexa, Kansas (fans). The development centre in Skinnskatteberg is accredited by the Air Movement & Control Association (AMCA), the U.S. counterpart to Eurovent, and in Bouctouche efforts are under way to become accredited during the autumn of 2009.

Systemair has developed its own software for registering development and catalogue measurements. The software is at the cutting edge of this type of application and will serve as a hub linking the Group's development centres and development resources.

Our production facilities in Denmark, Spain and Slovenia also conduct their own product development and collaborate with

our development centres and laboratories.

The trend is toward a global technical platform, and our efforts target new, improved solutions that combine functional requirements with low energy consumption and efficient production. The products shall be simple and easy-to-use for ventilation contractors as well as users.

Collaboration with organisations and universities

We collaborate with universities in Sweden, Norway and Denmark. We have joint venture agreements with the Technical University of Denmark (DTU) and the Norwegian University of Science and Technology (NTNU) in Trondheim and continually receive information on research results.

Systemair is a member of Eurovent, an organisation that certifies ventilation products to ensure that reported performance conforms with reality. We also participate actively in standardisation work through the Swedish Standards Institute (SIS), the European Committee for Standardization (CEN) and the International Organization for Standardization (ISO).

Our biggest product area

Fans with accessories is our biggest product area and represents about half of total sales, including smoke extract and tunnel fans. We have a solid market position in the field of fans and continuously drive development efforts to retain and bolster our leading position.

Pablo Varela, Product Manager for fans, inspects the casing of an axial fan. Large axial fans of up to 2.8 meters in diameter are manufactured at the factory in Germany.





Mounting of compact air handling units in the factory in Skinnskatteberg, Sweden

Ventilate when you need to – with energy-efficient products

Comfort ventilation

Fans

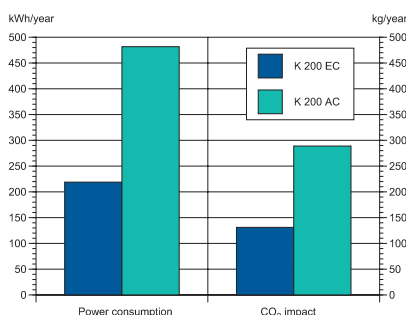
We continue to enhance the duct fan, the revolutionary idea that launched the Company in 1974. Since 2006, Systemair's duct fan has been the only duct fan, as far as we know, to satisfy the strictest norms for airtightness. The two casings are no longer riveted together but seamed like a tin can. This makes the fan completely airtight.

Now we have taken yet another step. This year's upgrade means we can deliver the duct fan with an energy-efficient electronically commutated (EC) motor. These low-energy fans have higher efficiency and energy-efficient speed control, characteristics that yield significant energy savings. The EC motor almost halves the energy consumption of the fan.

EC motors are now available as optional on duct fans as well as box and ceiling fans. Combining these with the compact units and residential units that generally have EC motors, we satisfy most of the market's needs and are well equipped to meet the new energy requirements.

For really low energy consumption, demand control of ventilation is necessary. This means ventilating as needed, and then using energy-efficient products. When no one is in the locale, the need for ventilation is different. We see a demand surge for ventilation systems with demand control and during the year we will offer this feature as an option in our fans and units with EC motors.

Duct fan with and without EC motor



A new range of fans with EC technology (smaller duct fans, ceiling fans and box fans) was released in conjunction with the most recent ISH trade fair in Frankfurt. With our uniquely broad range, we see ample opportunity to become the market leader in this area.

Our standardised products also need to be modernised. Our principal focus here is to boost efficiency, that is, reduce energy consumption, and reduce the sound level.

Air handling units

Progress in air handling units remains good. Energy performance certificates (EPCs) in the European Union have increased awareness of energy consumption and thus interest in how much electricity various products consume. This benefits Systemair, because our units have energy-saving EC motors. Our large units, the "central units", can be customised for clients, while compact units and residential units are standardised products.

We put great effort in the development of systems for automatic control and monitoring that are simple and very easy to use. Other development projects focus on false ceiling units and ventilation units with cooling.

Systemair markets three types of air handling units:

- Residential units manufactured in Lithuania and Canada (Fantech)
- Compact units in Skinnskatteberg and Canada
- Central units in Denmark, Spain, Norway and Lithuania.

An entirely new series of compact units was developed during the year with the focus on low energy consumption, energy-efficiency and user-friendliness. The compact units have EC motors and complete systems for automatic control and monitoring. They are ready-to-use, so a ventilation contractor only needs to hook them up to electricity and the ventilation ducts.

Heating products

This product area includes air curtains and fan heaters (Frico, VEAB, Syste-

mair), radiant heaters (Frico), electric duct heaters/coolers and dehumidifiers (VEAB). These robust and durable products feature low energy consumption, low sound levels and a long service life.

Air curtains are used mainly in entrances, to separate outdoor and indoor air. Frico's Thermozone technology, developed in-house, creates an efficient curtain effect in its products.

Air curtains are usually used to shut out the cold but can save much energy in industrial cold stores, for example, and air-conditioned buildings in hot climates.

Radiant heaters warm people, not the surrounding air. The heat is automatically radiated where it is most needed, offering considerable flexibility in creating a good indoor environment while reducing energy consumption.

Fan heaters provide effective heating at low cost.

Air terminal devices

Today we have a complete and attractive range of air terminal devices. The majority of the product range is developed and produced at Systemair-Imos in Bratislava, Slovakia.

Safety ventilation

Fire safety ventilation

To a growing extent, special ventilation systems to extract smoke gases in the case of fire or smoke are installed in buildings where many people live or work. Injuries usually result from smoke gas inhalation, and demand is rising for effective smoke extract ventilation. As a supplier of a complete fire safety concept, we see interesting opportunities for growth.

Systemair in Slovenia has produced a new range of smoke extract roof fans in the F400 class (400°C°/2hr). We have considerably reduced our costs with this range, making it very competitive. In Germany, we have developed a new range of large fans with axial execution, certified for high temperatures.

Garage and tunnel ventilation

Tunnel ventilation is a new product area for Systemair, where we have filled out our range thanks to the acquisitions of Matthew & Yates and Megcool. Today we have a complete and competitive range of products for tunnel ventilation.

A new concept was launched during the year and resulted in several interesting orders. For example, we broke into the infrastructure sector in Italy by winning what is an extremely large order for the industry: ventilation equipment for nine motorway tunnels, the longest being 5,190 meters, worth almost SEK 30 million.

In the factory in Germany, a project is under way to earn certification in accordance with EN 12101-3 for jet fans for tunnels.

Continued growth for Cleantech products

As the socially responsible emphasis on sustainable development has grown, demand

for the Group's energy-conserving products remains robust. This is true especially of air handling units with energy recovery, as well as other products that save energy.

The product areas that completely or partly consist of energy-conserving products have grown altogether about 10% during the financial year compared to the preceding year. There is reason to be optimistic that the field will develop favourably in the future, too.

Outlook for the future

Energy-efficiency is a guiding principle for the Group's technical development. New products being released are even more energy-efficient than the preceding generation.

Several factors favour stronger demand for energy-conserving products, not least the increasing number of legislative and regulatory initiatives in this area.

On 23 April 2009, the European Parliament voted to amend the EU's energy

directive that tightens the requirements on energy savings in buildings. According to the amendment, after 31 December 2018 all new buildings are to be "zero net energy", which means that the building itself produces as much energy as it consumes. To reach this goal, it is critical that new buildings are designed to reduce energy consumption. Air handling units of the kind Systemair delivers are often vital components in such designs.

A decision on the new amendment is expected in December 2009. The amendment will probably be modified before it takes effect, especially with regard to how "zero net energy" is defined. However, what is most likely is that this change in the directive will lead to increased demand for the Group's products.

12 central units ventilate the Finnish National Board of Education's building in Helsinki





Production plant

The Group manufactures products in 12 production plants in Europe, North America and Asia, with a total manufacturing floor space of 170,000 sqm. These are sound investments, modern plants that we continuously update and augment to maintain the high quality of machinery and equipment.

In recent years, the number of production plants has increased through acquisitions. The high level of quality, which we call “Systemair standard”, is to be present throughout all production plants. Our strategy is to invest aggressively also in “low wage” countries with investments in machinery and proven production technology. This not only yields long-term competitive

advantage but also ensures uniform quality everywhere. This also helps us maintain a good standard in the working environment. We work long-term by continuously improving our operations and have a goal that all production units will work according to a certified business system.

Our new model using Production Boards at the production plants has worked out well.

The concept entails the local CEO along with one or two product and production specialists from the head office forming a local council for issues of development and coordination.

Skinnskatteberg, Sweden

The main plant in Skinnskatteberg is the biggest production plant as well as the Group’s head office. One of the Group’s three central warehouses is located here; the others are in Germany and Malaysia (under construction). In Skinnskatteberg mainly fans and accessories are produced for inventory. Manufacturing is automated to a great extent, using modern machinery and sophisticated computer software. This plant houses the Group’s most advanced test facilities for gathering technical data on products.

To improve production flow, many changes have been made in the plant layout. The plant has ample capacity, but in 2009 investments will revamp bending machines and stamping presses.

Action programmes and successive capacity adjustments have resulted in the implementation of a four-day week temporarily from February 2009. Some of the free time has been used for training.

In Skinnskatteberg there is an additional production facility for making Systemair’s compact ventilation units. Manufacturing of larger compact units expanded during the year, and an improve-

ment project was carried out to boost efficiency in production flow.

Frico also has a warehouse and production in Skinnskatteberg. During the year, the majority of air curtain production was moved from Schlierbach, Germany, to its own building under FricoEngineering. The total area is 15,000 sqm, including Frico’s central warehouse of 7,000 sqm.



Mats Lund is Vice President Production for the Group, a member of Group management and Plant Manager for the facility in Skinnskatteberg.



Hässleholm, Sweden

VEAB Heat Tech AB manufactures mainly heating products for ventilation systems, movable and stationary fan heaters and dehumidification systems under the VEAB brand. Substantial investments in the past few years have made the current production apparatus modern and flexible. About 70% of production is based on customer orders.

Hasselager, Aarhus, Denmark

In Denmark, the Group manufactures large air handling units, so-called “central units”, and all production is for customer orders. Key investments during the year were in the automation of production flow and commissioning of a new robot-equipped production line for panels.

Alex Rasmussen, MD
Systemair Denmark



Olav Madsen, MD
Systemair Norway



Eidsvoll, Norway

The plant produces air handling units for the Norwegian market and is the distribution centre in Norway for Systemair's fans. During the financial year, the machinery was augmented with new facilities for sheet metal machinery.

Windischbuch, Germany

The Group's second largest production facility and central warehouse is located in Windischbuch, in the federal state of Baden Württemberg. Production consists primarily of assembly of fans and mostly for inventory.

Production of large tunnel fans increased during the year, resulting in investment in a new production line for these. A major improvement project was also carried out during the year to streamline the production flow.



Ukmergė, Lithuania

Work erecting the new factory continues as planned. The move from the old premises will occur in the summer of 2009. Production, which began in 2005, currently takes place in rented premises in the same community. The machinery to be moved from the old premises is of a modern standard and will be augmented by additional sheet metal machinery. Today about 60 employees work with the production of residential units, with high quality in manufacturing and delivery, at a competitive cost of production. The new plant will be finished in June/July 2009 and we expect to be in full operation in August-September. Production will then be expanded to include large air handling units. The plant will become the Group's main factory for all small recovery units and also the logistics centre for them. There is space to double the manufacturing area if needed later.



Mindaugas Martišius, MD



Franc Kirbis, MD

Maribor, Slovenia

This production plant was included in the acquisition of Marvent in 2005. The plant is specially fitted for the manufacture of high-temperature fans for smoke extract ventilation. During the year, investments were made in new sheet metal machinery.

Bratislava, Slovakia

This production plant was included in the acquisition of Imos in 2007. A broad range of air terminal devices and fire dampers are manufactured here. Systemair-Imos made several investments during the year, such as in a new warehouse and in machinery.



Peter Havlovic, MD



Raul Corredra, MD

Madrid, Spain

In Spain, large air handling units and box fans are manufactured for markets in Southern Europe, the Middle East and North Africa. Systemair rents the plant. Major investments during the year:

- Introduced "lean production" (a system for enhancing efficiency in production)
- Commissioned a new production line for manufacturing box fans.

Lenexa, Kansas, United States

Since the acquisition of the assets of Emerson Ventilation Products, we have invested substantial funds to upgrade and modernise the plant. We also acquired the property with 16,000 sqm of production and storage space. To coordinate logistics in North America, Fantech has a distribution centre here.



Byron Dill,
Plant Manager



Roland Mazerolle,
MD

Bouctouche, Canada

This Fantech factory manufactures mainly duct fans and air handling units for housing in the North American market. A new series of roof-mounted air handling units with energy recovery was launched during the year. Most production is for inventory.

Kuala Lumpur, Malaysia

Since the acquisition of Megcool at the start of the financial year, manufacturing has been moved to a new 4,000 sqm factory, twice as large as the old one and offering considerably greater possibilities for growth. Here we are investing in sheet metal machinery in order to produce axial fans of up to 2 meters in diameter. The facility will also serve as a central warehouse for Southeast Asia.



Eric Tan, MD



Closure of small production units

The production facility obtained in the acquisition of Gelu GmbH in Germany was closed. The winding down began in the 2008/2009 financial year and will be concluded during the 2009/2010 financial year. Production will be moved to Frico Engineering in Skinnskatteberg.

The acquisition of ClimaProduct in Italy included a small production unit SKM, which manufactures air terminal devices and grilles. The factory will be closed and its production moved in the autumn of 2009 to Systemair-Imos's plant in Bratislava, Slovakia.



Sustainability our way...

Sustainability for us means responsibility and quality – in our business activities, environmental efforts, care for personnel and in our civil life. Our ethics policy is a foundation for our business activities and our environmental work.

Business activities

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

Built-in quality consciousness

We have a process-led business system, and quality consciousness is built into our mission statement and our values. The “Constant Improvement” project, a tool to monitor and improve operations, is in operation at all times.

Every single product is always tested before delivery, and with our own AMCA-accredited test laboratory we can guarantee that catalogue data is accurate. Nine of our production facilities have ISO 9001 certification.

Business ethics

Systemair's products and services shall be marketed and sold in a manner that is justifiable on commercial as well as ethical grounds, that is, based on factors such as quality, price, reliability of delivery and good service grade. Systemair shall comply

with each country's cartel and competition laws.

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

Suppliers

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

Logistics flows

We are working on coordinating our production at our main plants and closing the smaller production plants. This will result in higher capacity utilisation in existing plants, savings and more efficient logistics. This in turn will reduce our environmental impact.

Environmental efforts

No impact on air or water

Systemair develops energy-efficient prod-

ucts that create a good indoor environment.

Our production has no impact on air or water. Neither are we subject to compulsory environmental licensing, only a duty of notification. Nevertheless, environmental issues and environmental activities are a high priority, and we are continuously improving our products, methods and working practices to minimise the burden on the environment. Our products are recyclable and our components environment-friendly. Our production facilities in Sweden and Slovakia are certified under ISO 14001, and at the facility in Germany certification work is under way and is expected to be completed during the autumn of 2009.

Buildings

We make a point of maintaining high standards for the buildings we own or rent. The buildings we build ourselves are of a high standard from the start. They are well insulated and have energy-efficient ventilation systems. For buildings we acquire, our first action is often to furnish the roof with 10 cm of fresh insulation. That increases comfort, reduces energy consumption and

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

Green IT

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

Personnel and the work environment

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

Our employees will have a stimulating and healthy work environment that prevents accidents and that stimulates them to work efficiently towards goals, taking responsibility for their tasks and developing their expertise. No employee may receive special treatment in terms of employment or job tasks because of age, ethnicity, nationality, sex, religion or disability. All employees shall be treated with respect, and no employee shall be subject to degrading or insulting treatment.

Systemair employees decide on their own whether to join a labour union in accordance with the legislation in effect in the country where they work.

Violence or the threat of violence in the workplace, harassment, bullying or similar infringements on employees will not be tolerated. Systemair's employees must not distribute, possess, use or work under the influence of drugs at any of Systemair's workplaces.

Society

Social responsibility has long been a part of Systemair's corporate culture, and we are aware of the role our Company plays in society. Regardless of where in the world we are doing business, good relationships are decisive for long-term success. We strive to understand each society and culture we live and work in, to become involved in local community activities that promote development in the community and benefit local business. Athletic and cultural activities for children and youth are a high priority. We do not sponsor political or religious organisations.

Systemair follows the laws and regulations in effect in the countries where we are active.



The Green Ventilation concept for Systemair's energy-efficient products was launched at the ISH international trade fair in Frankfurt in 2009.

Systemair's corporate culture

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

We make the work of the ventilation installer easier

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

We make it simple – the direct route

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

We are trustworthy and reliable

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

We do not sit and wait

Systemair has an aggressive basic attitude. The objective is to be proactive by seeking new possibilities, using the information available to make decisions and then quickly acting on them. Growth is a part of Systemair's DNA, resulting in a sustained fast pace and a need to continuously focus on what is genuinely important. This makes the organisation pragmatic and aggressive. Taking the initiative and responsibility is rewarded in daily activities, and everyone is encouraged to seek information and to ask for help when it is needed.

We grow stronger through change

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

We speak out

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

We believe in our business concept

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



Personnel

Systemair's code of conduct emphasises the objective of ensuring a healthy work environment that prevents accidents and injuries and that stimulates employees to work efficiently towards goals, taking responsibility for their tasks and developing their expertise. We devote substantial resources to creating sound work environments in all of our companies and we strive to have well educated employees.

Via our Systemair Academy, we have co-opted leading research experts in our sector to provide basic and advanced training in ventilation theory, sales techniques and new products. Each year, courses in accounting and finance are conducted for staff from subsidiaries. In a variety of training sessions, personnel from 38 countries meet and share Systemair's corporate culture, values and code of conduct.

Diversity and equal opportunity

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

Hours adjusted for recession

In January, agreement was reached with the local trade union IF Metall on production cutbacks at the plant in Skinnskatteberg. As a result of the agreement, production was shut down on Fridays, to begin with until the summer of 2009. In this way, we can adjust to weaker demand, that is, avoid building up excessive inventory and avoid laying off employees.

Some staffing has been reduced at the manufacturing plants in Hässleholm, Aarhus, Madrid, and Bouctouche as well as at some sales offices.

Training, leadership, health

At the head office in Skinnskatteberg, employees in production have received in-depth training on the Company's products and markets. A similar course is planned for white-collar workers in the autumn of 2009.

Managers with supervisory responsibilities have participated in a training series on a variety of themes. The purpose is to provide managers with useful tools that will simplify their work. How should one act as a manager in the case of layoffs, that difficult talk, substance abuse in the work place, assessing work performance and so forth.

A morality and ethics project has been carried out in manufacturing in which staff collaborated in work groups to draw up attitudes and rules in their groups.

In cooperation with the local government employment office and schools, 10 or so "school-weary" students received traineeships in production at the head office. Everyone involved agrees that four days of work and one day of study in core subjects has been a good model. Foremen in manufacturing serve as mentors.

Preventive health efforts continue: Bästa flåset (Best get fit) and Pulsslaget (Heart-beaters) are "get fit" contests that activated many employees. In Skinnskatteberg, the municipality and local businesses challenged each other in the Swedish Classic, a trio of long-distance races in skiing, cycling and running.

Key ratios for the Group

Average number of employees	1,925
No. of employees at year-end	1,945

Key ratios for the Parent Company

Number of employees 1 May 2008	414
No. of employees at year-end 1 May 2009	403
Percentage women	37%
Average age of blue-collar employees	39 years
Average age of white-collar employees	43 years
Sickness absenteeism	Short-term 2.88% Long-term 1.12%





Systemair share information

Systemair was listed on the Nasdaq OMX Nordic Exchange Stockholm on 12 October 2007. Interest in the share was very strong, as the issue was oversubscribed by a factor of nine. The initial offer price was SEK 78 per share, corresponding to a market capitalisation of approximately SEK 4.1 billion. The shares are quoted on the Mid Cap list. The trading symbol for the share is SYSR.

Price and volume

The last settlement price for the share in 2008/09 was SEK 45 (62.50), corresponding to a market capitalisation of SEK 2.34 (3.25) billion.

The share price declined 28% during the year, while the OMX Stockholm Mid Cap Index declined 20%.

The number of Systemair shares traded on the Nasdaq OMX Nordic Exchange Stockholm was 7,950,838 (14,541,954).

Share capital and voting rights

Share capital totalled SEK 52,000,000, distributed among 52,000,000 shares of only one series. All shares have a quotient value of SEK 1.00, and each entitles its holder to one vote at a meeting of shareholders in Systemair AB.

Shareholder situation

The biggest shareholder in Systemair is Färna Invest AB, controlled by CEO Gerald Engström, with an ownership stake of 42.31% (42.12). The next biggest

shareholder is ebmpapst AB, which controls 21.27% (21.27) of the share capital and votes. Other shareholders account for 36.42% (36.61).

During 2008/09, Lannebo Fonder increased its holding to 7.25% (5.15).

SEB Fonder has increased its holding to 3.02% (0.63).

Alecta has increased to 2.96% (1.92), and Odin fonder to 2.73% (1.06).

The number of shareholders at the end of the accounting period, 30 April 2009, was 4,217 (4,673).

Dividend policy and dividend

The Board of Directors is proposing the Annual General Meeting distribute SEK 0.75 (1.50) per share, or SEK 39 million, to shareholders for the financial year 2008/09, corresponding to 16.4% of consolidated profit after full tax.

Systemair's dividend policy is for the dividend to correspond to about 30% of profit after tax, albeit with consideration given to Systemair's long-term needs for funding.

The proposal for a lower dividend emerged from the uncertainty currently in the market, at the same time as the prevailing market situation is likely to present opportunities for further acquisitions.

Shareholder value

Management works continuously to develop and improve the Company's financial information and participates actively in meetings with analysts, investors, other

shareholders and the media. This is crucial for increasing trading in the Systemair share and for giving both current and new shareholders ample opportunity to value the Group as fairly as possible.

Systemair aims to make its information to the stock market and other stakeholders rapid, reliable and clear.

Analysis of Systemair

During the year, the Systemair share was followed and analysed by the following banks, among others.

- Handelsbanken Capital Markets, Jon Hyltner, +46-8-701-1275.
- Nordea Markets, Ann-Sofie Nordh, +46-8-5349-1452.
- Swedbank Markets, Ola Södermark, +46-8-5859-2374.

10 biggest shareholders (30 April 2009)

Shareholder	No. of shares	Pctg. capital and votes
Färna Invest I)	22,002,752	42.31%
ebmpapst AB	11,059,770	21.27%
Lannebo Fönder	3,768,609	7.25%
SEB	1,569,792	3.02%
Alecta Pensionsförsäkring	1,541,000	2.96%
Odin Fonder	1,420,473	2.73%
Handelsbanken Fonder	800,677	1.54%
Schroeder Lending account	797,124	1.53%
Aktia Sparbank	715,000	1.38%
Livförsäkringsbolaget Skandia	295,922	0.57%
Others	8,028,881	15.44%
Totalt	52,000,000	100%

I) Private companies wholly owned by CEO Gerald Engström
Source: Shareholders' register at VPC AB, 30 April 2009

Share data

	2008/09	2007/08 I)
No. of shares at 30 April	52,000,000	52,000,000
Earnings per share after tax (SEK)	4.53	4.69
Cash flow per share (SEK)	5.92	6.63
Equity per share (SEK)	20.00	15.55
Share price, end of accounting period	45.00	62.50
High during the year (SEK)	67.00	78.75
Low during the year (SEK)	27.40	52.00
Dividend per share (SEK)	0.75	1.50
P/E after tax	9.9	13.3
Direct yield (%)	1.7	2.4
Payout ratio (%)	16.4	32.0
Trading volume	7,950,838	14,541,954
Turnover rate (%)	15.3	28.0

I) since the stock exchange quotations October 12, 2009

Shareholder structure

Size of holding	No. of shareholders	No. of shares	Pctg. total shares held	Market value (SEK thousand)
1–500	2,992	599,743	1.15	26,988
501–1,000	616	481,157	0.93	21,652
1,001–5,000	436	954,200	1.84	42,939
5,001–10,000	55	411,443	0.79	18,515
10,001–15,000	18	239,538	0.46	10,779
15,001–20,000	9	164,265	0.32	7,392
20,001–	91	49,149,654	94.52	2,211,734
Total	4,217	52,000,000	100%	2,340,000

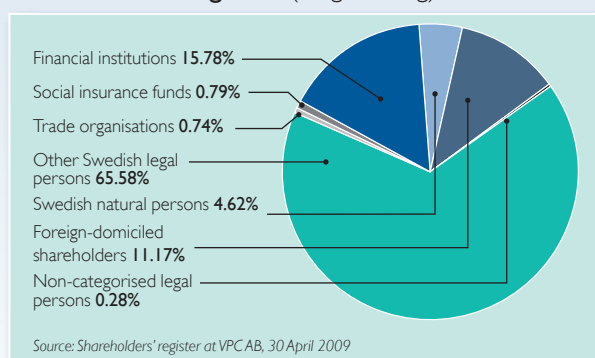
Year	Event	Quotient value	Increase in share capital	Total share capital	Total no. of shares
1993/94	Bonus issue, Series A shares	100	7,000,000	10,000,000	100,000
1994/95	New issue, Series A shares	100	14,000,000	24,000,000	240,000
1995/96	Bonus issue, Series A shares	100	26,000,000	50,000,000	500,000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

The Systemair share and the OMX Mid Cap index



Share price on NASDAQ OMX Stockholm during the financial year 2008/2009.

Shareholder categories (Pctg. holding)



Source: Shareholders' register at VPC AB, 30 April 2009



At Handelsbanken's head office in Gothenburg, Sweden, the AR300 air curtain is discreetly built into the ceiling of the entrance.

Annual Report

Contents

Directors' Report	36-39
Proposed Distribution of Unappropriated Profits	39
Consolidated Income Statement	40
Consolidated Balance Sheet	41
Changes in Equity – Group	42
Consolidated Cash Flow Statement	43
Parent Company Income Statement	44
Parent Company Balance Sheet	45
Changes in Equity – Parent Company	46
Parent Company Cash Flow Statement	47
Accounting Policies and Notes to the Accounts	48-63
Audit Report	64
Key Ratios and Definitions	65

Corporate Governance Report	66-69
Board of Directors and Group Management	70-71
Addresses	72
Annual General Meeting information	73



Directors' report

General

The Board of Directors and Chief Executive Officer of Systemair AB (publ), corporate identity number 556160-4108, hereby present the Company's annual accounts and consolidated accounts for the 2008/09 financial year, the Company's 36th year of operations. Systemair AB (publ) has its registered office and head office in Skinnskatteberg, Sweden.

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

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

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

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

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

With production facilities in 11 countries and a total of 170,000 sqm of floor space for production and storage, Systemair is a major international player in its product areas.

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

Stock market listing

Since 12 October 2007, Systemair shares have been quoted on the Mid Cap List of the OMX Nordic Exchange in Stockholm (trading symbol: SYSR). The number of shareholders is approximately 4,200.

Group

Sales and profit

Consolidated sales totalled SEK 3,333 million (3,092), 8% more than in the preceding financial year. Adjusted for the acquisitions of Climaproduct in Italy, Megcool in Malaysia and Emerson Ventilation Products in the United States, sales rose 4%. Group sales benefited from the appreciation of the euro (EUR) and the U.S. dollar (USD), in particular. The impact of exchange rates on Group sales was SEK 153 million (16) or five percentage points.

Sales in the Nordic region declined 1%. No acquisitions were made in the region during the year. Norway is the biggest market in this region and worldwide, with sales of SEK 403 million. Sales in Norway declined 2% from financial year of 2007/08. In the preceding year, sales in Norway had grown 26%.

In Western Europe, sales rose 22%. Adjusted for the acquisition of Climaproduct in Italy, growth was 14% for the year. Adjusted for foreign exchange effects and acquisitions, growth was 8%. The biggest market in the region is Germany, where sales climbed 28%, 9 percentage points of which were foreign exchange effects, so Systemair expanded market shares.

The market in Eastern Europe and the Commonwealth of Independent States (CIS) retreated 7% during the year. Sales in Russia and Ukraine in particular essentially halved during the latter part of the year. Sales to Russia declined 13% for the year following several years of robust growth. However, in Eastern Europe and the CIS several countries advanced, including Bulgaria, Poland and Slovakia.

Sales in the North American market grew 11% compared to the preceding year. Adjusted for foreign exchange effects and the acquisition of Emerson Ventilation Products, sales decreased 10%. During the year, an action plan was carried out to consolidate the North American operations. Under the plan, production and administration in Florida were moved to the facility in Bouctouche, Canada.

	2008/09			2007/08	
	May–Apr	% of total	Change	May–Apr	% of total
Nordic region	910.4	27%	-1%	921.3	30%
Western Europe	1,143.9	34%	22%	933.8	30%
Eastern Europe & CIS	794.9	24%	-7%	851.5	27%
North America	267.7	8%	11%	241.2	8%
Other markets	216.2	7%	50%	143.8	5%
Total	3,333.1	100%	8%	3,091.6	100%

Picture on page top: Anders Ulff, Vice President Administration.

The warehouse and logistics functions were moved to Lenexa, Kansas, and coordinated with the production facilities in the acquired Emerson Ventilation Products.

Profit

Operating profit for the year totalled SEK 341.0 million (402.5), down 15.3%. The operating margin was 10.2% (13.0). The operating profit for the year was affected by non-recurring income and costs. Operating profit was affected by restructuring expenses of approximately SEK 5.0 million in the North American operations and SEK 2.5 million in the Spanish operations as well as a SEK 2.0 million charge for damages to be paid by Frico. In Germany, the closure of a small production facility for air curtains began, incurring non-recurring costs of approximately SEK 5.0 million. Selling expenses for the full year were charged SEK 20.7 million for anticipated bad debts and impairment of trade accounts receivables. Provisions for impairment of trade receivables have been made throughout the year, and the current reserve of SEK 60.1 million is considered sufficient. The decline in operating profit also resulted from lower sales volumes in the second half of the financial year, which reduced capacity utilization in the production units.

Interest income for the full year totalled SEK 24.7 million (7.8). Interest income includes a total of SEK 19.1 million (2.2) in foreign exchange effects on receivables and bank balances. Interest expense for the full year totalled SEK -77.9 million (-54.7). Interest expense includes the effects of foreign exchange on loans. Excluding exchange rate losses, the interest expense was SEK -37.9 million (-41.0).

Tax expense for the full year totalled SEK -63.7 million (-101.3), corresponding to an effective tax rate of 21.1% (29.0). The lower effective tax rate resulted from the recognition as revenue of loss carry-forwards that were obtained through the acquisition of companies with losses made in previous business activities. The acquired loss carry-forwards produced a net tax refund of SEK 18.8 million, recognised in the third quarter. Adjusted for this tax refund, the effective tax rate for the full year was 27.4% (29.0) based on profit after financial items.

Investment

Group investments totalled SEK 165.5 million (168.9) for the year. Depreciation of property, plant and equipment totalled SEK 80.9 (72.8). Investment in property, plant and equipment totalled SEK 110.0 million (94.7), primarily consisting of machinery intended to make the manufacturing units more economical and effective. The biggest individual investment was a new production plant and warehouse in Ukmergė, Lithuania. A total of SEK 44.2 million (90.0) was invested in company acquisitions (business combinations) during the financial year.

Business combinations

Megcool Industries of Kuala Lumpur, Malaysia, was acquired with control effective 1 May 2008. Employing about 50 people, in 2007 Megcool posted sales of about SEK 20 million and an operating profit of about SEK 3 million. The company manufactures and

markets products for the ventilation of tunnels and parking garages. The former owners, with 30 years of experience in the ventilation industry, remain active in the company. Through the acquisition, the Group acquired a competitive production unit in the region and a base for the Group's continued drive in Southeast Asia. The operations in Malaysia will also serve as a logistical hub for onward distribution of products in the region. The company's name has been changed to Systemair Sdn Bhd, Malaysia.

On 13 May 2008, Systemair acquired the Emerson Ventilation Products business from the U.S. company Emerson Electric Co. With estimated annual sales of about USD 10 million, the operations consist of the manufacturing of fans and ventilation equipment that broaden Systemair's product range in North America and expand it into the market for commercial properties. Since the acquisition, production and sales have been integrated with Fantech's current operations in North America, so it is difficult to isolate the exact contribution to profit. Warehouse and logistics functions have been coordinated, yielding synergy effects.

In September 2008, Systemair acquired the minority share of 26% of the shares in Systemair (SEA) Pte Ltd of Singapore from that company's managing director. Following the acquisition, Systemair owns all shares in the company.

Personnel

The average number of employees in the Group was 1,925 (1,786). At the end of the period, the number of employees was 1,945 (1,890), 55 more than one year previous. The biggest addition occurred with the acquisition of Megcool in Malaysia.

In January, agreement was reached with the local trade union IF Metall on production cutbacks at the plant in Skinnskatteberg. The agreement means that production will be shut down on Fridays until the 2009 summer break, to start with. These actions are aimed at offsetting weaker demand and counteracting unwarranted inventory build-up as well as avoiding employee layoffs. Staffing was also reduced at the manufacturing plants in Hässleholm, Sweden; Aarhus, Denmark; Madrid, Spain; and Bouctouche, Canada, as well as at some sales offices.

In March, Peter Olofsson, Systemair's Vice President Purchasing, resigned. Olofsson, who was also a member of Group management, was succeeded by Taina Veittikoski. Veittikoski has been with the Group a long time, serving in various management positions including CEO at subsidiaries and in business development. At the same time, Group management gained Anders Ulff, former Financial director, who was appointed Vice President Administration effective 1 April 2009. Ulff has worked in various positions at Systemair since 1999.

Cash flow and financial position

Cash flow from operating activities before changes in working capital during the period totalled SEK 307.7 million (344.8); the decrease was chiefly attributable to weaker operating profit. Working capital decreased SEK -10.7 million (126.5), primarily as a result of active measures to reduce capital tied up in inventory and trade accounts

receivables. Net cash flow from financing operations was SEK -169.1 million (6.1). Net amortisation of loans totalled SEK -87.4 million (81.4). Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 801.3 million (816.8), and net indebtedness at year-end was SEK 713.5 million (709.3).

The consolidated equity/assets ratio was 43.3% (37.3) at the end of the financial year. The target adopted by the Board for the equity/assets ratio, 30% or more, was comfortably attained.

Transactions in foreign currencies

Systemair has established subsidiaries that operate in 38 countries, with production in 11 of these. Systemair products are sold in around 100 countries around the world. Systemair AB has granted long-term loans to its subsidiaries. The value of these loans, translated into Swedish kronor, was SEK 353.5 million (335.0) at the balance sheet date. Effective 1 November 2008, the Group chose to recognise the net assets in Koolclima-Systemair in Spain and in Imos in Slovakia after hedging with loans in EUR. Hedging reduces the effects of foreign exchange rate fluctuations in the income statement and, for the financial year, resulted in the recognition of foreign exchange losses of SEK 5.9 million, net after tax, directly in equity. At the same time, several loans to subsidiaries were reclassified as net investments in foreign operations. The reclassification resulted in the recognition of foreign exchange losses of SEK 0.5 million, net after tax, directly in equity.

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

The AAA Soliditet AB credit-rating agency repeated its AAA rating for Systemair AB for the 14th year in a row.

Risks and uncertainty

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

Financial survey

During the past three years, growth in Group sales has averaged 13%. The average annual operating margin (EBIT) was 12% during that same period. The Group has targeted an equity/assets ratio of at least 30%. The average equity/assets ratio for the past three years has been 38%. Of total sales by the Group, sales outside Sweden account for 91% (89).

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

Five-year survey	2008/09	2007/08	2006/07	2005/06	2004/05
Net sales	3,333	3,092	2,664	2,321	1,896
EBIT	341	403	329	253	147
Operating margin	10.2%	13.0%	12.4%	10.9%	7.7%
Equity/assets ratio	43%	37%	34%	46%	37%
Return on capital employed	21%	26%	27%	25%	16%
Average number of employees	1,925	1,786	1,471	1,288	1,205

Outlook

The second half of financial year 2008/09 was distinguished by dwindling demand in several markets. Corrective action was taken to reduce the cost level and adapt production capacity to demand. Continued cutbacks have been initiated in 2009/10 to reduce costs further.

In safety ventilation, the Company has developed a strong product programme with bright prospects for growth. In tunnel ventilation, chiefly consisting of products for infrastructure projects, the Company received several interesting large orders during the year and anticipates ample opportunity for growth. The focus will remain on product development in energy-efficient electronically commutated (EC) motors for fans and ventilation units, which will bolster the Company's competitive advantage in a field where Systemair is already at the forefront internationally. In many markets, Systemair remains a minor player but has good prospects for expanding market shares despite the prevailing recession. The new products that have been added in the most recent year, through product development and company acquisitions, also brace Systemair for the future. As a rule, renovation projects multiply in a recession, and Systemair's products work particularly well in such projects. Systemair's ambition is to continue to grow through 2009/10.

Financial targets

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

Growth in sales	> 12%	Over a business cycle, through organic growth and acquisitions
EBIT	> 10%	Over a business cycle
Equity/assets ratio	> 30%	
Dividend	Approximately 30% of profit after tax	

All financial targets have been achieved. However, sales growth for financial year 2008/09 did not exceed 12%.

The dividend proposed by the Board for 2008/09 falls short of that in the policy. (For more information, see the section Proposed Distribution of Unappropriated Profits.)

Proposed guidelines on remuneration to senior executives

The Board of Directors is proposing guidelines on remuneration to senior executives, for the period beginning with the next Annual General Meeting, as follows.

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

The system of remuneration shall consist of a fixed salary and pension but may include variable salary and benefits such as a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits shall be determined individually based on the abovementioned criteria and the specific competence of the executive. Variable salary

will be paid subject to the attainment of clearly established targets. The variable salary will be paid as a proportion of the fixed salary subject to a predetermined limit, normally two months' salary. As a principle, pensions shall have defined premiums. The pension contributions shall be based on market conditions in the sector in the particular country and based on the fixed salary.

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

Product development

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

Product development is conducted chiefly at the manufacturing units in 11 countries. The product development organisation employs around 80 people; about 20 of these work at the largest unit, in Skinnskatteberg. A new range of fans with EC technology (smaller duct fans, ceiling fans and box fans) was introduced in conjunction with the most recent ISH trade fair in Frankfurt. With our uniquely broad range, we see ample opportunity to become the market leader in this area. Even in other product areas, we are focusing on boosting efficiency, that is, reducing our products' energy consumption.

The Group has five laboratories equipped to test ventilation products using standardised measurement procedures. The laboratories are located in Sweden, Germany, Canada, Slovakia and Slovenia. The laboratory in Skinnskatteberg is among the most modern in Europe for measuring ventilation products.

Quality system

Systemair AB has been ISO 9001 certified since 1993. In addition to Systemair AB, the subsidiaries Systemair GmbH in Germany, Fantech Inc. in Canada, VEAB Heat Tech in Håssleholm, Sweden, Koolclima-Systemair in Spain, Systemair in Slovenia, IMOS-Systemair in Slovakia and Systemair in Denmark also have ISO certification.

Environmental management system

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

Systemair's production facilities in Sweden are certified as per ISO 14001. Systemair considers that the Company's manufacturing facilities and operations meet the requirements of all significant environmental laws and regulations that affect the Company.

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

Parent Company

The Parent Company develops, manufactures and sells ventilation and heating products at Skinnskatteberg, where the Group management functions and the Group's largest development centre are also located.

During the financial year, sales totalled SEK 915 million (1,000), profit after net financial items SEK 157 million (120).

In January, agreement was reached with the local trade union IF Metall on production cutbacks at the plant in Skinnskatteberg. The agreement means that production will be shut down on Fridays until the summer of 2009, to start with. These actions are aimed at offsetting weaker demand and counteracting unwarranted inventory build-up as well as avoiding employee layoffs.

Sales and purchases denominated in EUR continue to rise.

Sales by the Parent Company to subsidiaries in Europe are mainly transacted in EUR.

Exports accounted for 67% (67) of sales from Skinnskatteberg.

Exports account for a significant share of the sales by Systemair AB to its subsidiary Frico AB. Adjusted for the re-exports from Frico AB, 77% (76) of all sales from Skinnskatteberg were exported.

Investment in buildings, technical plant, machinery, equipment and construction in progress totalled approximately SEK 6.8 million (25.2). Investments were primarily in new machinery and tools.

Cash flow from operating activities in the Parent Company strengthened, to SEK 110.8 million (51.5).

Cash and cash equivalents totalled SEK 309.1 million at year-end and SEK 250.4 million at the start of the year.

The balance sheet showed an equity/assets ratio of 29% (29).

Share capital

At 30 April 2009, the total number of shares outstanding was 52,000,000, all of the same class. At that time, two shareholders held shares representing more than 10% of the total number of votes in the Company: Färna Invest, with a 42% holding, and ebmpapst, a German manufacturer of fan motors, with a 21% holding through its Swedish subsidiary. Färna Invest AB is a company wholly owned by Systemair's CEO Gerald Engström. The total number of shareholders in Systemair is about 4,200.

Significant events after financial year-end

Acquisition of Energo Plus

In May 2009, Systemair acquired all shares in the ventilation company Energo Plus in Slovenia. During 2008, the company had sales of approximately SEK 100 million. Energo Plus is the market leader in Slovenia for ventilation and air-conditioning products. The company was founded in 1990 and has more than 30 employees in Ljubljana and Maribor.

Manufacturing plant and warehouse in the United States

At 4 May 2009, Systemair acquired the property in Lenexa, Kansas, where Emerson Ventilation Products, a company acquired, has office, warehouse and manufacturing facilities. The property comprises about 16,000 sqm of industrial and warehouse space of a suitable standard. The agreed purchase price for the building and land is USD 5.25 million. In conjunction with the acquisition of the property, the State of Kansas also pledged a maximum of USD 1.7 million in incentives. The incentives are conditional upon new hires, investment and training of employees.

Proposed Distribution of Unappropriated Profits

Available for distribution by the Annual General Meeting:

The Board proposes that the AGM to be held 3 September approves a dividend of SEK 0.75 (1.50) per share, giving a total

Share premium reserve	SEK	35,206,751
Fair value reserve	SEK	532,871
Profit brought forward	SEK	149,219,653
Net profit for the year	SEK	146,347,207
	SEK	331,306,482

distribution of SEK 39.0 (78.0) million and that the remaining profits be carried forward. The proposed dividend corresponds to more than 16% (31) of net consolidated profit. The reason for reducing the dividend is that the Board and Management wish to make more room for strategic acquisitions that may emerge as a result of the global financial crisis. The number of shares entitled to a dividend is 52,000,000.

Consolidated Income Statement

SEK million, 1 May–30 April	Notes	2008/09	2007/08
Net sales	3	3,333.1	3,091.6
Cost of goods sold	4	-2,089.1	-1,927.4
Gross profit		1,244.0	1,164.2
Other operating income	7	84.1	52.8
Selling expenses	4	-718.9	-599.0
Administrative expenses	4, 5	-204.2	-176.0
Other operating expenses	8	-64.0	-39.5
Operating profit	4, 6, 9, 10	341.0	402.5
<i>Profit/Loss from financial investments</i>			
Profit/Loss from other securities and receivables held as non-current assets	11	13.5	-6.3
Interest income and similar profit/loss items	12	24.7	7.8
Interest expense and similar profit/loss items	13	-77.9	-54.7
Profit after financial items		301.3	349.3
Tax	14	-63.7	-101.3
Profit for the year		237.6	248.0
Attributable to:			
Parent Company's shareholders		235.5	243.8
Minority interest		2.1	4.2
Basic earnings per share ¹⁾	36	4.53	4.69
Diluted earnings per share ¹⁾	36	4.53	4.69
Average number of shares during period, basic ¹⁾		52,000,000	52,000,000
Average number of shares during period, diluted ¹⁾		52,000,000	52,000,000

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

Consolidated Balance Sheet

SEK million, 30 April	Notes	2009	2008
ASSETS			
Non-current assets			
<i>Intangible assets</i>	15		
Goodwill		166.1	118.6
Other intangible assets		7.1	1.9
		173.2	120.5
<i>Property, plant and equipment</i>	15		
Buildings and land		482.6	447.2
Plant and machinery		146.9	121.7
Equipment and tools		69.1	61.1
Construction in progress		44.3	16.0
		742.9	646.0
<i>Financial and other assets</i>			
Other securities held as non-current assets	16	4.5	8.6
Participations in associated companies	29	0.1	0.1
Deferred tax asset	14	63.0	61.1
Other long-term receivables	17	6.8	2.9
		74.4	72.7
Total non-current assets		990.5	839.2
Current assets			
<i>Inventory</i>	19		
Raw materials and consumables		200.8	186.9
Products in progress		23.1	19.2
Finished products		333.8	304.1
		557.7	510.2
<i>Current receivables</i>			
Total current assets	20	676.4	628.9
Other receivables		46.2	51.2
Prepaid expenses and accrued income	18	27.5	21.9
Other investments in securities etc.		3.4	0.1
Total current receivables		753.5	702.1
<i>Cash and bank balances</i>		99.7	117.1
Total current assets		1,410.9	1,329.4
TOTAL ASSETS		2,401.4	2,168.6

SEK million, 30 April	Notes	2009	2008
EQUITY AND LIABILITIES			
Equity			
	21		
Share capital		52.0	52.0
Additional paid-in capital		2.2	2.2
Other reserves		61.6	-9.9
Profit brought forward, including profit for the year		906.3	748.8
Equity attributable to the Parent Company's shareholders		1,022.1	793.1
Minority interest		18.5	15.3
Total equity		1,040.6	808.4
Non-current liabilities			
Non-current liabilities, interest-bearing	22	314.5	334.1
Provisions for pensions	26	13.9	12.5
Provisions for deferred tax liabilities	14	55.2	55.3
Other provisions		10.9	8.6
Total non-current liabilities		394.5	410.5
Current liabilities			
Current liabilities, interest-bearing	22	486.8	482.7
Accounts payable – trade		240.1	237.7
Income tax liability		46.8	68.5
Other liabilities		51.8	39.6
Accrued expenses and prepaid income	23	140.8	121.2
Total current liabilities		966.3	949.7
Total liabilities		1,360.8	1,360.2
TOTAL EQUITY AND LIABILITIES		2,401.4	2,168.6
Pledged assets	32	421.9	391.3
Contingent liabilities	33	27.1	26.7

Changes in Equity – Group

SEK million	Attributable to Parent Company's shareholders				Attributable to minority interest	Total equity
	Share capital	Additional paid-in capital	Other reserves ¹⁾	Profit brought forward, incl. profit for the year		
Equity, 30 April 2007	52.0	0.5	-2.2	580.9	11.7	642.9
Change in fair value of financial assets available for sale			-18.4			-18.4
Transferred to income statement for the period			-0.3			-0.3
Exchange rate differences			11.0		0.6	11.6
Total income and expenses recognised directly in equity			-7.7		0.6	-7.1
Dividends in subsidiaries paid to minority shareholders					-1.2	-1.2
Payment for warrants		1.7				1.7
Dividends				-75.9		-75.9
Profit for the year				243.8	4.2	248.0
Equity, 30 April 2008	52.0	2.2	-9.9	748.8	15.3	808.4
Change in fair value of financial assets available for sale			-9.1			-9.1
Hedging of net assets in foreign operations			-8.2			-8.2
Hedging of net assets in foreign operations, tax effect			2.3			2.3
Exchange rate differences			86.5		2.2	88.7
Total income and expenses recognised directly in equity			71.5		2.2	73.7
Dividends in subsidiaries paid to minority shareholders					-3.7	-3.7
Acquisition of minority shares					2.6	2.6
Dividends				-78.0		-78.0
Profit for the year				235.5	2.1	237.6
Equity, 30 April 2009	52.0	2.2	61.6	906.3	18.5	1,040.6

¹⁾ Other reserves includes exchange rate differences, hedging of net assets in foreign operations and change in fair value of financial assets available for sale.

Specification of Other reserves SEK million	Exchange rate differences	Hedging reserve	Fair value reserve	Total
Opening balance, 1 May 2007	-10.0	-	7.8	-2.2
Change during the year	11.0	-	-18.7	-7.7
Closing balance, 30 April 2008	1.0	-	-10.9	-9.9
Change during the year	86.5	-5.9	-9.1	71.5
Closing balance, 30 April 2009	87.5	-5.9	-20.0	61.6

Consolidated Cash-Flow Statement

SEK million, 1 May–30 April	Notes	2008/09	2007/08
Operating activities			
Operating profit		341.0	402.5
Interest received		5.6	5.6
Interest paid		-36.1	-38.3
Adjustment for non-cash items etc.	34	73.3	46.5
Income tax paid		-76.1	-71.5
<i>Cash flow from operating activities before changes in working capital</i>		307.7	344.8
Changes in working capital			
Inventory		3.1	-12.4
Current receivables		32.3	-120.8
Accounts payable – trade		-47.3	3.9
Current liabilities		1.2	2.8
Cash flows from operating activities		297.0	218.3
Investing activities			
Acquisition of subsidiaries	30	-44.2	-90.0
Divestment of subsidiaries	30	-	6.1
Acquisition of lossmaking companies		-8.8	-
Acquisition of intangible assets		-5.6	-1.0
Acquisition of tangible assets		-110.0	-94.7
Sale of tangible assets		8.1	13.6
Acquisition of financial assets		-5.0	-4.0
Sale of financial assets		-	1.1
<i>Cash flow from investing activities</i>		-165.5	-168.9
Financing activities			
Borrowings		43.4	271.9
Amortisation of loans		-130.8	-190.4
Dividend to shareholders		-81.7	-77.1
Payment for warrants		-	1.7
<i>Cash flow from financing activities</i>		-169.1	6.1
Increase/Decrease in cash and cash equivalents		-37.6	55.5
Cash and cash equivalents at start of year		117.1	61.5
Exchange rate difference in cash and cash equivalents		20.2	0.1
Cash and cash equivalents at end of year		99.7	117.1

Parent Company Income Statement

SEK million, 1 May–30 April	Notes	2008/09	2007/08
Net sales	3	914.5	1,000.4
Cost of goods sold		-654.5	-721.7
Gross profit		260.0	278.7
Other operating income	7	52.4	30.7
Selling expenses		-129.2	-116.1
Administrative expenses	5, 6	-67.8	-66.6
Other operating expenses	8	-40.5	-12.3
Operating profit	9, 10	74.9	114.4
<i>Profit/Loss from financial investments</i>			
Profit/Loss from participations in Group companies	27	119.5	51.4
Profit/Loss from other securities and receivables held as non-current assets	11	2.0	-24.8
Other interest income and similar profit/loss items	12	32.4	29.1
Interest expense and similar profit/loss items	13	-72.0	-49.9
Profit after financial items		156.8	120.2
Appropriations	24	7.5	-19.9
Pre-tax profit		164.3	100.3
Tax on profit for the year	14	-18.0	-20.1
Profit for the year		146.3	80.2

Parent Company Balance Sheet

SEK million, 30 April	Notes	2009	2008
ASSETS			
Non-current assets			
<i>Intangible assets</i>	15		
Licences		4.2	-
		4.2	-
<i>Property, plant and equipment</i>	15		
Buildings and land		63.4	67.4
Plant and machinery		42.2	44.7
Equipment and tools		10.3	8.0
Construction in progress		0.3	8.0
		116.2	128.1
<i>Financial assets</i>			
Participations in Group companies	28	464.1	420.3
Receivables from Group companies	31	353.5	335.0
Other securities held as non-current assets	16	4.2	8.3
Total non-current liabilities		821.8	763.6
Total non-current assets		942.2	891.7
Current assets			
<i>Inventory</i>			
Raw materials and consumables		47.0	58.8
Products in progress		2.8	3.7
Finished products		72.8	70.0
		122.6	132.5
<i>Current receivables</i>			
Accounts payable – trade	20	106.8	107.3
Receivables from Group companies		173.6	159.2
Other receivables		13.4	27.1
Prepaid expenses and accrued income	18	6.6	5.0
		300.4	298.6
<i>Cash and bank balances</i>		309.1	250.4
Total current assets		732.1	681.5
TOTAL ASSETS		1,674.3	1,573.2

SEK million, 30 April	Notes	2009	2008
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>	21		
Share capital		52.0	52.0
Statutory reserve		10.0	10.0
		62.0	62.0
<i>Non-restricted equity</i>			
Share premium reserve		35.2	35.2
Fair value reserve		-0.5	-
Profit/Loss brought forward		150.3	193.2
Profit for the year		146.3	80.2
		331.3	308.6
Total equity		393.3	370.6
Untaxed reserves	25	117.8	125.3
Provisions		1.0	1.0
Non-current liabilities			
Liabilities to credit institutions	22	177.2	221.2
Liabilities to Group companies		359.9	300.2
Total non-current liabilities		537.1	521.4
Current liabilities			
Bank overdraft facilities	22	388.8	372.3
Liabilities to credit institutions	22	49.6	44.8
Accounts payable – trade		52.1	53.2
Income tax liability		5.7	17.0
Liabilities to Group companies		83.2	22.4
Other liabilities		9.1	8.3
Accrued expenses and prepaid income	23	36.6	36.9
Total current liabilities		625.1	554.9
Total liabilities		1,162.2	1,076.3
TOTAL EQUITY AND LIABILITIES		1,674.3	1,573.2
Pledged assets	32	225.1	227.9
Contingent liabilities	33	182.6	154.8

Changes in Equity – Parent Company

SEK million	Share capital	Statutory reserve	Non-restricted equity			Total equity
			Share premium reserve	Fair value reserve	Profit brought forward, incl. profit for the year	
Equity, 30 April 2007	52.0	10.0	33.5	-	271.5	367.0
Group contributions paid					-3.2	-3.2
Tax effect of Group contributions paid					0.8	0.8
Payment for warrants			1.7			1.7
Dividend					-75.9	-75.9
Profit for the year					80.2	80.2
Equity, 30 April 2008	52.0	10.0	35.2	-	273.4	370.6
Group contributions paid					-62.6	-62.6
Tax effect of Group contributions paid					17.5	17.5
Translation effects of long-term loans to subsidiaries with no settlement planned				-0.7		-0.7
Tax effect from translation of long-term loans to subsidiaries				0.2		0.2
Dividend					-78.0	-78.0
Profit for the year					146.3	146.3
Equity, 30 April 2009	52.0	10.0	35.2	-0.5	296.6	393.3

Parent Company Cash Flow Statement

SEK million, 1 May–30 April	Notes	2008/09	2007/08
Operating activities			
Operating profit		74.9	114.4
Interest received		32.4	29.1
Interest paid		-38.0	-40.8
Adjustment for non-cash items etc.	34	-2.9	7.3
Income tax paid		-11.7	-19.2
<i>Cash flow from operating activities before changes in working capital</i>		54.7	90.8
Changes in working capital			
Inventory		10.0	4.6
Current receivables		-12.9	-27.9
Accounts payable – trade		59.9	-16.3
Current liabilities		-0.9	-3.4
Cash flows from operating activities		110.8	47.8
Investing activities			
Acquisition of intangible assets		-4.4	-
Acquisition of tangible assets		-6.8	-25.2
Investments in Group companies	28	-43.8	-78.7
Sale of Group companies		-	5.7
Dividends on shares in subsidiaries		120.7	63.0
Group contributions paid		-62.6	-3.2
Acquisition of financial assets		-5.0	-2.7
<i>Cash flow from investing activities</i>		-1.9	-41.1
Financing activities			
Dividend to shareholders		-78.0	-75.9
Payment for warrants		-	1.7
Borrowings		77.8	241.9
Amortisation of loans		-50.0	-130.6
<i>Cash flow from financing activities</i>		-50.2	37.1
Increase/Decrease in cash and cash equivalents		58.7	43.8
Cash and cash equivalents at start of year		250.4	206.6
Cash and cash equivalents at end of year		309.1	250.4

Notes to the Accounts

– Contents

	Page
Note 1 Accounting and valuation policies	49
Note 2 Risks and risk management	51-52
Note 3 Information on secondary segments – Geographical regions	52
Note 4 Classification according to type of cost	52
Note 5 Fees to auditors	52
Note 6 Leases	53
Note 7 Other operating income	53
Note 8 Other operating expenses	53
Note 9 Employees and employee benefits expense	53-54
Note 10 Amortisation of intangible assets and depreciation of property, plant and equipment	55
Note 11 Profit/Loss from other securities and receivables held as non-current assets	55
Note 12 Interest income and similar profit/loss items	55
Note 13 Interest expense and similar profit/loss items	55
Note 14 Tax on profit for the year	55
Note 15 Intangible assets and property, plant and equipment	56
Note 16 Other securities held as non-current assets	57
Note 17 Other long-term receivables	57
Note 18 Prepaid expenses and accrued income	57
Note 19 Inventory	57
Note 20 Accounts receivable – trade	57
Note 21 Share capital and proposed dividend	57-58
Note 22 Borrowing and financial instruments	58-59
Note 23 Accrued expenses and prepaid income	59
Note 24 Appropriations, miscellaneous	59
Note 25 Untaxed reserves	59
Note 26 Provisions for pensions	60
Note 27 Profit/Loss from participations in Group companies	60
Note 28 Participations in Group companies	60-61
Note 29 Participations in associated companies	61
Note 30 Changes in Group structure – Business combinations	62
Note 31 Receivables from Group companies	62
Note 32 Pledged assets	62
Note 33 Contingent liabilities	62
Note 34 Supplementary information for the cash flow statement	62
Note 35 Information on the Parent Company	62
Note 36 Earnings per share	63
Note 37 Transactions with related parties	63
Note 38 Significant events after financial year-end	63

Note 1 Accounting and valuation policies

Systemair AB's consolidated accounts for the year ended 30 April 2009 have been approved 11 July by the Board of Directors and the Chief Executive Officer for publication on 6 August and will be submitted for adoption to the 2009 Annual General Meeting. The Parent Company is a Swedish limited liability company with its registered office at Skinnskatteberg, Sweden.

Basis of preparation

Systemair's consolidated accounts are based on historical cost, with the exception of financial derivative instruments and financial assets available for sale. These assets and liabilities are recognised at fair value. Unless otherwise indicated, all amounts are in millions of Swedish kronor (SEK million).

New and amended accounting policies

During 2008/09, no new or amended standards had any effect on Systemair's consolidated accounts.

Future accounting policies

The following standards and amendments to standards, applicable on or after 1 January 2009, were not applied in 2008/09. Only IAS 27 and the amendments to IFRS 3 below are anticipated to have any impact on the consolidated accounts beyond increasing the additional information.

IFRS 8 Operating Segments requires that disclosure be based on management's segmentation for internal reports and accounting policies (beginning in 2009/10).

Amendments to IAS 1 make certain changes in the presentation of financial statements. Based on the standard, owner changes in equity are to be presented separately from non-owner changes. The statement of changes in equity will only contain details regarding owner transactions. Changes in equity other than transactions with owners are presented on a line in the statement above changes in equity. In addition, the standard introduces the concept of a "Statement of comprehensive income", which shows all revenue and cost items, either in a single statement or in two connected statements (starting in 2009/10).

Amendments in IFRS 3 introduce several revisions in the reporting of business combinations that will influence the amount of goodwill recognised, the profit/loss posted for the period of the acquisition and profit/loss posted in the future (starting in 2010/11).

Amendments in IAS 27 stipulate that changes in the investment in a subsidiary, where the majority owner does not lose its controlling interest, are recognised as transactions in equity (starting in 2010/11).

Statement of compliance with applicable regulations

The consolidated accounts were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Furthermore, the consolidated accounts were prepared in compliance with Swedish law, by application of Recommendation RR 30:06 (Supplementary Accounting Rules for Groups) of the Swedish Financial Accounting Standards Council. In preparing the financial reports for the Parent Company, the Council's Recommendation RFR 2:1 (Accounting for Legal Entities) has been applied.

Consolidated accounts

Basis of consolidation

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

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

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

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

A minority interest is that share of profits and net assets in a partly owned company that accrues to other owners. The minority interest in profit is included in the profit after tax reported in the consolidated income statement. The minority interest in net assets is included in equity in the consolidated balance sheet but is stated separately from equity attributable to the shareholders in the Parent Company.

Investments in associated companies

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

carrying amount of the investment. Holdings in associated companies are recognised in the Parent Company balance sheet based on the cost method.

Translation of accounts of foreign operations

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

Translation of receivables and liabilities denominated in foreign currencies

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

Net sales

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

Segment reporting

Systemair's opportunities and risks are primarily associated with the solutions it offers to customers. The Group's sales are based mainly on ventilation products. The Group has numerous product groups with different functions and performance, but all are designed for the same area of application for customers, that is, ventilation of commercial and residential premises. Customers are mainly ventilation contractors and distributors. All sales of ventilation products are exposed to similar risks and opportunities, so Systemair operates in only one business segment, which consequently coincides with the reporting structure for the entire Group. Secondary segment reporting is provided by geographical regions. Operations are monitored internally for each company.

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

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

The following depreciation/amortisation periods are applied.

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

Research and development

Development expenditure is recognised as an intangible asset but only if the following criteria are satisfied. The development project must be well defined and include concrete plans as to how and when the asset will be used in operations; it must be possible to calculate expenses reliably; and the asset must be considered likely to create future economic benefits. In addition, completing the project must be considered technically feasible, and the Group must be considered to have the resources required for completing development. The historical cost of the intangible asset includes not only the cost of personnel and direct purchases but also the share of indirect costs attributable to the asset. Depending on the useful life of the asset, depreciation is applied over 3–5 years. Other development expenditure is expensed as incurred. As of the balance sheet date, there were no development projects deemed to meet the above criteria.

Impairment losses

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

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

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

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

Calculation of the recoverable amount

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

Reversal of impairment losses

Impairment losses are reversed if a subsequent increase in the recoverable amount is objectively attributable to an event that has occurred following recognition of the impairment loss. Impairment losses on goodwill are not reversed.

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

Inventory

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

Financial assets

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

Financial assets measured at fair value through the income statement

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

Loan receivables and accounts receivable – trade

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

Investments held to maturity

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

Financial assets available for sale

Available for sale investments are financial assets that have either been assigned to this category or not been classified in any of the other categories. They are included in non-current assets if management does not intend to dispose of the assets within 12 months from the balance sheet date. Financial assets available for sale are stated at fair value after the date of acquisition. Unrealised gains and losses resulting from changes in the fair value of non-monetary instruments classified as assets are recognised in equity. When instruments that are classified as assets available for sale are divested or impaired, the accumulated adjustments to fair value are recognised in the income statement.

Financial liabilities

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

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

Other financial liabilities

This category includes interest-bearing and non-interest-bearing financial liabilities not held for trading. They are measured at amortised cost.

Non-current liabilities have more than one year to maturity, while liabilities maturing before that are recognised as current liabilities. Trade accounts payable have a short anticipated maturity and are thereby measured at their nominal amount, undiscounted.

Provisions

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

Employee benefits

Pensions and similar post-employment benefit obligations

Systemair operates several different post-employment benefit plans. These are classified as either defined-benefit or defined-contribution plans. A defined-benefit pension plan is one

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

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

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

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

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

Share-based remuneration

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

Leases

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

Borrowing costs

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

Income tax

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

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

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

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

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

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

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

Cash flow statement

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

Government subsidies

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

The Parent Company received an employment grant from the Swedish Labour Market Board totalling SEK 0.7 million (0.5). The employment grant reduced salaries in the departments concerned.

Material estimates and assumptions

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

Impairment testing of goodwill

Every year, Group management tests goodwill for impairment in accordance with the accounting policy described above. A number of estimates must be made for this test. Neither a reduction in the assumed rate of growth nor a rise of two percentage points in the assumed discount rate would result in any impairment. For more detailed information on impairment testing of goodwill, see Note 15.

Provisions for pensions

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

Deferred tax assets

The Group's deferred tax assets are for the most part based on loss carry-forwards in subsidiaries. Group management has made assumptions and assessments as to the future earning capacity of these subsidiaries over the next three years and, on that basis, has assessed the possibilities for offsetting future profits against these losses.

Note 2 Risks and risk management

Systemair's development is affected by a large number of factors. The table below illustrates the hypothetical effects on Systemair's 2008/09 operating profit of changes in certain factors. The calculations below are hypothetical and should not be interpreted as indicating that changes in certain factors are any more or less likely or, if any change takes place, the extent of such change. Actual changes and their effect may be greater or lesser than indicated in the table below. Furthermore, it is likely that actual changes will affect several items. Thus, caution is called for when interpreting the sensitivity analysis in that changes in various items may have a counteractive effect.

SEK million	Operating profit
+/- 5% in selling prices	+/-167
+/- 5% in material costs	+/-80
+/- 5% in selling and administrative expenses	+/-46
+ 5% in the SEK/EUR exchange rate	+19
- 5% in the SEK/EUR exchange rate	-19
+ 5% in the SEK/USD exchange rate	+3
- 5% in the SEK/USD exchange rate	-3

Sensitivity analysis – effects on operating profit in 2008/09

The table shows that a change of +/- 5% in the SEK/EUR exchange rate would have an impact of approximately SEK 19 million on operating profit for 2008/09. This effect is largely offset by the net effects of exchange gains and losses on borrowing denominated in EUR.

Operational risks

Competition

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

Market risks

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

Suppliers

Ziehl-Abegg and ebmpapst, two German manufacturers of fan motors, are major suppliers to Systemair. Some of Systemair's products have been developed in association with these suppliers, so to some extent Systemair depends on the ability of these manufacturers to continue supplying motors to the Company. Thus, supply problems at either of these

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

Brands

Systemair's brands are vital to the Company's operations. Systemair's major brands include Systemair, Frico, Fantech and VEAB. Systemair assesses the brand situation on an ongoing basis and registers each brand in the countries in which they are used to any significant extent. However, the Company cannot guarantee that these measures are sufficient to protect Systemair's brands. Neither can Systemair guarantee that the Company's competitors will not try to use its brands in the marketing of their products or otherwise infringe its intellectual property rights. If the Company's brands cannot be protected, for whatever reason, the Company's operations, earnings and financial position may be adversely affected.

Production plant and distribution centres

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

Company acquisitions

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

IT infrastructure

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

Product liability

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

International business operations

Systemair conducts, via subsidiaries or representative offices, its own operations in 38 countries, some of which are in the process of rapid development and transformation into market economies. As a result, the Company is exposed to risks associated with international business operations, such as trade policy decisions in the form of the introduction or extension of excise duties in the Company's markets, which could significantly and adversely affect the Company's operations. Other risks include differences in the regulatory frameworks of different countries, limited legal protection for intellectual property rights in certain countries, different accounting standards and systems of taxation, changing terms and conditions of payment between different countries and the possibility of political instability. Systemair has substantial sales to Russia, for example, which is one of Systemair's single largest export markets. Systemair plans to expand these operations eventually because the Company sees continued ample opportunity for sales growth in Russia in the long run. Political tensions in the development of that society and uncertainty in its legal system, as well as uncertainty in trade policy, mean that conditions in the Russian market could change quickly and that

ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

Systemair's assets in the country could become uncertain. Each of the abovementioned risks could adversely affect Systemair's operations, earnings and financial position.

Financial risks

The Systemair Group is exposed to financial risks through its international operations and its borrowing. Financial risk arises when interest and exchange rates fluctuate, which causes variations in the Group's cash flows, and when credit lines are to be renegotiated. Financial risk includes the risk of a counterparty failing to meet their obligations. The objective of risk management in the Group is to limit any possible adverse impact on the Group's earnings and cash flow. Risk is monitored and followed up on an ongoing basis by the Group treasury as well as by the major subsidiaries.

Foreign exchange risk – transaction exposure

In trading between Group companies and with suppliers and customers, a transaction risk arises if payment is made in a currency other than the local currency of the particular Group company. Systemair's extensive international operations represent substantial sales in various currencies and thus exposure to foreign exchange risk. This risk arises primarily vis-à-vis the EUR and USD and is partly hedged in accordance with Systemair's foreign exchange policy.

In 2008/09, Group companies in Sweden invoiced 34% (34) of their business in SEK, 49% (51) in EUR, 7% (7) in USD and 10% (8) in other currencies.

Every year, an estimate is made of the future net inflow of EUR and USD to be hedged. Forward contracts extend a maximum of 18 months ahead. At the financial year-end, the total value of EUR forward contracts was SEK 213 million (63). The value of USD contracts at the same time was SEK 0 million (0).

Foreign exchange risk – translation exposure

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

On the balance sheet date, the value of foreign net assets totalled SEK 589 million (460). Major net assets consist of SEK 257 million (151) in EUR, SEK 74 million (74) in NOK, SEK 50 million (42) in CAD, SEK 47 million (30) in LTL, SEK 44 million (49) in USD and SEK -37 million (-44) in GBP.

The impact of foreign exchange on equity is recognised as a translation difference and equalled SEK 86.5 million (11.0).

Borrowing and interest rate risk

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

Credit and liquidity risk

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

Loss carry-forwards

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

Note 3 Information on secondary segments – Geographical regions

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

The Nordic region comprises Denmark, Finland, Iceland, Norway, Sweden and Åland.

The Western Europe region consists of Austria, Belgium, Cyprus, the Faeroe Islands, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, Switzerland and the UK.

The Eastern Europe region includes Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkmenistan and Ukraine.

North America consists of the United States and Canada.

Other markets include Afghanistan, Algeria, Argentina, Australia, Bahrain, Bangladesh,

Barbados, Botswana, the British Virgin Islands, Brunei, Chile, China, Egypt, Hong Kong, India, Iran, Israel, Japan, Jordan, Kenya, Kuwait, Lebanon, Malaysia, Morocco, Namibia, New Zealand, Oman, Pakistan, the Philippines, Qatar, Saint Vincent and the Grenadines, Saudi Arabia, Singapore, Sudan, South Africa, South Korea, Swaziland, Syria, Taiwan, Tajikistan, Thailand, Tunisia, Turkey, the United Arab Emirates, Vietnam, Yemen and Zimbabwe.

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

Of sales by the Parent Company, sales to other Group companies accounted for SEK 459.2 million (465.9), and sales to related companies (ebmpapst AB) SEK 3.8 million (4.5).

By geographical market

Group Net sales	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Nordic region	910.5	921.3	377.4	404.3
Western Europe	1,143.9	933.8	191.9	176.1
Eastern Europe and CIS	794.8	851.5	317.3	394.2
North America	267.7	241.2	5.7	4.5
Other markets	216.2	143.8	22.2	21.3
	3,333.1	3,091.6	914.5	1,000.4

By geographical market

Group	Assets		Investments	
	2008/09	2007/08	2008/09	2007/08
Nordic region	1,134.5	1,190.3	43.7	61.8
Western Europe	704.5	601.8	20.5	18.6
Eastern Europe and CIS	239.6	197.0	40.9	12.3
North America	206.3	119.3	6.0	1.0
Other markets	116.5	60.2	4.5	2.0
	2,401.4	2,168.6	115.6	95.7

Investments refer to intangible assets and property, plant and equipment.

Note 4 Classification according to type of cost

	Cost of goods sold	Selling expenses	Administrative expenses	Total
<i>2008/09</i>				
Material costs	-1,591.1	-	-	-1,591.1
Personnel costs	-334.9	-344.8	-116.8	-796.5
Depreciation/Amortisation costs	-47.1	-20.8	-8.6	-76.5
Other costs	-116.0	-353.3	-78.8	-548.1
	-2,089.1	-718.9	-204.2	-3,012.2
<i>2007/08</i>				
Material costs	-1,490.6	-	-	-1,490.6
Personnel costs	-295.7	-292.7	-94.7	-683.1
Depreciation/Amortisation costs	-41.4	-19.5	-7.5	-68.4
Other costs	-99.7	-286.8	-73.8	-460.3
	-1,927.4	-599.0	-176.0	-2,702.4

Total product development costs were approximately SEK 50 million in 2008/09 and SEK 50 million in 2007/08.

Note 5 Fees to auditors

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
<i>Auditing services</i>				
- Ernst & Young	-2.2	-2.0	-0.8	-0.8
- Others	-2.2	-1.9	-	-
	-4.4	-3.9	-0.8	-0.8
<i>Other services</i>				
- Ernst & Young	-0.9	-1.4	-0.5	-1.1
- Others	-0.2	-0.2	-	-
	-1.1	-1.6	-0.5	-1.1

Note 6 Leases

Leasing costs recognised	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Operating leases	15.2	12.9	-	-

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

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

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Operating leases – nominal value				
Payable within 1 year	13.3	11.1	-	-
Payable in 2–5 years	29.6	18.2	-	-
Payable after 5 years	2.6	4.0	-	-
	45.5	33.3	0.0	0.0

The Group has no financial leases.

Note 7 Other operating income

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Exchange gains in operations	69.1	20.0	31.9	7.0
Intra-Group income	-	-	20.2	18.3
Gain on sale of property, plant and equipment	3.1	12.4	-	0.8
Other miscellaneous income	11.9	20.4	0.3	4.6
	84.1	52.8	52.4	30.7

Note 8 Other operating expenses

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Exchange rate losses in operations	-48.8	-23.8	-25.3	-5.4
Intra-Group expenses	-	-	-15.1	-5.2
Loss on sale of property, plant and equipment	-1.1	-0.1	-	-
Other miscellaneous expenses	-14.1	-15.6	-0.1	-1.7
	-64.0	-39.5	-40.5	-12.3

Note 9 Employees and personnel costs

	2008/09		2007/08	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Parent Company	366	229	385	259
Subsidiaries in:				
Nordic region	392	323	395	312
Sweden	136	106	155	104
Denmark	134	120	124	115
Finland	9	7	7	6
Norway	113	90	109	87
Western Europe	496	378	424	324
Belgium	3	2	2	1
England	89	64	84	61
France	38	30	37	29
Netherlands	11	8	8	6
Ireland	5	5	6	6
Italy	47	32	10	6
Portugal	28	17	32	20
Switzerland	6	4	6	4
Spain	74	66	56	48
Germany	179	136	167	131
Austria	16	14	16	12
Eastern Europe and CIS	367	242	357	239
Bulgaria	4	3	2	1
Estonia	16	8	18	9
Latvia	9	6	7	6
Lithuania	63	29	64	29
Poland	26	22	25	21
Romania	6	5	4	4
Russia	6	3	6	3
Slovakia	171	110	172	115
Slovenia	48	43	45	41
Czech Republic	11	6	9	5
Ukraine	3	3	2	2
Hungary	4	4	3	3
North America	185	119	182	100
Canada	128	75	125	72
United States	57	44	57	28
Rest of World	119	100	43	37
Australia	3	2	1	1
United Arab Emirates	8	7	6	5
Hong Kong	3	2	3	2
India	10	9	2	2
China	4	3	2	2
Malaysia	57	50		
Singapore	12	10	10	9
South Africa	8	6	7	5
Turkey	14	11	12	11
	1,925	1,391	1,786	1,271

Pctg. of women in boards and in management	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Board, excluding employee representatives	-	-	20%	20%
Group management	-	-	17%	0%
Company management	6%	4%	-	-

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2008/09	2007/08	2008/09	2007/08
<i>Board and CEO</i>				
Parent Company	2.8	2.5	1.3	1.1
Subsidiaries in the Nordic region	7.8	6.9	2.1	2.3
Western Europe	15.9	11.8	3.3	2.6
Eastern Europe and CIS	7.3	5.5	1.8	1.4
North America	2.9	2.9	0.8	0.3
Rest of World	6.6	3.5	0.5	0.4
Total, Board and CEO	43.3	33.1	9.8	8.1

Remuneration to senior executives recognised during the year	Basic salary/Fee	Variable pay	Other benefits	Pension expense	Total
<i>2008/09</i>					
Lars Hansson – Chairman	0.3	-	-	-	0.3
Elisabeth Westberg	0.2	-	-	-	0.2
Göran Robertsson	0.2	-	-	-	0.2
Jürgen Zilling	0.2	-	-	-	0.2
Chief Executive Officer	2.0	-	-	0.4	2.4
Other senior executives *)	4.7	0.1	0.2	1.7	6.7
Total	7.6	0.1	0.2	2.1	10.0
<i>2007/08</i>					
Lars Hansson – Chairman	0.3	-	-	-	0.3
Elisabeth Westberg	0.2	-	-	-	0.2
Göran Robertsson	0.2	-	-	-	0.2
Jan Philipiak	0.2	-	-	-	0.2
Chief Executive Officer	1.8	-	-	0.2	2.0
Other senior executives*)	3.9	0.1	0.2	1.4	5.6
Total	6.6	0.1	0.2	1.6	8.5

*) During 2007/08, Group management consisted of four persons in addition to the CEO.

At 1 April 2009, Peter Olofsson resigned from Group management and was replaced by Anders Ulff and Taina Veittikoski.

Remuneration for each person was prorated based on the time during the year when each served in Group management.

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2008/09	2007/08	2008/09	2007/08
<i>Other employees</i>				
Parent Company	129,2	124,8	53,8	51,6
Subsidiaries in the Nordic region	172,7	155,6	32,3	29,3
Western Europe	159,4	124,7	35,9	28,8
Eastern Europe and CIS	53,2	42,3	14,4	12,0
North America	52,5	42,2	8,6	5,2
Rest of World	13,1	5,6	1,1	1,0
Total, other employees	580,1	495,2	146,1	127,9

Of social security expenses in the Parent Company, pension expenses accounted for SEK 12.5 million (10.7), including SEK 0.4 million (0.2) for the Board and CEO. In other Group companies, pension expenses totalled SEK 14.1 million (12.1), including SEK 1.9 million (1.1) for boards and CEOs.

Remuneration policy

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

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

Apart from the CEO, the senior executives are Mats Lund, Vice President Production; Svein Nilsen, Vice President Marketing; Glen Nilsson, CFO; Anders Ulff, Vice President Administration; and Taina Veittikoski, Vice President Purchasing.

Remuneration to the CEO and other senior executives consists of the basic salary, variable pay, company car benefit and pension. For the CEO and other senior executives, variable pay may amount to 1–2 extra monthly salaries. Variable pay normally is based on any improvement in an individual's area of responsibility compared to the preceding year; the consolidated profit after net financial items and the outcome of individual development plans.

Pensions

The pensionable age for the CEO and other senior executives is 65 years. For the CEO, defined-contribution pension insurance premiums totalling SEK 0.4 million (0.2) were paid. Pension benefits for other senior executives are paid within the scope of the contractual ITP plan and alternative ITP schemes.

Severance pay

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

Sickness absenteeism Pctg. of standard working hours	Parent Company	
	2008/09	2007/08
Total sickness absenteeism	5.1%	5.7%
Proportion long-term	0.8%	0.8%
Sickness absenteeism for women	7.1%	7.2%
Sickness absenteeism for men	3.9%	4.8%
Employees < 30 years old	4.6%	4.8%
Employees 30 – 49 years old	5.2%	6.2%
Employees > 49 years old	5.2%	5.3%

Note 10 Amortisation of intangible assets and depreciation of property, plant and equipment

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Goodwill	-	-	-	0.2
Other intangible assets	0.7	0.5	0.2	-
Building and land	20.5	19.2	4.6	4.4
Plant and machinery	33.8	29.8	11.1	9.9
Equipment and tools	25.9	23.3	3.0	3.1
	80.9	72.8	18.9	17.6
<i>Straight-line depreciation/ amortisation, by function</i>				
Cost of goods sold	47.2	41.4	13.2	11.8
Selling expenses	20.8	19.5	3.6	3.7
Administrative expenses	8.6	7.5	2.1	2.1
Other operating expenses	4.3	4.4	-	-
	80.9	72.8	18.9	17.6

Note 11 Profit/Loss from other securities and receivables held as non-current assets

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Exchange rate losses/gains on non-current receivables	13.4	-7.0	11.1	-6.3
Impairment of shares in Repant ASA	-	-	-9.1	-18.5
Profits/Losses from other securities and receivables	0.1	0.7	-	-
	13.5	-6.3	2.0	-24.8

Note 12 Interest income and similar profit/loss items

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Interest income, external	5.6	5.6	4.1	3.2
Interest income, related companies	-	-	28.3	25.9
Exchange gains on loans	19.1	2.2	-	-
	24.7	7.8	32.4	29.1

Note 13 Interest expenses and similar profit/loss items

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Interest expenses, external	-36.7	-40.8	-27.6	-31.0
Interest expenses, related companies	-	-	-11.6	-12.2
Exchange rate losses on loans	-40.0	-13.7	-32.8	-6.7
Other financial expenses	-1.2	-0.2	-	-
	-77.9	-54.7	-72.0	-49.9

At the end of the accounting period, the Group had outstanding forward contracts for EUR. The total net value, translated to SEK at the balance date rate, was SEK 213.2 million (63.2). Forward contracts were recognised in the Parent Company, Frico AB and VEAB Heat Tech AB. The forward contracts were stated at fair value. Hedge accounting was not applied. Any changes in value are charged to the income statement.

Note 14 Tax on profit for the year

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Current tax	-61.7	-81.6	0.4	-19.2
Tax effect of Group contributions	-	-	-18.4	-0.9
Deferred tax	-2.0	-19.7	-	-
	-63.7	-101.3	-18.0	-20.1

The Group's tax expense represents 21.1% (29.0) of consolidated pre-tax profit. The difference between reported tax and anticipated tax expense is explained in the table below. The lower effective tax rate resulted from the recognition of loss carry-forwards that were obtained through the acquisition of companies with losses made in previous operations. The acquired loss carry-forwards resulted in a net tax refund of SEK 18.8 million, recognised in the third quarter. Adjusted for this tax refund, the effective tax rate for the full year was 27.4% (29.0) based on profit after financial items.

At financial year-end, the Systemair Group had deferred tax assets totalling SEK 6.5 million (8.4) that were not included in the calculation of deferred tax assets. Deferred tax assets are recognised provided that it is probable that the loss carry-forwards can be applied to future taxable surpluses based on assessments in each individual company. No time restrictions are applied to the loss carry-forwards that correspond to the deferred tax assets capitalised.

Reconciliation of effective tax	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Pre-tax profit	301.3	349.3	164.3	100.3
Tax at current tax rate for Parent Company	-84.4	-97.8	-46.0	-28.1
Effect of foreign tax rates	8.0	0.9	-	-
Non-deductible expenses	-6.9	-6.0	-6.0	-9.1
Tax-exempt income	1.3	1.8	-	-
Increase in loss carry-forwards not capitalised	-0.8	2.4	-	-
Deferred income tax recoverable, attributable to loss carry-forwards not capitalised at acquisition	18.8	-	-	-
Dividends from subsidiaries	-	-	33.8	17.6
Adjustment for previous years' taxes	5.5	-1.3	0.9	-
Miscellaneous	-5.2	-1.3	-0.7	-0.5
	-63.7	-101.3	-18.0	-20.1

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
<i>Deferred tax assets</i>				
Machinery and equipment	2.5	2.6	-	-
Inventory	10.2	9.0	-	-
Current receivables	2.1	1.3	-	-
Pension provisions	3.3	4.4	-	-
Loss carry-forwards	40.8	36.8	-	-
Miscellaneous	4.1	7.0	-	-
	63.0	61.1		
<i>Deferred tax liabilities</i>				
Machinery and equipment	10.4	8.6	-	-
Inventory	-	-	-	-
Untaxed reserves	42.9	44.1	-	-
Miscellaneous	1.9	2.6	-	-
	55.2	55.3	-	-

Note 15 Intangible assets and property, plant and equipment

Group 2008/09	Goodwill	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
<i>Accumulated historical cost</i>						
At start of year	118.6	4.3	595.2	357.1	210.3	16.0
Acquired in business combinations	-	-	0.2	16.6	2.4	-
Acquisitions for the year	26.2	5.6	8.5	22.5	28.0	51.0
Sales/Disposals	-0.1	-1.1	-	-13.3	-14.0	-
Reclassifications	-	-	5.4	12.7	4.8	-22.9
Translation difference	21.4	0.8	49.9	27.7	14.9	0.2
	166.1	9.7	659.1	423.3	246.3	44.3
<i>Accumulated depreciation/ amortisation</i>						
At start of year	-	-2.4	-142.5	-234.9	-149.2	-
Depreciation/Amortisation acquired in business combinations	-	-	-0.2	-1.8	-1.2	-
Sales/Disposals	-	1.1	-	12.4	10.2	-
Reclassifications	-	-	-	0.3	-0.3	-
Translation difference	-	-0.5	-7.6	-18.1	-10.8	-
Depreciation/Amortisation for the year	-	-0.7	-20.5	-33.8	-25.9	-
	-	-2.6	-170.8	-275.9	-177.2	-
<i>Accumulated impairment</i>						
At start of year	-	-	-5.5	-0.5	-	-
Translation difference	-	-	-0.3	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	-	-5.8	-0.5	-	-
Carrying amount	166.1	7.1	482.6	146.9	69.1	44.3

Group 2007/08	Goodwill	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
<i>Accumulated historical cost</i>						
At start of year	75.0	3.1	560.3	296.5	193.0	30.9
Acquired in business combinations	0.6	0.2	-	12.6	6.3	-
Acquisitions for the year	44.7	1.0	6.5	26.8	24.1	36.3
Sales/Disposals	0.0	-0.1	-1.4	-6.7	-17.2	-
Reclassifications	0.0	0.0	22.3	26.2	2.8	-51.4
Translation difference	-1.7	0.1	7.5	1.7	1.3	0.2
	118.6	4.3	595.2	357.1	210.3	16.0
<i>Accumulated depreciation/ amortisation</i>						
At start of year	-	-1.6	-121.7	-203.3	-133.8	-
Depreciation/Amortisation acquired in business combinations	-	-0.1	0.0	-6.4	-4.9	-
Sales/Disposals	-	0.1	0.2	4.9	13.1	-
Reclassifications	-	0.0	0.0	0.1	-0.1	-
Translation difference	-	-0.3	-1.8	-0.4	-0.2	-
Depreciation/Amortisation for the year	-	-0.5	-19.2	-29.8	-23.3	-
	-	-2.4	-142.5	-234.9	-149.2	-
<i>Accumulated impairment</i>						
At start of year	-	-	-3.8	-0.5	-	-
Impairment for the year	-	-	-1.7	-	-	-
	-	-	-5.5	-0.5	-	-
Carrying amount	118.6	1.9	447.2	121.7	61.1	16.0

The total tax-assessed value of the Group's Swedish real estate equalled SEK 74.4 million (67.3), SEK 61.1 million (55.5) of which was buildings.

Impairment testing of goodwill

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

Parent Company 2008/09	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
<i>Accumulated historical cost</i>					
At start of year	-	121.4	149.4	42.5	8.0
Acquisitions for the year	4.4	0.5	1.0	2.2	3.0
Sales/Disposals	-	-	-	-	-
Reclassifications	-	-	7.5	3.1	-10.6
	4.4	121.9	158.0	47.8	0.3
<i>Accumulated depreciation/ amortisation</i>					
At start of year	-	-53.9	-104.8	-34.5	-
Sales/Disposals	-	-	-	-	-
Depreciation/Amortisation for the year	-0.2	-4.6	-11.1	-3.1	-
	-0.2	-58.5	-115.8	-37.6	-
Carrying amount	4.2	63.4	42.2	10.3	0.3

Parent Company 2007/08	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
<i>Accumulated historical cost</i>					
At start of year	1.9	108.3	127.1	39.5	21.2
Acquisitions for the year	-	-	1.1	1.3	22.8
Sales/Disposals	-	-	-	-	-
Reclassifications	-	13.1	21.2	1.7	-36.0
	1.9	121.4	149.4	42.5	8.0
<i>Accumulated depreciation/ amortisation</i>					
At start of year	-1.7	-49.5	-94.8	-31.4	-
Sales/Disposals	-	-0.1	0.1	-	-
Depreciation/Amortisation for the year	-0.2	-4.4	-9.9	-3.1	-
	-1.9	-54.0	-104.8	-34.5	-
Carrying amount	0.0	67.4	44.7	8.0	8.0

The tax-assessed value of real estate totalled SEK 32.0 million (29.2), SEK 29.1 million (26.3) of which was buildings.

Note 16 Other securities held as non-current assets

This item consists largely of shares in Repant ASA, listed on the Oslo Børs stock market. The shares are designated a financial asset available for sale. The shares are measured at fair value, and any value adjustments are recognised directly in Group equity.

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Opening balance	8.6	24.2	8.3	24.1
Acquisitions	5.0	3.8	5.0	3.8
Sales		-1.0		-1.0
Impairment		-	-9.1	-18.6
Reclassifications		0.3	-	-
Revaluation	-9.1	-18.7	-	-
	4.5	8.6	4.2	8.3

Note 17 Other long-term receivables

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Opening balance	2.9	2.3	-	-
Additional receivables	4.5	1.4	-	-
Receivables settled	-1.0	-0.7	-	-
Reclassifications	-0.1	-	-	-
Translation differences	0.5	-0.1	-	-
Closing balance	6.8	2.9	0.0	0.0

Note 18 Prepaid expenses and accrued income

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Prepaid rent	4.0	3.4	1.1	0.9
Prepaid insurance premiums	3.4	2.6	-	-
Miscellaneous	20.1	15.9	5.5	4.1
	27.5	21.9	6.6	5.0

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

Note 19 Inventory

Inventory in the Group is recognised at historical cost less deductions for obsolescence. The direct cost of materials during the year totalled SEK 1,591.1 million (1,490.6).

Note 20 Accounts receivable – trade

Age breakdown of trade accounts receivable	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Not yet due	478.0	480.4	53.0	82.9
< 90 days	130.7	122.2	25.6	24.1
90–180 days	61.8	19.7	26.9	0.3
181–360 days	5.9	6.6	1.3	-
>360 days	-	-	-	-
Total	676.4	628.9	106.8	107.3

Provisions for impairment of trade accounts receivable in the Group totalled 8.2% (6.1) of total trade accounts receivable.

Reserve for impairment of trade accounts receivable	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Opening balance	41.0	36.9	0.4	0.2
Provision for anticipated losses	20.4	11.3	1.4	0.2
Reversal of amount unused	-0.5	-3.2	-	-
Bad debts	-10.5	-5.0	-0.1	-
Provisions acquired	4.1	0.2	-	-
Exchange rate effects	5.6	0.8	-	-
	60.1	41.0	1.7	0.4

Note 21 Share capital and proposed dividend

Year	Actions	Quotient value	Change in share capital, SEK million	Share capital, SEK million	Change in A shares	Change in B shares	Total no. of shares
	Opening balances, May 2007	-		52.0	500,000	20,000	520,000
2007/08	100:1 split	1	-	52.0	50,000,000	2,000,000	52,000,000
2007/08	Reregistration of shares to one class ¹⁾	1	-	52.0	-50,000,000	-2,000,000	52,000,000
	At year-end, April 2009	1	-	52.0	-	-	52,000,000

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

At 30 April 2009, the registered share capital totalled SEK 52,000,000 represented by 52,000,000 shares, each entitled to one vote and of one and the same class. All shares are fully paid.

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

The Board of Directors proposes to the 2009 Annual General Meeting that a dividend of SEK 0.75 (1.50) per share be paid, for a total of SEK 39.0 million.

Capital management

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

List of shareholders

Systemair's 10 largest shareholders according to Euroclear Sweden AB (formerly VPC AB) at 30 April 2009.

Shareholder	No. of shares	Pctg. capital and votes
Färna Invest AB ¹⁾	22,002,752	42.3%
ebmpapst AB	11,059,770	21.3%
Lannebo Fonder	3,768,609	7.2%
SEB	1,569,792	3.0%
Alecta Pensionsförsäkring	1,541,000	3.0%
Odin Fonder	1,420,473	2.7%
Handelsbanken Fonder	800,677	1.5%
Schroeder Lending account	797,124	1.5%
Aktia Sparbank	715,000	1.4%
Skandia Insurance	295,922	0.6%
Others	8,028,881	15.4%
Total	52,000,000	100%

Note 22 Borrowing and financial instruments

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
<i>Non-current liabilities</i>				
Bank loans of 1–5 years	231.5	241.5	126.4	154.6
Bank loans longer than five years	83.0	92.6	50.8	66.6
	314.5	334.1	177.2	221.2
<i>Current liabilities</i>				
Bank overdraft facilities	399.6	404.6	388.8	372.3
Current portion of bank loans	87.2	78.1	49.6	44.8
	486.8	482.7	438.4	417.1

Classification and categorisation of financial assets and liabilities in the Group, 2008/09

Assets	Financial assets measured at fair value through the income statement	Loan receivables and Accounts receivable – trade	Financial assets available for sale	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	173.2	173.2
Property, plant and equipment	-	-	-	-	742.9	742.9
Participations in associated companies	-	-	-	-	0.1	0.1
Financial investments	-	-	4.5	4.5	-	4.5
Non-current receivables	-	-	-	-	6.8	6.8
Deferred tax assets	-	-	-	-	63.0	63.0
Inventory	-	-	-	-	557.7	557.7
Other receivables	-	676.4	-	676.4	77.1	753.5
Cash and cash equivalents	-	99.7	-	99.7	-	99.7
Total assets	-	776.1	4.5	780.6	1,620.8	2,401.4

Equity and liabilities	Financial liabilities	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	1,040.6	1,040.6
Provisions for pensions	-	-	13.9	13.9
Deferred tax liabilities	-	-	55.2	55.2
Provisions	-	-	9.4	9.4
Interest-bearing liabilities	802.8	802.8	-	802.8
Other liabilities	290.0	290.0	189.5	479.5
Total equity and liabilities	1,092.8	1,092.8	1,308.6	2,401.4

Lending banks	Loan facility	Amount utilised	Amount unutilised	Weighted interest rate	Currency
<i>Long-term loans</i>					
Parent Company	177.2	177.2	0.0	2.73%	SEK/EUR/CHF
Group	314.5	314.5	0.0	3.53%	SEK/EUR/CHF/USD/DKK/GBP/CAD
<i>Short-term loans</i>					
Parent Company	620.6	438.4	182.2	1.69%	SEK/EUR
Group	700.7	486.8	213.9	3.14%	EUR/MYR/SGD/EEK/LVL/GBP

Credit limits granted for bank overdrafts totalled SEK 733.7 million (582.3) for the Group and SEK 620.6 million (487.9) for the Parent Company.

Systemair has a covenant with Nordea Bank that, without the bank's consent, no company in the Group will pledge collateral for loans and neither will the Parent Company transfer to any other party its shareholding in or control of a subsidiary with a credit facility with the bank. In addition, Systemair guarantees that its interest coverage ratio, measured at the end of each calendar quarter for the trailing 12 months, will not be less than 3.5 and that the equity/assets ratio will not at any time fall below 30%.

The Group's borrowing normally carries interest rates fixed for 3–6 months. A change of +/- 1% in the interest rate on borrowing would have an impact of about SEK 8 million on the Group's net financial items for the following 12 months.

Financial instruments

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

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

Classification and categorisation of financial assets and liabilities in the Group, 2007/08

Assets	Financial assets measured at fair value through the income statement	Loan receivables and accounts receivable – trade	Financial assets available for sale	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	120.5	120.5
Property, plant and equipment	-	-	-	-	646.0	646.0
Participations in associated companies	-	-	-	-	0.1	0.1
Financial investments	-	-	8.6	8.6	0.0	8.6
Non-current receivables	-	-	-	-	2.9	2.9
Deferred tax assets	-	-	-	-	61.1	61.1
Inventory	-	-	-	-	510.2	510.2
Other receivables	-	628.9	-	628.9	73.2	702.1
Cash and cash equivalents	-	117.1	-	117.1	-	117.1
Total assets	-	746.0	8.6	754.6	1,414.0	2,168.6

Equity and liabilities	Financial liabilities	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	808.4	808.4
Provisions for pensions	-	-	12.5	12.5
Deferred tax liabilities	-	-	55.3	55.3
Provisions	-	-	8.6	8.6
Interest-bearing liabilities	816.8	816.8	-	816.8
Other liabilities	306.2	306.2	160.8	467.0
Total equity and liabilities	1,123.0	1,123.0	1,045.6	2,168.6

Note 23 Accrued expense and prepaid income

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Salary and holiday pay liability	69.5	59.7	22.4	21.0
Employer's social security contribution liability	24.2	20.4	10.2	9.9
Commission payments and bonuses	12.0	9.8	1.0	1.0
Miscellaneous	35.1	31.3	3.0	5.0
	140.8	121.2	36.6	36.9

Note 24 Appropriations, miscellaneous

	Parent Company	
	2008/09	2007/08
Provision to tax allocation reserve	-0.6	-22.8
Reversal of tax allocation reserve	8.5	5.1
Difference between depreciation and amortisation charged and according to plan	-0.4	-2.2
	7.5	-19.9

Note 25 Untaxed reserves

	Parent Company	
	2008/09	2007/08
Difference between depreciation and amortisation charged and according to plan	28.9	28.5
Tax allocation reserve, provision for tax 2003	-	-
Tax allocation reserve, provision for tax 2004	-	8.5
Tax allocation reserve, provision for tax 2005	12.4	12.4
Tax allocation reserve, provision for tax 2006	17.2	17.2
Tax allocation reserve, provision for tax 2007	8.4	8.4
Tax allocation reserve, provision for tax 2008	27.5	27.5
Tax allocation reserve, provision for tax 2009	22.8	22.8
Tax allocation reserve, provision for tax 2010	0.6	-
	117.8	125.3

Note 26 Provisions for pensions

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

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

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

For white-collar employees in Sweden, Systemair subscribes to the ITP Plan through insurance with Alecta. According to statement URA 45 from the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council, ITP pensions managed by Alecta should be recognised as defined-contribution plans, as per section 30 of IAS 19.

Defined-benefit pension plans	2008/09	2007/08
Present value of obligations	59.0	49.8
Fair value of plan assets	-36.4	-30.2
Present value of net obligations	22.6	19.6
Unrecognised actuarial gains and losses	-10.9	-8.2
Net liability before payroll tax	11.7	11.4
Payroll tax liability	2.2	1.1
Net liability as per the balance sheet	13.9	12.5

Defined-benefit pension plans	2008/09	2007/08
<i>Changes in defined-benefit plan obligation</i>		
Defined-benefit plan obligation, 1 May	49.8	31.9
Benefits paid	-0.4	-0.3
Cost of service in current period, plus interest expense	6.2	3.6
Actuarial gain or loss	-0.4	9.7
Company acquisitions	1.8	3.7
Exchange rate differences	2.0	1.2
Defined-benefit plan obligation, 30 April	59.0	49.8
<i>Changes in plan assets</i>		
Fair value of plan assets, 1 May	30.2	24.7
Receipts	5.6	4.0
Benefits paid	-0.4	-0.3
Anticipated return	1.2	1.1
Difference between anticipated and actual return (actuarial gain or loss)	-1.9	-
Exchange rate differences	0.7	0.7
Fair value of plan assets, 30 April	35.4	30.2

Cost recognised in income statement	2008/09	2007/08
Cost of service in current period	4.2	2.4
Payroll tax	0.6	0.4
Interest expenses relating to obligation	2.0	1.2
Amortisation of unrealised actuarial gains and losses	0.3	0.3
Anticipated return on plan assets	-1.5	-1.1
Net cost recognised in income statement	5.6	3.2

Actuarial assumptions, %	2008/09	2007/08
Discount rate	3.80	4.50
Anticipated return on plan assets	5.80	5.50
Anticipated rate of increase in salaries	4.00	4.50
Anticipated rate of inflation	1.50	1.75

Note 27 Profit/Loss from participations in Group companies

Parent Company	2008/09	2007/08
Profit/Loss on sale of shares in subsidiaries	-1.2	-1.6
Write-downs on shares in subsidiaries	-	-10.0
Dividends from subsidiaries	120.7	63.0
	119.5	51.4

Note 28 Participations in Group companies

Parent Company's holdings of shares in Group companies.

Subsidiary	Registered office	Pctg. equity	No. of shares	Carrying amount
Animac AB 556311-3926	Motala, Sweden	100	2,500	2.7
Flätskräddaren i Skinskatteberg AB 556362-9137	Skinskatteberg, Sweden	100	1,000	0.1
Frico Group AB 556439-7700	Partille, Sweden	100	50,000	0.5
Kanalfäkt Industrial Service AB 556063-2530	Skinskatteberg, Sweden	100	5,000	1.2
Klockargårdens Företagsby AB 556632-5774	Skinskatteberg, Sweden	100	1,000	0.1
VEAB Heat Tech AB 556138-3166	Hässleholm, Sweden	100	3,000	65.6
Matthews & Yates Australia Pty.Ltd.	Australia	100	-	3.1
Systemair NV	Belgium	100	-	0.1
Systemair EOOD	Bulgaria	100	-	35.1
Systemair a/s	Denmark	100	10,101	2.1
Systemair Middle East FZE	Dubai, UAE	100	-	0.0
Systemair Trading LLC	Dubai, UAE	100	-	12.7
Fans & Spares Ltd	England	100	500,000	7.2
Systemair Ltd	England	100	50,000	2.0
Villavent Ltd	England	100	349,999	

Cont. next page ►

Cont. Note 28 Participations in Group companies

Subsidiary	Registered office	Pctg. equity	No. of shares	Carrying amount
Systemair AS	Estonia	75	3,128	6.0
Systemair Oy	Finland	100	20	0.3
Systemair SAS	France	100	9,994	6.5
Systemair BV	Netherlands	100	40	2.4
Systemair Hong Kong Ltd	Hong Kong	100	300	0.2
Systemair Fans Pvt Ltd	India	100	-	4.1
Systemair Software Pvt Ltd	India	60	-	0.1
Systemair Ltd	Ireland	100	1	0.0
Systemair Climaproduct S.p.A.	Italy	100	2,754	50.2
Systemair (RU)	Kaliningrad	50	865	0.2
Fantech Ltd	Canada	100	44,600	24.7
Kanalfäkt Industrial Estate Inc	Canada	100	10,000	4.9
Systemair Shanghai Co. Ltd.	China	100	-	1.3
Systemair SIA	Latvia	100	2,500	1.1
Systemair Production UAB	Lithuania	100	500	1.3
UAB Systemair	Lithuania	100	520	9.6
Megcool Sdn Bhd	Malaysia	100	500,000	9.9
Systemair Sdn Bhd	Malaysia	100	500,000	7.4
Systemair AS	Norway	100	82,000	21.4
Systemair SA	Poland	100	200	0.9
Systemair SA	Portugal	100	200,000	26.0
Systemair Rt	Romania	100	1,000	4.1
Systemair Suisse AG	Switzerland	100	250	31.9
Systemair (SEA) Pte Ltd	Singapore	100	1,000,000	6.2
IMOS-Systemair spol. s.r.o.	Slovakia	80	-	47.9
Systemair AS	Slovakia	100	22	0.5
Systemair d.o.o.	Slovenia	100	-	9.2
Koolclima-Systemair, S.L.U.	Spain	100	-	0.1
Systemair (Pty) Ltd	South Africa	100	1,000	2.4
Systemair SA	Czech Republic	100	-	1.2
Systemair Hav. Ekip. San. ve Tic. Ltd Sti.	Turkey	100	649	1.5
Systemair GmbH	Germany	100	-	10.4
Systemair Rt	Hungary	100	2,000	4.5
R.B Kanalfäkt Inc	United States	100	500	32.1
Systemair GmbH	Austria	100	-	0.9
				464.1

*) Of which, 44,400 preference shares.

Subsidiaries indirectly held by Parent Company.

Indirectly held	Parent company	Registered office	Pctg. equity
Frico AB	Frico Group AB	Partille, Sweden	100
Frico Ltd	Frico AB	England	100
Frico SAS	Frico AB	France	100
Frico BV	Frico AB	Netherlands	100
Frico AS	Frico AB	Norway	100
Frico GmbH	Frico AB	Germany	100
Frico GmbH AT	Frico AB	Austria	100
Kanalfäkt Management Services AB	Kanalfäkt Industrial Service AB	Skinnskatteberg, Sweden	100
Repant Production AB	Kanalfäkt Industrial Service AB	Skinnskatteberg, Sweden	100
Fantech Inc	R.B Kanalfäkt Inc	United States	100
Kanalfäkt Inc	R.B Kanalfäkt Inc	United States	100
Systemair US Estates LLC	R.B Kanalfäkt Inc	United States	100

Change in Group companies

	Parent Company	
	2008/09	2007/08
At start of year	420.3	358.9
Acquisitions during the year	22.3	54.4
New share issues during the year	21.5	-
Shareholder contributions	-	24.3
Sales during the year	-	-7.3
Impairment losses	-	-10.0
	464.1	420.3

Note 29 Participations in associated companies

Associated companies	Registered office	Pctg. equity	No. of shares	Carrying amount
Capro Product AB 556109-7055	Malmö, Sweden	40	500	0.1
				0.1

Note 30 Changes in Group structure – Business combinations**Companies acquired**

Megcool Industries of Kuala Lumpur, Malaysia, was acquired with control effective 1 May 2008. Employing about 50 people, in 2007 Megcool posted sales of about SEK 20 million and an operating profit of about SEK 3 million. The company manufactures and markets products for the ventilation of tunnels and parking garages. The former owners, with 30 years' experience in the ventilation industry, remain active in the company. Through the acquisition, the Group acquired a competitive production unit in the region and a base for the Group's continued drive in Southeast Asia. The operations in Malaysia will also serve as a logistical hub for onward distribution of products in the region. The company's name has been changed to Systemair Sdn Bhd, Malaysia.

Megcool Industries is included in the consolidated accounts effective 1 May 2008. As a result, net sales for the Group rose SEK 27.9 million in 2008/09, and the Group's operating profit rose SEK 4.5 million.

At 13 May 2008, Systemair acquired the Emerson Ventilation Products business from the U.S. company Emerson Electric Co. The operations consist of the manufacture of fans and ventilation equipment that broaden Systemair's product range and expand it into the market for commercial properties. Since the acquisition, production and sales have been integrated with Fantech's current operations in North America, so it is difficult to isolate the exact contribution to profit. Warehouse and logistics functions have been coordinated, yielding synergy effects.

The Emerson Ventilation Products business is included in the consolidated accounts effective 13 May 2008. This increased net sales for the Group SEK 20.0 million during 2008/09.

In September 2008, Systemair acquired the minority share of 26% of the shares in Systemair (SEA) Pte Ltd of Singapore from that company's CEO. Following the acquisition, Systemair owns all shares in the company.

A preliminary breakdown of the purchase consideration paid for Megcool, Emerson and the minority interest in Systemair Singapore is as follows.

Total historical cost SEK 42.7 million

Assets acquired

Fair value of assets

acquired, net

SEK 23.1 million

Goodwill

SEK 19.6 million

Assets and liabilities acquired	Carrying amount	Adjustment	Fair value
Intangible assets	-	19.6	19.6
Machinery and equipment	12.1	-	12.1
Inventory	10.6	-2.7	7.9
Other current assets	13.2	-	13.2
Cash and cash equivalents	0.1	-	0.1
Minority interest	-	2.0	2.0
Non-interest-bearing liabilities (incl. deferred tax liability)	-1.0	-	-1.0
Interest-bearing liabilities	-0.8	-	-0.8
Other operating liabilities	-10.4	-	-10.4
	23.8	18.9	42.7

Impact on cash flow

Purchase consideration incl. additional payment	-42.7
Purchase consideration not paid	0.0
Cash and cash equivalents in company acquired	0.1
Additional purchase consideration paid for prior acquisitions (Climaproduct)	-1.6
Change in consolidated cash and cash equivalents through acquisitions	-44.2

Companies divested

No companies were divested during the period.

Note 31 Receivables from Group companies

	Parent Company	
	2008/09	2007/08
At start of year	335.0	338.6
Loans raised	4.9	1.5
Amortisation of loans	-23.6	-1.6
Reclassifications	30.5	3.8
Foreign exchange adjustment	6.7	-7.3
	353.5	335.0

Note 32 Pledged assets

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
<i>Assets pledged to credit institutions for own liabilities</i>				
Chattel mortgages	265.1	246.5	97.4	97.4
Real estate mortgages	156.8	144.8	30.0	30.0
Other collateral pledged	-	-	97.7	100.5
	421.9	391.3	225.1	227.9

Note 33 Contingent liabilities

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Guarantees on behalf of subsidiaries	-	-	182.6	154.8
Guarantees and other contingent liabilities	27.1	26.7	-	-
Conditional contributions	-	-	-	-
	27.1	26.7	182.6	154.8

Note 34 Supplementary information for the cash flow statement

Group	2008/09	2007/08
<i>Adjustment for non-cash items etc.</i>		
Depreciation and amortisation	80.9	72.8
Changes in provisions	0.2	3.0
Exchange gains and losses	-7.6	-17.8
Provisions for pensions	0.4	2.4
Gain/Loss on divestment of non-current assets	-0.6	-13.9
	73.3	46.5

Note 35 Information on the Parent Company

Systemair AB is a Swedish-registered limited liability company. Its registered office is in Skinnskatteberg. The address of the Company's head office is Industrivägen 3, SE-739 30 Skinnskatteberg, Sweden. The Company's corporate identity number is 556160-4108. The consolidated accounts for 2008/09 include the Parent Company and its subsidiaries, together referred to as "the Group".

Note 36 Earnings per share

Group	2008/09	2007/08
Basic earnings per share (SEK)	4.53	4.69
Diluted earnings per share (SEK)	4.53	4.69
Profit for the year attributable to Parent Company shareholders	235.5	243.8
Weighted average number of shares outstanding, basic	52,000,000	52,000,000
Weighted average number of shares outstanding, diluted	52,000,000	52,000,000

The Company has issued 223,500 warrants to employees of the Group. The average price of the share during the period was less than the redemption price for the warrants, so no dilution effect was taken into account. The total number of shares outstanding at the end of the period under review was 52,000,000. During the preceding year, a 100:1 share split was carried out.

Note 37 Transactions with related parties

During the year, Systemair AB (Publ.) sold products for SEK 3.8 million (4.5) to ebmapast AB. Product purchases from ebmapast AB totalled SEK 0.9 million (1.3). Products purchased by the Group from ebmapast AB's parent company in Germany, ebmapast GmbH, totalled SEK 155.5 million (151.8) during the year. Systemair AB (Publ.) purchased hotel and conference services for SEK 2.9 (2.4) million from WVG Hoteldrift AB, which is owned by Gerald and Wenche Engström.

Parent Company purchases from other Group companies totalled SEK 161.7 million (166.9). Parent Company sales to Group companies are shown in Note 3.

Note 38 Significant events after financial year-end**Acquisition of Energo Plus**

In May 2009, Systemair acquired all shares in the ventilation company Energo Plus in Slovenia. During 2008, the company had sales of approximately SEK 100 million. Energo Plus is the market leader in Slovenia for ventilation and air-conditioning products. The company was founded in 1990 and has more than 30 employees in Ljubljana and Maribor.

Manufacturing plant and warehouse in the United States

At 4 May 2009, Systemair acquired the property in Lenexa, Kansas, where Emerson Ventilation Products, a company acquired, has offices, warehouse and manufacturing. The property comprises about 16,000 sqm of industrial and warehouse space of a suitable standard. The agreed purchase price for the building and land is USD 5.25 million. In conjunction with the acquisition of the property, the State of Kansas also pledged a maximum of USD 1.7 million in incentives. The incentives are conditional upon new hires, investment and training of employees.

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

Skinnskatteberg, 11 July 2009



Göran Robertsson
Director



Kevin Rowland
Employee Representative



Knut Stålenhag
Employee Representative



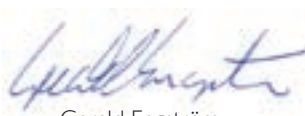
Elisabeth Westberg
Director



Jürgen Zilling
Director



Lars Hansson
Chairman of the Board



Gerald Engström
Chief Executive Officer

Audit Report

To the annual meeting of the shareholders of Systemair AB (publ)

Corporate identity number 556160-4108

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Systemair AB (publ) for the financial year 2008-05-01 – 2009-04-30. The annual accounts and the consolidated accounts of the company are included in this document on pages 36-65. These accounts and the administration of the company and the application of the Annual Accounts Act when preparing the annual accounts and the consolidated accounts are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member 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 our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of the shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 11 July, 2009

Ernst & Young AB



Thomas Forslund

Authorised Public Accountant

Key Ratios		2008/09 May–Apr	2007/08 May–Apr	2006/07 May–Apr
Net sales	SEK million	3,333.1	3,091.6	2,664.2
Growth	%	7.8	16.0	14.8
Operating profit	SEK million	341.0	402.5	329.4
Operating margin	%	10.2	13.0	12.4
Profit after net financial items	SEK million	301.3	349.3	311.5
Profit margin	%	9.0	11.3	11.7
Return on capital employed	%	21.3	25.8	26.8
Equity/assets ratio	%	43.3	37.3	33.9
<i>Per share ratios ¹⁾</i>				
Basic earnings per share	SEK	4.53	4.69	4.90
Diluted earnings per share	SEK	4.53	4.69	4.90
Basic equity per share	SEK	19.66	15.26	12.36
Diluted equity per share	SEK	19.66	15.26	12.36
No. of shares at end of period	shares	52,000,000	52,000,000	52,000,000

¹⁾ During the financial year 2007/08, a 100:1 share split was carried out. Comparative figures for earlier periods have been restated.

DEFINITIONS OF KEY RATIOS

EBIT

Earnings before financial items and tax.

Growth

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

Operating margin

Operating profit divided by net sales.

Profit margin

Profit after financial items divided by net sales.

Return on capital employed

Profit after financial income, calculated on a rolling 12-month basis, divided by average capital employed.

Capital employed

Total assets less non-interest-bearing liabilities.

Number of employees

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

Earnings per share

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

Equity/assets ratio

Equity, including any minority interests, divided by total assets.

Equity per share

Equity, excluding minority interests, divided by the number of shares at the end of the period.

Net debt

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

Net debt/equity ratio

Net debt divided by equity at year-end.

Interest coverage ratio

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

Sales per employee

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

Corporate governance report

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

Shareholders

The Company's share has been listed on the Mid Cap list of the NASDAQ OMX Nordic Exchange Stockholm since 12 October 2007.

At the end of the accounting period, Systemair AB had 4,217 shareholders. The biggest individual shareholder is Färna Invest AB, which owns 42.31% of the capital and is wholly controlled by CEO Gerald Engström. Other major shareholders are ebmpapst AB, Järfälla, wholly owned subsidiary to ebmpapst GmbH, Muldingen, Germany, with 21.27%, and Lannebo Fonder, with 7.25%.

All shares have a quotient value of SEK 1, and the total number of shares is 52,000,000.

For more information on shareholders, share price, per share data and the like, please see "Systemair share information" on pages 32–33.

Articles of association

The articles of association state, among other things, that the Company's business is to manufacture and sell ventilation and heating products.

The Board of Directors shall consist of no fewer than three and no more than eight members and no more than three deputy members. In addition, according to Swedish legislation the trade unions are entitled to appoint two members and two deputies.

The Board of Directors shall have its registered office in Skinnskatteberg Municipality, Västmanland County.

The Company's Annual Report and management of the Company by the CEO and Board of Directors shall be audited by a registered public accounting firm or an

auditor, with or without a deputy auditor.

The Company's financial year is 1 May–30 April.

For the complete articles of association, please visit Systemair's website: www.systemair.com

Annual General Meeting

The Annual General Meeting (AGM) is Systemair's ultimate governing body.

The AGM shall be held within six months from the end of the financial year. Notice shall be published in Post- och Inrikes Tidningar and in Svenska Dagbladet.

All shareholders who are entered in the share register five weekdays before the AGM and have notified the Company no later than 3:00 p.m. on the day specified in the notice for the AGM that they will attend are entitled to attend and to vote their total shareholdings. Any shareholder unable to attend can be represented by a representative.

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

Information about the 2009 AGM is on page 73.

2008 Annual General Meeting

The ordinary Annual General Meeting held 27 August 2008 elected Klaes Edhall chairman.

Lars Hansson, Chairman, and Elisabeth Westberg, Göran Robertsson and Gerald Engström, members of the Board, were re-elected.

Jan Philippiak had declined to be re-

elected and was replaced by Jürgen Zilling, who was elected to the Board.

In addition, the AGM resolved:

- that fees of SEK 350,000 would be paid to the Chairman and SEK 175,000 to each Director not employed by the Company, and a fee of SEK 25,000 would be paid to each employee representative
- that no remuneration would be paid for work on Board committees
- that a dividend of SEK 1.50 per share would be paid
- that the nominating committee would consist of three members, the Chairman of the Board and one representative from each of the two largest shareholders by votes
- that the Board would be authorised to approve the issue of new shares.

The minutes from the 2008 Annual General Meeting are available at: www.systemair.com

Members of the Board

The Board of Directors currently consists of seven persons, including two employee representatives.

Two members of the Board represent shareholder interests corresponding to 63.58% of the Company's capital and votes, while the other Board members are independent.

The articles of association prescribe that the terms of office for those members of the Board elected by the AGM end at the following AGM. The trade unions that represent the Company's employees are entitled to determine the term of office of the members of the Board who are employee representatives. Although such a period may not exceed four years, one and the same

person can be appointed for an unlimited number of consecutive periods.

Members of the Board elected by the shareholders can be relieved of their Board assignment at any time by a decision of the AGM. Members of the Board are also entitled to resign from their assignments at any time. Vacant seats on the Board can only be filled by a decision of the AGM.

For further information, about the Board members elected, please see pages 70–71 in this Annual Report.

Work of the Board of Directors

The work of the Board is governed by the Swedish Companies Act, the articles of association and the rules of procedure adopted by the Board. The Board has also drawn up instructions for the CEO.

According to the Board's rules of procedure, adopted each year at the statutory meeting, the Board must meet at least six times during the financial year. The Company's CFO participates in Board meetings in a reporting and secretarial capacity. Other senior executives may also participate in Board meetings in a reporting capacity.

The Board's agenda includes several set items that are addressed at every meeting.

Business situation: The CEO reports on the business situation in general and for the markets where the Group operates. Events significant to the business are addressed.

Financial matters: The CEO and CFO report on profit trends at the Group level and for subsidiaries. Deviations from plan are discussed, and measures adopted.

External reporting: When applicable, the Board reviews the financial statements before they are published, in conjunction with each quarterly report. Quarterly accounts are published on a set schedule, as a rule the morning after the Board meeting.

Investments: The CEO reports on the investment situation in accordance with the guidelines set in the instructions.

Acquisitions: The CEO reports on potential acquisitions under discussion. Decisions are made on acquisitions when appropriate.

Organisation and employees: Significant issues concerning long-term changes are addressed.

In addition, each month the Board receives the Company's package of written reports on profit and financial position, for the Group and for all subsidiaries.

The CEO also maintains ongoing contact with the Chairman of the Board.

During the 2008/09 financial year, the Board held seven meetings and one statutory meeting. Attendance was perfect, with the exception of one member who was absent from one meeting.

The Company's auditor attended the meeting dealing with the year-end report and presented his audit report.

All decisions were made unanimously by the Board.

During the year, through an independent consultant the Board evaluated its work, and all members provided their observations.

No consideration in addition to Board fees has been paid to any member during 2008/09.

In addition, the Board has adopted several policies, such as a financial policy, a communication policy and a code of conduct.

All of the policies are presented on the company's website, www.systemair.com.

Remuneration committee

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

The committee's task is to prepare proposals on behalf of the Board regarding remuneration in the form of fixed and variable salaries, pensions, severance payments and any other types of remuneration for the CEO and other senior executives.

Committee members are appointed by the Board each year at the first ordinary Board meeting. The committee will consist of three members. No member may participate in items related to his or her own remuneration. The Chairman of the Board shall chair the committee.

Audit committee

The Board has resolved that all audit committee tasks shall be performed in 2008/09 by the Board as a whole, excluding the

CEO. The audit committee's tasks include ensuring the quality of the Company's financial reporting, meeting regularly with Company auditors, evaluating the work of the auditors, assisting the nominating committee in preparing for the election of auditors, monitoring the Company's internal accounting control and preparing an annual report on this internal control.

Senior executive remuneration

The AGM held on 27 August 2008 adopted guidelines for determining salary and other remuneration for the CEO and other senior executives. Remuneration levels are reviewed annually. Remuneration paid to senior executives consists of fixed and variable components, the variable part depending on earnings and individual targets met.

Notice of termination and severance payments for senior executives

CEO Gerald Engström's employment may be terminated on 12 months' notice by the Company or six months' notice by the CEO.

For other senior executives, the period of notice is as stated in the applicable collective bargaining agreement, or no more than 12 months by the Company or six months by the employee.

No other agreements entitle the CEO or other senior executives to severance pay.

Pensions

A special pension plan applies for the CEO. (See Note 9, page 54.)

The other senior executives are covered by the ITP Pension Plan. Pension costs for senior executives totalled SEK 1.7 million for 2008/09.

Nominating committee

The 2008 AGM resolved that the Company shall have a nominating committee of three members: the Chairman of the Board and a representative for each of the two largest shareholders by votes. The names of these representatives, and the names of the shareholders they represent, would be published no later than six months before the 2009 AGM and would be based on the number

of voting rights determined immediately prior to publication. Unless the members agree otherwise, the chair shall be the person who represents the largest shareholder by votes.

The nominating committee shall submit nominations for the positions of Chairman of the Board, other Board members and auditors as well as propose fees to be paid to the Chairman of the Board and other Board members, remuneration for work on committees and auditors' fees. These proposals shall be presented to the AGM.

Leading up to the 2009 AGM, the nominating committee consisted of Lars Hansson, Gerald Engström and Gerhard Sturm. No remuneration has been paid for work on the nominating committee.

Group management

The Group's management team, in addition to the CEO, consisted of Vice President Marketing Svein Nilsen, Chief Financial Officer Glen Nilsson, Vice President Production Mats Lund and Vice President Purchasing Peter Olofsson. Olofsson left the Company at the end of March 2009 and was succeeded by Vice President Taina Veittikoski. At the same time, executive management was bolstered by Anders Ulff, Vice President Administration, who had previously been Financial director of the Company for several years.

Group management meets at least four times each year to review earnings and the business situation and to decide strategic and operational matters within the framework established by the Board. One of these yearly meetings is more extensive, involving more detailed discussion and planning for operations and the formulation of targets at the Group and subsidiary levels.

Systemair's organisation is characterised by a simple, straightforward style of communication, so ongoing informal contact among Company executives is key to the management culture.

Group management is supported by functions for Group reporting, treasury, marketing, product development, production and IT.

Business Boards

Subsidiaries' operations are managed through "Business Boards", which might best be described as the executive steering committees for subsidiaries. Each of these consists of one or two senior executives and/or some other key person from the Parent Company and the subsidiary's CEO.

Business Boards set targets and monitor financial results. There is a strong focus on developing business operations. Business Boards meet from two to four times each year. Each subsidiary has a formal board of directors as required by law in each country.

Internal control

According to the Companies Act and the Code of Corporate Governance, the Board is responsible for internal accounting control. This report has been prepared in compliance with the Code and describes how internal control of financial reporting is organised.

Internal control of financial reporting is based on the Company's control environment, consisting of the organisation, decision procedures, authorities and responsibilities documented and communicated by the Company's governing documents. Examples include the division of responsibility between the Board and CEO and instructions relating to authorisation, accounting and financial reporting.

Risks identified in financial reporting are managed by means of the Group's control structure. A thorough risk assessment was carried out in conjunction with preparations to apply for listing on the stock exchange.

Systemair's legal and operational structures are characterised by simplicity and efficient, well-established systems for management and control.

All of the subsidiaries, which represent profit centres of the Group, are directly owned by Systemair AB, the Parent Company. At the end of the accounting period, the Group comprised 61 companies.

Each individual subsidiary reports to the Parent Company every month, and full consolidation is performed concurrently. Controllers, each of whom is responsible for directly monitoring a number of reporting companies, analyse any deviations in

the reports and maintain ongoing dialogue with subsidiary CEOs and financial officers. Profits and key ratios are reviewed continuously in collaboration with Business Board representatives. In addition, Business Boards initiate other control measures, which may involve external auditors. Audits and reviews are also performed periodically in conjunction with visits from Group management members and Group controllers.

About 30 of the Group's subsidiaries use a common integrated enterprise resource planning (ERP) system that includes order management, accounting, logistics, material administration and production control functions. For executives at the Group level and subsidiaries, this system is an extremely effective tool for management, control and follow-up.

The other subsidiaries also have well-developed management and control systems.

A separate, special-purpose system is used for Group reporting. Each subsidiary submits its accounts every month, four working days after the end of the month. The central controller function then analyses and compiles the reports, which are submitted directly to Group management and the Board.

The CEO is responsible for ensuring that the Group's management, internal control and risk-management processes are systematically assessed and potential improvements canvassed by means of independent and objective evaluations.

The Group has no separate internal audit function. The focus and scope of audits, together with the Company's external auditors and the auditing firm's extensive organisation, is deemed to achieve an acceptable level, including the checks performed by management and controllers at subsidiaries.

The information above concerning internal control has not been reviewed by an auditor.

Financial information

The aim is to maintain a high level of quality in the financial information provided by the Company, which shall be correct and easy to understand so as to foster long-term trust.

Following the end of each quarter, a

quarterly report and press release are published, and a year-end report following each year-end. The reports are published within five weeks of the end of the period.

The annual report, including the Directors' report and an in-depth review of operations for the past year, is available around the end of July.

Press releases are published in connection with significant business events such as acquisitions, divestments, major changes and the like.

Senior management maintains contact with analysts and shareholders. Such contact involves meeting with individual shareholders or analysts.

Complete financial information for Systemair is available on the website: www.systemair.com.

Auditor

The auditor in charge is Tomas Forslund of Ernst & Young AB. Ernst & Young were elected the audit firm at the 2008 AGM for

the period until the end of the 2012 AGM. The Company has no deputy auditors. Tomas Forslund is a member of FAR SRS, the institute for the accountancy profession in Sweden.

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

The work of auditing the Group's accounts adheres to an audit plan adapted to the size of companies and providing guidelines for audit work performed in each subsidiary.

In addition to audit assignments, the audit firm has performed certain consulting assignments during the year, primarily involving advice on tax and accounting issues. The auditors have submitted oral and written reports to the Board on the audit assignment as well as on the internal control.

Application of the Swedish Code of Corporate Governance

Systemair applies the Swedish Code of Corporate Governance with the following exceptions.

The Company's majority shareholder, Färna Invest AB, owns 42.31% and is controlled by the Company's CEO Gerald Engström. Engström is a member of the Board and the nominating committee. The next largest shareholder, ebmpapst AB, which owns 21.27%, is represented on the nominating committee by Gerhard Sturm.

Systemair has no special review function in the form of an internal audit department.

The Company's organisation and control functions as well as the organisation and focus of the external audit are deemed to be of an acceptable level.

This corporate governance report was not reviewed by the Company's auditors.



The hotel Ukraine in the centre of Moscow has a spire of 76 m, total height is 206 m. The hotel area is 101,000 sqm and ventilation and cooling comes from Systemair products, e.g. 98 so called central units and 81 duct and roof fans.

Board of Directors



Left to right: Knut Stålenhag, Employee representative – Elisabeth Westberg, Director – Gerald Engström, President and CEO – Kevin Rowland, Employee representative – Lars Hansson, Chairman – Jürgen Zilling, Director – Göran Robertsson, Director

Gerald Engström President and CEO

Education: Upper secondary school qualification in Engineering, Business studies at Stockholm University

Formerly: CEO of Ziehl-ebm AB

Holdings 30 April 2009: 22,002,752 (shares owned by Färna Invest)

Born: 1948

Elected to the Board: 1974

Independent: No

Lars Hansson Chairman

Chairman of S-Group Holding AB, Swedish Association of Occupational Health and Safety and Svenska Re AB. Director of Starkraft AB.

Education: B Sc Engineering

Holdings 30 April 2009: 50,000 shares

Born: 1942

Elected to the Board: 2007

Elisabeth Westberg Director

Director of Swedfund International AB, Nord Pool ASA, Ljusterö Vind e.f. and NASDAQ OMX Commodities (observer)

Education: Bachelor's degree

Formerly: Vice President, Handelsbanken Capital Markets

Holdings 30 April 2009: 25,000 shares

Born: 1948

Knut Stålenhag Employee representative

Education: Electrical and Telecommunications studies

Holdings 30 April 2009: -

Born: 1962

Kevin Rowland Employee representative

Education: BA History, La Salle University, Philadelphia, PA

Formerly: Human Resources, Organisational Development, University of Gothenburg Operations manager/IT

Holdings 30 April 2009: 2,500 shares

Born: 1954

Göran Robertsson Director

Chairman of IUC Installatörernas Utbildningscentrum (training centre for installation engineers) and Eurovent Certification Company
Director of Eurovent

Education: B Sc Engineering, Leadership programme at Stockholm School of Economics IFL Executive Education

Formerly: CEO of Stifab Farex AB

Holdings 30 April 2009: 25,000 shares

Born: 1943

Elected to the Board: 2006

Independent: Yes

Jürgen Zilling Director

Sales Manager Ziehl-Abegg, Kuenzelsau 1967–1980. Vice President Sales & Marketing ebm, Mulfingen 1980–2002

Holdings 30 April 2009: 10,000 shares

Born: 1938

Elected to the Board: 2008

Group Management



Gerald Engström, President and CEO



Svein Nilsen, Vice President Sales and Marketing



Glen Nilsson, Chief Financial Officer



Mats Lund, Vice President Production



Taina Veittikoski, Vice President Purchasing and Logistics



Anders Ulff, Vice President Administration

Gerald Engström / President and CEO

Education: Upper secondary school qualification in Engineering, Business studies at Stockholm University

Formerly: CEO of Ziehl-ebm AB

Holdings: 22,002,752 (shares owned by Färna Invest)

Born: 1948

In current position since: 1986

Svein Nilsen / Vice President Sales and Marketing

Education: B Sc Engineering with heating, ventilation & sanitation, Norwegian University of Science and Technology (NTNU)

Formerly: CEO Pyrox Jolin, Trondheim, Norway (acquired 1988)

Holdings: 120,000

Born: 1947

In current position since: 2000

Glen Nilsson / Chief Financial Officer

Education: B Sc Business Administration, Uppsala University

Formerly: CFO Transwede Airways AB,

Head of Admin. ICA Detaljhandel AB

Holdings: 92,000

Born: 1952

In current position since: 1999

Mats Lund / Vice President Production

Education: Computer programming and IT studies

Formerly: Computer programmer ASEA

Holdings: 120,000

Born: 1947

In current position since: 2003

Taina Veittikoski / Vice President Purchasing

Education: IHM Marketing diploma

Formerly: Vice President Logistics, Business Development, Systemair Group, CEO Systemair Portugal and Italy

Holdings: 50,000

Born: 1965

In current position since: 2009

Anders Ulff / Vice President Administration

Education: M. Sc. Business Administration, Uppsala University

Formerly: Auditor and consultant, Ernst & Young,

Financial director Systemair

Holdings: 60,600

Born: 1967

In current position since: 2009

SystemairGroup

Head office:

Systemair AB

Phone: +46 (0)2224-4000

mailbox@systemair.se

Dotterbolag:

Australia M&Y Australia Pty.Ltd

ivsm@matthewsandayates.net.au

Austria Systemair GmbH

office@systemair.at

Belgium Systemair NV

info@systemair.be

Bulgaria Systemair EOOD

anton.nachev@systemair.bg

China Systemair Shanghai Co.Ltd

miyi@systemair.cn

Czech Republic Systemair SA

central@systemair.cz

Denmark Systemair a/s

mail@systemair.dk

Estonia Systemair AS

mailbox@systemair.ee

Finland Systemair Oy

mailbox@systemair.fi

France Systemair S.A.S.

info@systemair.fr

Germany Systemair GmbH

info@systemair.de

Hong Kong Systemair (HK) Ltd

sales@systemairhk.com

Hungary Systemair Rt.

info@systemair.hu

India Systemair Fans PTV Ltd

gava@systemair.in

Ireland Systemair Ltd

sales@systemair.ie

Italy Systemair Climaproduct S.p.A

info@climaproduct.it

Latvia Systemair SIA

mailbox@systemair.lv

Lithuania Systemair UAB

info@systemair.lt

Lithuania Systemair UAB Production

mina@systemair-production.lt

Malaysia Systemair Sdn.Bhd.

erictan@systemair.my

Netherlands Systemair BV

info@systemair.nl

Norway Systemair AS

mailbox@systemair.no

Poland Systemair S.A

info@systemair.pl

Portugal Systemair S.A.

geral@systemair.pt

Romania Systemair Rt

rami@systemair.se

Russia Systemair Russia

info@systemair.com.ru

Switzerland Systemair AG

luzi@systemair.ch

Singapore Systemair(SEA) Pte.Ltd

sales@systemair.com.sg

Slovakia IMOS-Systemair s.r.o.

imos@imos.sk

Slovakia Systemair a.s.

systemair@systemair.sk

Slovenia Systemair D.O.O.

info@systemair.si

South Africa Systemair (Pty)Ltd.

mihu@systemair.co.za

Spain Koolclima-Systemair S.L.U.

info@systemair.es

Turkey Systemair Ltd.Sti.

mailbox@systemair.com.tr

UK Systemair Ltd

mailbox@systemair.co.uk

Ukraine Systemair Ukraine

geso@systemair.com.ru

United Arab Emirates

Systemair Middle East FZE

info@systemair.ae

Subsidiaries with own brands:

Frico AB Gothenburg

mailbox@frico.se

Fans&Spares Ltd, England

sales@fansandspares.co.uk

Fantech Inc, United States

info@fantech.net

Fantech Ltd, Canada

info@fantech.net

VEAB Heat Tech AB, Hässleholm

veab@veab.com

Annual General Meeting Information

Systemair will hold its Annual General Meeting (AGM) on 3 September 2009, at 3:00 p.m. in the new Lecture Hall at Systemair Expo, in Skinnskatteberg, Sweden

A factory tour and product presentation will begin at 1:00 p.m., prior to the AGM. Participants should meet at the head office, Industrivägen 3, Skinnskatteberg.

Participation

Shareholders who wish to participate in the AGM must be entered in the share register maintained by Euroclear Sweden AB (formerly Securities Register Center AB) on Friday, 28 August 2009, (see below concerning re-registration of shares registered under a nominee) and must notify the Company

By e-mail:

mailbox@systemair.se

or by phone:

+46(0)222-44000 weekdays 9:00–11:30 a.m., 1:30–4:00 p.m.

or by mail:

Systemair AB, SE-739 30 Skinnskatteberg, Sweden

Notification must be received by the Company no later than 4:00 p.m. on 28 August 2009.

Shares registered under nominees

To be entitled to participate in the AGM, any shareholder whose shares are registered in the name of a nominee must have the nominee temporarily re-register the shares in the shareholder's name so that the shareholder is entered in the share register no later than 4:00 p.m. on 28 August 2009. Requests for such re-registration should be submitted to nominees well prior to this date.

Complete notice

Complete notice of the Annual General Meeting, and financial and other information, is available on Systemair's website www.systemair.com.

Calendar

3 September	2009	Q1 Interim Report (May-July 2009)
26 November	2009	Q2 Interim Report (August-October 2009)
25 February	2010	Q3 Interim Report (November-January 2009/10)
3 June	2010	Q4 Interim Report (February-April 2010)
26 August	2010	Annual General Meeting

Questions

Direct any questions you may have on the content of the Company's financial information to:

Systemair Investor Relations / CFO Glen Nilsson

Phone: +46 (0)222-440-03

e-mail glni@systemair.se

