



FOR EXPERT SOLUTIONS IN
OPTICS AND OPTOELECTRONICS





WHAT IS OPTOELECTRONICS? Light has always been essential for life and humanity. Research in the field of optoelectronics has made a huge leap forward in the last few decades; light is no longer used just to illuminate our surroundings. We have learnt that light consists of photons, proven to have excellent characteristics for carrying information.

Based on the science of geometric and physical optics, optoelectronics is in the technical field that makes use of the characteristics of light. Combined with modern electronics, mechanics and software, it has been widely used within applications in the field of industry, as well as consumer areas. In Europe, the optoelectronics industry is now equal to the size of the microelectronics industry. The current rapid growth shows no signs of wearing off.

OPTRONIC – A PART OF YOUR SUCCESS

The common goal for Optronic's customers is the determination to strengthen or achieve an international leadership for their company and their products. They also share the conviction that products based on optoelectronics will strengthen their competitiveness.

In nearly 40 years of existence, Optronic has developed and manufactured a wide range of products, always with full ownership of the intellectual property rights (IPR's) for their customers.

Established as an efficient development, manufacturing and outsourcing organisation, Optronic gives their customers access to the latest technology in the field of optics and optoelectronics.



“OPTRONIC HELPED US FOCUS ON OUR CORE BUSINESS”

IN THE SPRING OF 2010, Stockholm-based Speed Identity launched the third generation of its Speed Capture system: An all-in-one solution for capturing biographic and biometric data – photo, fingerprints and signature – in an all-digital workflow. The system marks another step forward for biometric identification systems, and would most likely be labelled future tech by many outside the industry.

Optronic has been involved in the development of the system hardware, and will handle production of the units after a long-term deal with Speed Identity was agreed in late 2010.

“We operate on a global market and our business deal with Optronic suited our commercial, financial and technical needs,” says Magnus Svenningsson, managing director at Speed Identity. “The fact that they are highly skilled technically was very appealing to us.”

ONE OF THE KEY BENEFITS for Speed Identity was that Optronic’s offer included manufacturing of the product and the service of several components.

“Our deal with Optronic have given us access to their network of suppliers where we get the opportunity to take part in vol-

ume discounts and increased delivery accuracy,” Svenningsson adds. “For a smaller company like ours that is a key factor, as this gives us the opportunity to focus on marketing, selling and further develop our products.”

“They also offered their competence in optics and sourcing, which further improved our product.”

PREVIOUSLY KNOWN AS LEADING photo booth provider Snabbfoto, Speed Identity has transformed its business to become a leader in biometrics for identification purposes, and currently has clients such as the Swedish Police Board, and document (e-passports, driving licences etc.) issuing bodies in the Baltic rim and western and central Europe.

The system ensures higher level of security in that the supplied biometric data complies with industry standards and regulations, including ICAO-compliance (International Civil Aviation Organisation) for photos and fingerprints.





“WE HAVE BENEFITTED FROM A CLOSE CO-OPERATION WITH OPTRONIC”

PERTEN INSTRUMENTS SPECIALISES in quality control of grain, flour, food and feed. For them, establishing a co-operation with Optronic that includes both manufacturing and development was a strategic move to solidify their position as market leader.

Christer Bergman, quality and sourcing manager at Perten Instruments, has had a key role in establishing the partnership:

“Optronic has an important role in the development and manufacturing of products using optics and spectroscopy,” Bergman explains. “When we decided to outsource our manufacturing, Optronic’s offer wasn’t the cheapest, but their expertise and ability to help us on different levels made our decision easy.”

Bergman describes “full body contact co-operations” as an important part of his *modus operandi*.

“Too often, you see relationships with suppliers that are more like an hour glass, where contacts go through only one person in each company. My ambition is to establish full transparency and more openness in each organisation.

“This has been successful with Optronic, as we are now having discussions on several levels. One of many examples is that we currently have two development engineers from Optronic based at Perten for assignments in two separate projects. “Optronic has had an important part in the development of two of Perten Instrument’s latest products, the DA7200 and DA7300. The latter is a market leading instrument for real-time analysis of grain, flour, food and feed, bringing advantages such as automatic process control and full traceability of an entire production.

“Before, our customers would need to wait for days to receive analysis results from a lab, which makes the DA7300 real-time analysis a significant step forward for our customers, and increases our turnover,” says Bergman.

The “full-body contact co-operation” continues to evolve, to the mutual trust and benefit of both companies.





“OPTRONIC DELIVERED ON TIME AND WITHIN BUDGET”

ANY COMPANY OR ORGANIZATION can speak of the significance of delivering on time and within budget. If these basic standards are not met, a project is effectively blocked.

THE DEVELOPMENT OF PRODUCTS for real-time gas analytics at Siemens Laser Analytics is no different in that respect. The finished product has established the company's position as one of the world's leading real-time gas analytics companies, and Optronic has played a key part in the development of the optical transmitter and receiver of the gas analysers.

“Our collaboration with Optronic was certainly successful,” says Anneli Hansson, Research and Development Manager at Siemens Laser Analytics. “With their knowledge of optoelectronics they took a central role in the development, influencing product specifications and requirements, without ever deviating from the set time limit and budget.”

THE GAS ANALYSERS ARE MAINLY USED in the process industry, where the demands for energy efficiency and environmental compliance are high. In the product that Optronic helped develop, the gas analysers measure oxygen levels using laser spectroscopy.

“With their expertise in optic and electronic parts, Optronic played a valuable role in achieving the high level of accuracy we require,” says Hansson. “What seems possible in one aspect is not possible in another. This was a complex equation which they helped to solve.”

THE PRODUCT IS NOW LAUNCHED and development of the next generation of gas analysers is in progress. New possibilities include the ability to measure carbon monoxide, carbon dioxide and other types of pollutant gases. Optronic will participate in the development and manufacturing of the products, working with Siemens AG in Germany and France.

“We have had procurement situations where we have chosen to stay with Optronic,” explains Hansson. “Their score in the Siemens internal quality system is high.”





”OPTRONIC IS AN IMPORTANT PARTNER IN OUR DEVELOPMENT ORGANISATION”

OPTRONIC HAS PLAYED A PART in the development of DeLaval's Voluntary Milking System (VMS) – a technological achievement that brings freedom to farmers around the world. Instead of dairy farmers having to spend countless hours milking the cows, the robotic milking system handles the job perfectly.

“It's fully automated,” says Ola Markusson, Research- and Development Manager for the VMS at DeLaval. “For farmers, that means less dependence on hired labour and a business that is easier to manage.”

THE VMS IS AN IMPRESSIVE CONSTRUCTION which allows cows to voluntarily enter a milking station, where an agile hydraulic robotic arm, two laser sensors and an image processing system enable precise and quick teat detection.

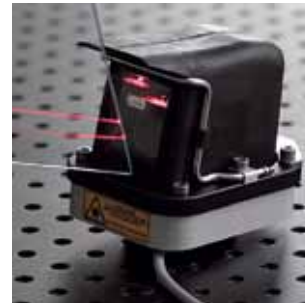
“The sensors have been developed and manufactured by Optronic”, explains Markusson. “It's a complicated challenge as they have to function in challenging environments and with several different types of cows.”

INVOLVED FROM THE START, Optronic is now continuing to work on further development of the sensors, with representatives functioning as product and project managers. The long-standing and successful business relationship also

means that there has been time to establish an efficient working model. A key part of the process is gaining knowledge of the different types of technologies and challenges related to the robotic milking system as a whole.

“Our working model is a result of the nature of the VMS where all technology has to be adapted to the cows,” says Markusson. “The sensors must function both with the robotic arm as well as the image processing software, making them mutually dependent. We have made positive progress in understanding our respective positions, which I see as a prerequisite for effective development.”

THE PRIMARY MARKETS for DeLaval's VMS are farms in countries in Western Europe. More often than not clients purchase two VMS systems, reflecting the size of their dairy farms.





CLOSE COOPERATION TO ACHIEVE COMMON GOALS

Our working and business models are developed to relieve our customers by guaranteeing desired results in a relationship based on mutual trust and a minimum number of handovers.

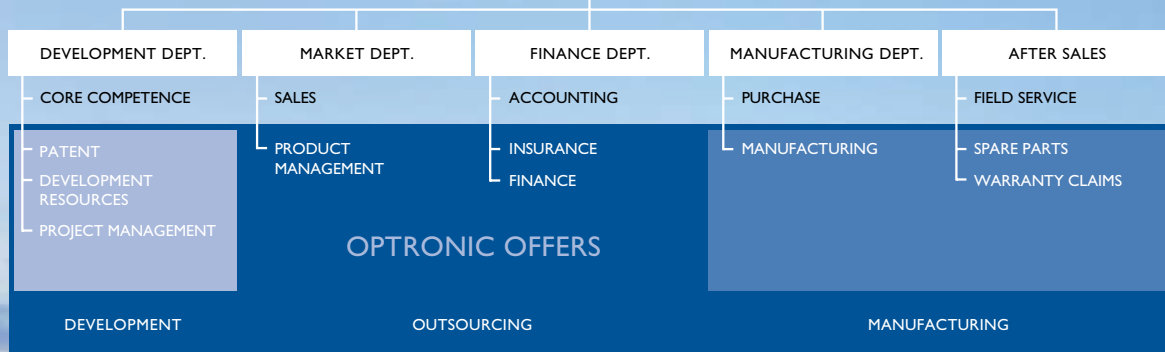
BUSINESS MODELS Our standard business model is based on a fixed price or a charge-as-you-go alternative. In addition we have developed alternative business models that allow us to adapt the financial arrangements to suit our customers' needs

and the preconditions for each assignment. We can, for example, arrange leasing alternatives for financing development projects. For projects aimed at reducing production costs we have a mutually beneficial incentive model for financing. Within the framework of our outsourcing offer parts of the development cost can be added to the product price.



CUSTOMER

MANAGEMENT



SERVICES AND OFFERS FROM SPECIALIST TO SERIES PRODUCTION

SPECIALISTS OFFER The basis of our offer is a strong innovative capacity based on leading, cutting-edge expertise within physical and geometric optics. Our main fields of expertise are dimension measurement, 3D image processing, spectroscopy, geometric optics and light sources. We also have well-equipped optical and electronic laboratories equipped for environmental testing.

To secure our position as a leading service company within industrially applied optoelectronics, we have established close collaboration with optronics-related research and educational facilities. In addition to a range of various involvements in applied research, this gives our development projects access to an extensive network of leading specialists.

DEVELOPMENT OFFER Our customers demand an efficient product development organisation focused on built-in systems containing optoelectronics. We specialise in finding the right technical solutions at the agreed price, with regard to both the product and the project. Usually, our work is conducted as a project, for which we assume full responsibility. In other cases, our expertise is mainly utilised as a competence resource.

We conduct our work with a thoroughly laid-out model for development and project control combined with specialist competence on all levels. In close cooperation with purchasing and manufacturing, we can optimise the design in terms of ability to manufacture and choice of components. Our offer includes

everything from idea & technology road maps, dedicated workshops and product development, to prototype manufacturing and resources for rent. All offers can be utilised separately or tailored to our customers' needs.

MANUFACTURING OFFER Meeting our customers' demands for a cost efficient production of subsystems based on optics in small- and medium-sized series, we combine nearly 40 years of experience within optical manufacturing with a proactive approach. With the capacity to offer flexibility and short lead times we can make quick shifts from pre-series to series production.

Your dedicated production coordinator provides continuous reports with suggestions to further improve the product as well as key performance indicators such as delivery accuracy, FPY (first pass yield), returns and current inventories.

OUTSOURCING OFFER In order to be able to focus on the needs of the market and the next generations of product, our customers want a partner that can shoulder the technical part of product management. As a result, we take care of the phasing-in of new generations of products, dealing with everything from adjustments to summaries and analyses of product enhancements and product-specific key performance indicators. As an outsourcing partner we also offer financing and insurances services in order to manage parts of the risk sharing associated with the product ownership.



INTEGRATED DEVELOPMENT AND MANUFACTURING

The latest investment in a doubled production area has had a major influence on a more efficient and simplified production flow. The foundation for our work models is our expertise and experience within both development and manufacturing. Regardless of whether the assignment concerns development or manufacturing, the project group always consists of a team of specialists formed with regard to the task at hand. At Optronik, we can hand-pick specialists within system architecture, optics, electronics, software, mechanical engineering, production technology, purchasing, manufacturing and project management to form a project group tailored for specific assignments. This enables us to work simultaneously on all aspects in all phases of the product lifecycle.

Focused on delivery accuracy, accumulated time and costs, development projects are run based on the PPS model with the support of a specially developed tool for project management. This gives us a constantly updated situation overview, allowing us to immediately deal with any deviation.

Our production resources are specialised to suit the order-driven manufacture of optoelectronic products and their sub-systems in small and medium-sized series. The work is organised in independent groups with dedicated resources for planning, quality and production techniques. All our operations are ISO 9001:2008 and I4001:2004 certified. All systems, equipment and other resources meet industry requirements for precision, cleanliness and temperature control.



THE YEAR 2010/2011

The financial crisis that started in 2008 and continued until autumn 2010, has had a major effect on most Swedish industries. Most of our customers decreased their production volumes during this time. Our challenge has been to adjust capacity costs while keeping critical competencies. Despite the severity of the challenge, our work has been successful. We have during this period added new contracts while maintaining our existing client base, and we have also been able to invest retained profits in both competence and production capacity.

Investments that deserve a special mention are the internal development of camera platforms based on time-of-flight technology, and the expansion of our production capacity in manufacturing of opto-electronic circuit boards in the second quarter of 2010.

This has been a challenging period for us at Optronic, but one where the strength of our business idea has become apparent. We have answered our customers' needs for development and manufacturing services within the field of optoelectronics. As a result, they have been able to adjust their capacity costs.

Our customers have seen a growing demand during 2010/2011, which is also reflected in our result. This year, our net turnover has risen to SEK 184 million, higher than in the years prior to the financial crisis, and a new record high for us at Optronic.

When my predecessor Rickard Åström moved to new challenges as CEO for Fotonic, I took on the role as CEO of Optronic in November 2010. Åström's experience will continue to benefit Optronic, as he remains on the board of directors and one of the company's owners. I strongly believe that I, with my experience from working close to my predecessor in different roles within Optronic, combined with my background as management consultant, will contribute to, and keep driving, the competitiveness and growth of Optronic.

I am also sure that the field of optoelectronics will continue to grow, and am convinced that we are only in the early phases of a very exciting development. Named a key enabling technology by the European Union, and with consumer products like depth sensing cameras for gaming consoles, the industrial market for optics and optoelectronics will expand.

Strengthened by our journey over the course of the last few years, we have established a solid foundation for further development in times that present new challenges at an accelerating rate. At Optronic, we are looking forward to working with existing and future customers.

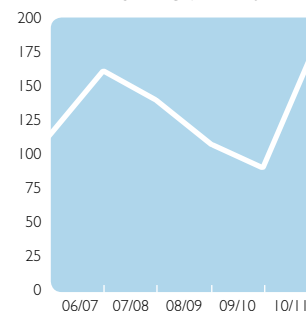
Skellefteå, 24 August 2011

Joacim Lindström, CEO

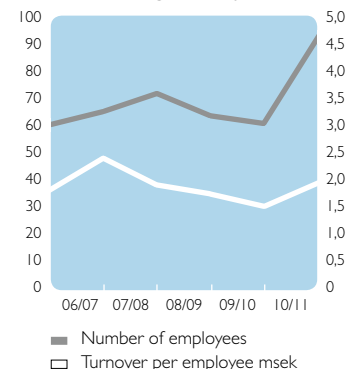


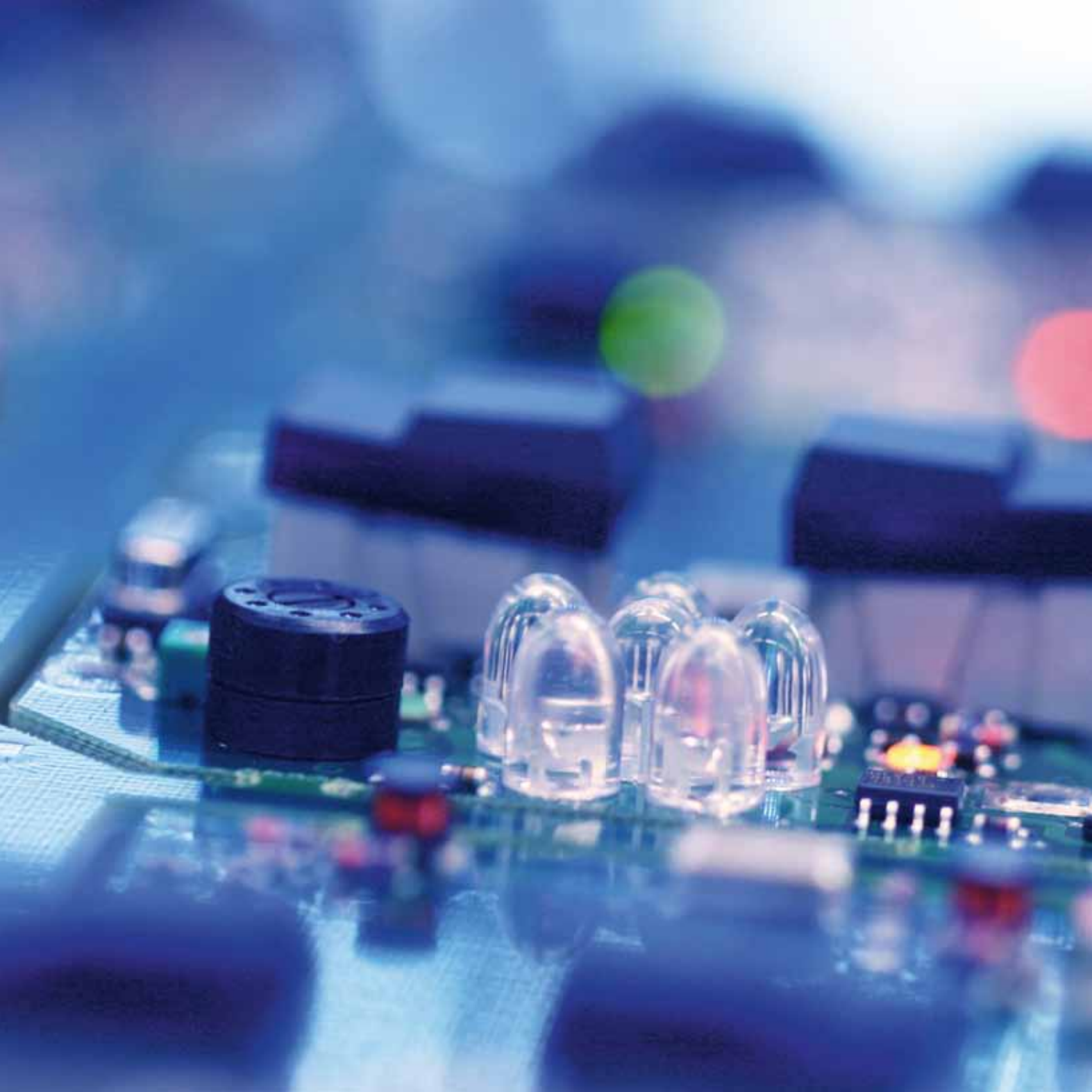
Offices in Skellefteå (HQ), Stockholm and Göteborg.

NET TURNOVER MSEK



NUMBER OF EMPLOYEES TURNOVER PER EMPLOYEE MSEK





INCOME STATEMENT AND BALANCE SHEET 2010/2011

INCOME STATEMENT

(SEK '000)

	2010/2011	2009/2010
OPERATING INCOME		
Net turnover	184 753	94 789
• Change of inventories, products in process and on-going customer projects	2 414	3 429
• Other income	7 266	8 300
Total income	194 433	106 518
OPERATING EXPENSES		
• Materials, supplies and subcontractors	-104 098	-52 328
• Other external expenses	-18 715	-13 905
• Employee expenses	-55 423	-37 032
• Depreciation of fixed assets	-6 096	-1 448
Operating profit	10 101	1 805
INCOME FROM FINANCIAL ITEMS		
• Interest income	60	110
• Interest expenses	-1 033	-403
Results after financial items	9 128	1 512
APPROPRIATIONS AND TAXES		
• Income taxes	-2 450	-422
NET INCOME	6 678	1 090

BALANCE SHEET

(SEK '000)

	Note	30 April 11	30 April 10
ASSETS			
Fixed assets	1	7 907	19 614
• Inventories	2	35 234	33 206
• Current receivables		28 061	24 545
• Liquid assets		23	192
Total current assets		63 318	57 943
TOTAL ASSETS		71 225	77 557
EQUITY AND LIABILITIES			
• Share capital		8 000	8 000
• Restricted reserves		2 944	1 231
Total restricted equity		10 944	9 231
• Distributable reserves		9 445	10 067
• Net income for the year		6 678	1 090
Total distributable equity		16 123	11 157
Total equity		27 067	20 388
• Provisions		803	192
• Long-term liabilities		8 985	19 897
• Current liabilities		34 370	37 080
Total liabilities		44 158	57 169
TOTAL EQUITY AND LIABILITIES		71 225	77 557
Pledged assets		31 174	25 174
Contingent liabilities		0	0



LONG-TERM GROWTH BASED ON STABILITY AND EXPERIENCE

Optronic's story began in 1974 when Aga Geotronics moved production of a newly developed instrument series to Skellefteå, Sweden. In 1987, the operation was bought by new owners and became part of a growth-oriented industrial group. Under the name and brand Optronic, the business concept of providing services to realise the potential of optoelectronics for companies offering products for industry on an international market. The same business concept has served as the foundation for a goal-oriented commitment that has seen Optronic become a leading service company within its field. In the years that followed, Optronic took an active part in the process to build up a Swedish community around a growing future-orientated industry. One of the milestones achieved through the effort was Optronic's involvement in creating the industry organisation Swedoptronics .

In 1991, Sweden's leading actors in the field were invited to the opening of Optronic Centre, a new, ultra-modern and tailor-

made facility. The first sizeable order for integrated development and manufacture was received in 1997. A few years into the twenty-first century, company sales exceeded SEK 100 million. In 2007, Optronic was entrusted with a major role in the creation of a centre and laboratory for robust industrial measurement systems, thus passing another important milestone for the company's involvement in industry-relevant research. In 2008, an expansion doubled Optronic's production area in order to meet fast-growing demand.

In addition to the original owners – the brothers Pähr, Mats and Anders Lövgren – Rickard Åström is now also a major owner. A long-term commitment securely anchored in an industrial group with over SEK 1.5 billion in sales as well as operational management ensures a stable environment resulting in continuity and growth-oriented development.



CASH FLOW AND NOTES 2010/2011

CASH FLOW (SEK '000)

	30 April 11	30 April 10
OPERATING ACTIVITIES		
• Profit after financial items	9 128	1 512
• Adjustment for items not included in the cash flow		
- Depreciations	6 096	1 448
• Tax paid	-1 838	-328
Cash flow from operating activities before changes in operating capital	13 386	2 632
• Increase-/decrease+ in inventories	-2 028	-15 709
• Increase-/decrease+ in current receivables	-5 566	-8 709
• Increase+/decrease- in current liabilities	-1 252	16 087
Changes in working capital	-8 846	-8 331
Cash flow from operating activities	4 540	-5 699
• Investments activities	-351	-9 035
• Increase-/decrease+ in long-term receivables	5 961	698
Cash flow from investment activities	5 610	-8 337
• Change in bank overdraft	5 000	-
• New loan	6 000	13 500
• Amortisation of loans	-10 441	-1 799
Cash flow from financing activities	559	11 701
Cash flow for the year	10 710	-2 335
Liquid assets at the beginning of the year	8 233	10 568
Liquid assets at the end of the year (including unutilized bank overdraft)	18 943	8 233

NOTES

Subsidiaries owned by Optronic i Norden AB, org nr 556162-2183, 30 April -11:

Company name	Org.nr	Equity SEK '000	Book value SEK '000
Optronic Partner dp AB	556260-8512	1 970	2 600
Optronic Partner pr AB	556260-8421	6 027	4 800
<i>Subsidiary owned by Optronic Partner pr:</i>			
Optronic Stockholm AB	556459-9321	553	0

NOTE 1 FIXED ASSETS

Showed in acquisition cost with planned write-offs deducted. Computer equipment and computer software 33 %. Machines and other technical assets 20%. Goodwill 20%. Inventories, tools and installations 20%.

Fixed assets (SEK '000)	30 April 11	30 April 10
• Intangible assets	1 191	5 036
• Machinery and equipments	6 716	8 617
• Other long-term receivables	-	5 961
Planned remaining value total	7 907	19 614

NOTE 2 INVENTORIES (SEK '000)

	30 April 11	30 April 10
• Raw materials and necessities	24 412	24 319
• Work in progress	11 897	16 111
• Part payments from customers	-1 075	-7 224
Total inventories	35 234	33 206

KEY RATIOS

	30 April 11	30 April 10
Liquid ratio % ¹⁾	137	88
Balance sheet liquidity % ²⁾	239	178
Equity/assets ratio % ³⁾	38	26

¹⁾ Tangible assets excluding inventories plus unutilized bank overdraft in % of short-term liabilities

²⁾ Tangible assets excluding unutilized bank overdraft in % of short-term liabilities.

³⁾ Adjusted equity in relation to balance sheet total.



BOARD OF DIRECTORS

We have placed an onus on commitment, branch experience and leadership in the composition of our board. This was done to support the development of an organisation with efficient working models, modern tools and last but not least, a committed and highly skilled staff.



Pähr Lövgren, Chairman of the board

Pähr is the majority owner and founder of Optronic in its current form. In coalition with his brothers, Pähr runs a growth-oriented industrial group with a turnover that exceeds SEK 1,5 billion. Other examples of companies in the group are Fastec AB and Valutec AB.



Rickard Åström

Rickard has worked at Optronic since 2001. He was previously CEO (2004–2010) and is one of the principal owners of the company. Rickard has significant leadership experience within product development through previous positions at Ursviken and SQS. Rickard is now CEO of Fotonic.



Tomas Stålnert

Tomas has a wealth of experience from electronics manufacturing, most recently as managing director of Rimaster Rimforsa AB and prior to that as managing director at Contitech. He has also held managerial roles at Ericsson, Flextronics and Sony Ericsson. Tomas also has useful experience from the Chinese market.



Marika Wassberg Skärvik

Marika is highly experienced in business development and was named Manager of the Year in 2005. She is currently the managing director for Mentorius. She has held several appointments as head manager and managing director within the IT industry. Marika also has a wealth of experience from leadership development, as a mentor, as well as a writer and lecturer.



Rolf Lundström, labour representative

Rolf has worked within the manufacturing side of the business ever since 1974 when Aga Geotronics started the venture that formed the basis for the development of Optronic. Rolf has been on the board since 1990.



ANNUAL REPORT 2010/2011