

CALENDAR OF EVENTS

Annual General Meeting
27 March 2012

Interim report January-March
19 April 2012

Interim report April-June
13 July 2012

Interim report July-September
23 October 2012

Year-end report 2012
31 January 2013

FINANCIAL INFORMATION

Financial information and other relevant information is published on www.formpipe.com.

Information may also be ordered from:

FormPipe Software AB,
Box 231 31, 104 35 Stockholm
or from info@formpipe.com

INVESTOR RELATIONS

CEO Christian Sundin
Tel: + 46 (0) 8 555 290 84
christian.sundin@formpipe.com

DISTRIBUTION POLICY

The 2011 Annual Report is sent to major shareholders prior to AGM.

The Annual Report is also available for download in PDF format from www.formpipe.com

CALENDAR OF EVENTS AND INFORMATION	3
THE YEAR IN BRIEF	4
A WORD FROM THE CEO	6
BUSINESS CONCEPT, VISION AND OBJECTIVES	8
ABOUT ECM	10
ABOUT FORMPIPE SOFTWARE	14
PRESENTATIONS OF CLIENT CASES	16
SHARES AND SHAREHOLDERS	24
EMPLOYEES	26
KEY RATIOS	27
BOARD AND MANAGEMENT	28
MANAGEMENT REPORT	30
CONSOLIDATED INCOME STATEMENT	37
CONSOLIDATED BALANCE SHEET	38
INCOME STATEMENT – PARENT COMPANY	40
BALANCE SHEET – PARENT COMPANY	41
CHANGES IN EQUITY	43
CASH FLOW STATEMENT	44
NOTES	46
CORPORATE GOVERNANCE REPORT	61
SIGNATURES	65
AUDITOR'S REPORT	66
DEFINITIONS	67

STRONG CONCLUSION TO 2011

FormPipe Software develops and provides software for high quality information management. The focus is on ECM products (Enterprise Content Management) for documentation and case management, filing, preservation and input and output management. Through high levels of product quality and stability, cost and efficiency gains are generated for FormPipe Software's clients.

FormPipe Software holds a unique position in the ECM market with its demanding, stable and profitable client base providing sufficient resources to invest in new markets. FormPipe Software's primary competitive edge includes products with a very high level of quality and a clear understanding of how effective information management functions. FormPipe Software focuses its offering on the public sector in Sweden, where the company leads the market, on the life science industry, where FormPipe Software is challenging established players with a new, unique offering, and with an offering concerning input and output management that is industry-independent and enjoys a broad, international presence. The future looks good for FormPipe Software in a market whose size is multiplying exponentially.

THE YEAR IN BRIEF

The beginning of the year was characterized by uncertainty as the vitally important framework agreement, License Provision 2010, did not legally enter into force until the third quarter of 2011. In spite of this uncertainty, FormPipe Software increased its systems revenue in 2011 by 9 percent, which shows the strength FormPipe Software enjoys as the market-leading supplier of ECM software to the public sector in Sweden. The transition to a pure product company, with systems revenues amounting to 94 percent of total revenues, is now complete. FormPipe Software has, in 2011 via increased cost control and structural measures, regained its historically strong levels with an operating margin of 18 percent. A strong conclusion to 2011, dynamic software sales and the completed transition to a pure product company implies that future growth will continue to generate strong profitability.

Growth

+9%

Systems revenue increased by 9% compared to previous year

Distribution of revenue

94%

94% of sales attributable to systems revenue. Transition to pure product company completed.

Profitability

+85%

Operating margin of 18%, compared to 9.7% previous year.

Cash flow

+16 MSEK

Cash flow of MSEK 24.5, MSEK 16.1 better than previous year

»THE TRANSITION TO A PURE PRODUCT COMPANY IS NOW COMPLETE AND FORMPIPE SOFTWARE IS ONCE AGAIN DELIVERING STRONG MARGINS.«

THE YEAR IN BRIEF

	2011	2010
Net sales, MSEK	112.5	112.0
Systems revenue, MSEK	105.3	97.5
Operating profit before depreciation and amortization, MSEK	30.4	20.0
Operating profit, MSEK	20.2	10.9
Operating margin, %	18.0	9.7
Profit after tax, MSEK	14.7	8.6
Earnings per share before dilution, SEK	1.21	0.72
Proposed dividend per share, SEK	0.60	0.50

IMPORTANT EVENTS:

Q 1

The Swedish Tax Agency signed an agreement for additional licenses at an order value of MSEK 3.6. Two new municipality clients, Staffanstorp and Vaggeryd, signed license agreement for a total order value of MSEK 4.0.

Q 2

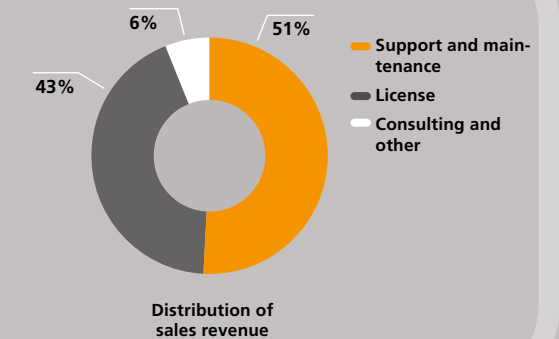
The Swedish Research Council signed a license agreement for a total order value of MSEK 2.8.

Q 3

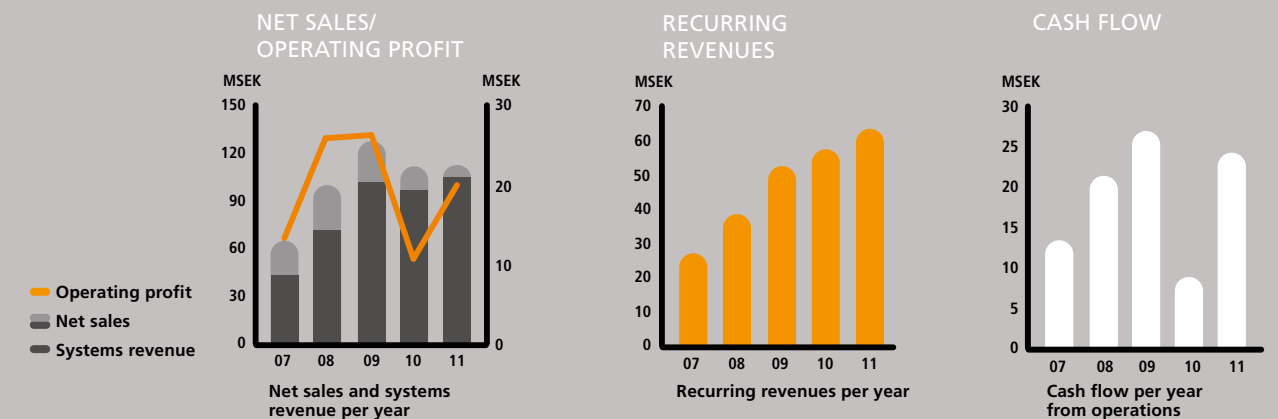
The framework agreement License Provision 2010 enters into force and FormPipe Software is supplier to five of seven of the parties to the agreement. The City of Malmö signed a license agreement at an order value of MSEK 3.4. A large non-profit organization signed an agreement for FormPipe OnDemand (cloud service) for documents, case management and preservation.

Q 4

The Swedish Tax Agency signed the largest individual order in FormPipe Software history, an order totaling MSEK 12.



STRONG CASH FLOW AND INCREASED PROFITABILITY PROVIDE POSITIVE FUTURE PROSPECTS



FOCUS ON LIFE SCIENCE AND THE PUBLIC SECTOR

We end the year in good shape and, in the fourth quarter, we received our largest individual order ever (MSEK 12) via an agreement with the Swedish Tax Agency.

DEMAND FOR ECM PRODUCTS from government agencies and organizations continues to grow and the market shows continued enthusiasm for FormPipe Software and our products.

The life science industry has also shown considerable interest in FormPipe Software and our new product, FormPipe Life Science. Life science and the public sector are the two client segments showing highest levels of demand and are also relatively insensitive to fluctuations in the general economic climate. These are two key factors that lead us to believe in positive developments in 2012.

STRONG RESULT 2011

2011 was characterized by postponed investments by the public sector, partly due to the framework agreement, License Provisioning 2010, being delayed. When this agreement was finalized, new sales took off and our fourth quarter was significantly stronger than the corresponding quarter in 2010. In the new frame agreement, FormPipe Software's products are available at five of the total seven suppliers listed. Uncertainty regarding the public framework agreement impacted sales negatively in both 2011 and in 2010. Consequently, it is very positive that the situation with the frame agreement has been settled for a few years into the future. The expiry date of now existing frame agreements are in the second half of 2015.

We have delivered results in 2011, which are stronger

than the previous year in absolute terms and in terms of our operating margin. This positive development is primarily due to good cost control in combination with the economies of scale, which our software sales generate i.e. considerable recurring revenues which, for 2011, amounted to 57 percent of total revenues.

It is worth restating that, in 2011, we have completed our transition to become a pure product company. We have succeeded in replacing revenues from our previous consulting activities with system revenues, which now comprise 94 percent of total revenues.

In addition to license sales, we have also sold our products as cloud services. As revenues for these agreements are recorded over the period of the agreement, the full value of these deals does not impact our income statement directly; however, we assess that, over time, they will be more profitable than traditional license sales.

During the year we have strengthened our market position as a quality supplier who delivers the best products, while at the same time we are the company who invests most in product development. We and our partners note that clients specifically ask for FormPipe Software products when they choose their ECM solutions.

THE LIFE SCIENCE INDUSTRY

Life science is an industry in which the players must comply



»FormPipe Software is now a pure product company, with a strong prospect list with new products addressing a market that is much greater than the market we address today.«

Click on the picture to see a longer interview with Christian Sundin in Swedish.

with a number of laws and ordinances. These require careful traceability, at the same time there is a large volume of data and information, which must be processed and followed up by a number of different employees and control functions. Consequently, quality requirements for ECM products from clients within life science are extremely high.

In 2011, our offering to the life science industry has been further adapted in accordance with client demands. Based on our standard product, we have created a unique solution for the life science industry in which support for several of the industry's common processes (CAPA, deviation management etc.) is built into standard functionality. Our products' primary competitive advantages are found in our success in combining user friendliness with high levels of security and quality. We now see strong sales potential over the next few years.

As the requirements, which we help our clients to comply with, are primarily dictated by FDA (U.S. Food and Drug Administration) in the U.S., the market for this product is global. However, we first wish to prove ourselves in our home market in the Nordic region, and then intend to move towards an international market.

GOOD PROSPECTS FOR 2012

As mentioned above, we forecast that 2012 will be a very good year. In addition to the potential within the life sci-

ence industry, we also believe there are great opportunities for increasing sales to our existing client base through new products. For example we recently launched a product for preservation (FormPipe Long-Term Archive), we have created a new product (FormPipe One2One) based on FormPipe LaserNet which facilitates format handling for the creation of dynamic documents and we have produced an iPad application aimed at facilitating committee work for elected politicians. All of these products are a result of close cooperation with our clients where the increased benefit provided by our products resulted in supplementary sales to them.

STRONG FINANCIAL SITUATION

In conclusion it is, of course, pleasing to note that the company continues to be financially strong. We are debt-free with a robust cash flow and are, consequently, well equipped for future expansion. Our expressed ambition is to, in the long-term, issue a dividend equivalent to 30-50 percent of our annual profit. For 2011, the Board of Directors proposes an increase in dividend by 20 percent, to SEK 0.60 per share.

Christian Sundin
CEO FormPipe Software

BE THE BENCHMARK

FormPipe Software delivers high quality software products for structured information processing to organizations with exceptional requirements



»Suppliers that are able to solve industry-specific business needs will win the battle for customer interest in the next few years.«

GARTNER GROUP

BUSINESS CONCEPT

FormPipe Software will develop and distribute software products aimed at creating unique business values for companies and organizations who consider information management to be a critical process for their business.

VISION

”Be the benchmark.”

STRATEGIC OBJECTIVES

FormPipe Software’s strategy is to develop high quality ECM products for organizations with exceptional requirements. The goal for FormPipe Software is to grow both organically within selected industries, and through strategic acquisitions.

BUSINESS MODEL

FormPipe Software develops and provides software products for information processing. The focus is on ECM products for documents and case management, filing, preservation and input and output data processing. High product quality generates cost and efficiency gains for FormPipe Software customers.

FormPipe Software distributes its products through certified partners. The partner model is under continuous development and contributes delivery capacity and knowledge.

CUSTOMERS AND PRODUCT QUALITY

FormPipe Software’s primary markets, the Swedish public sector and the life science industry, are both experienced users that impose qualitative demands on their information processing systems. Consequently, FormPipe Software has

developed extensive processes aimed at delivering exceptionally high product quality.

ORGANIZATION

The FormPipe Software Group structure consists of the parent company and four wholly-owned subsidiaries.

One important reason for the current positive trend is the high levels of competence of company employees. Senior management prioritizes the continuous development of its current employees as well as attracting new, competent professionals. This is achieved through an open, stimulating company culture where employees have the opportunity to grow with their functions and develop within the organization. The company offers all employees participation in a stock option incentive program.

FormPipe Software has a decentralized organization and management style is defined by straight, open lines of communication. The business is knowledge-intensive and employees possess high levels of competence and show great commitment to their tasks. All employees undergo performance reviews in which personal goals, future development and training needs are addressed.

CORE VALUES

FormPipe’s goal is for employees to promote long-term customer relationships by always delivering on promises. Employees at FormPipe Software should feel proud of the company and enjoy being at work every day. FormPipe considers the key for continued success is to safeguard good levels of cooperation. Great respect is shown for the different points of views put forward by employees, customers and partners, and conflicts are managed using open dialogue and discussion.

FormPipe Software’s values are: Trust, Pride, Respect, Teamwork, Fun.

PARTNERS – A CHANNEL FOR GROWTH AND INCREASED KNOWLEDGE

FormPipe Software’s business model is based on close cooperation with certified partners and, consequently, also with end users. An open dialogue and responsiveness generates both increased customer value and strong growth potential as the partner is involved with the customer’s business on a daily basis and is therefore able to see how and

where FormPipe Software products can contribute to improved efficiency and procedures.

FormPipe Software works actively to develop its partner network. Today, more than 200 consultants from different partners are working to sell, deliver and implement FormPipe ECM products to end users. Through an extended network of partners (that also operates internationally) a broader market scope will be achieved as well as the opportunity to reach customers in new industries and outside Sweden.

SOME OF FORMPIPE SOFTWARE’S PARTNERS:



THE HISTORY OF FORMPIPE SOFTWARE

2011 Launch of FormPipe Life Science for the growth area life science.

2011 The largest order in the Company’s history from the Swedish Tax Agency.

2010 Breakthrough order in life science.

2010 FormPipe Software is listed on NASDAQ OMX Stockholm on 19 January 2010.

2008 Acquires its primary competitor EBI Systems. This acquisition enables FormPipe Software to access partner

networks, business relationships and client agreements for its competitive ECM product Platina.

2007 Acquires the Danish software company EFS Technology A/S, a company with a strong position on the market for Input/Output Management and a broad international partner network.

2006 ALP Data is acquired, which strengthens the company’s position as the leading Swedish supplier of ECM.

2005 FormPipe Software’s shares are listed on Nya Marknaden (NASDAQ OMX First North).

2005 The ECM product W3D3 receives, in competition with approximately 60 other suppliers, the top score in the Swedish Agency for Public Management’s framework agreement procurement process “Informationsförsörjning 2005”.

2005 Acquisition of Digital Diary, a leading company within development and sales

of document and case management systems.

2004 Sign On distributes the business area FormPipe to the shareholders and FormPipe Software becomes an independent company.

1998 A pilot installation of FormPipe is installed in the Stockholm City Planning Office.

1997 The development of the system platform FormPipe is commenced by Sign On.

ECM HELPS PEOPLE, PROCESSES AND INFORMATION COOPERATE

Enterprise Content Management (ECM) is defined as a generic name for systems that improves the use of unstructured information. Examples of ECM solutions are document management, case management, register management, quality management and more.

THE AMOUNT OF INFORMATION created in today's information society is huge and constantly increasing. Selecting and ensuring that the right information reaches the right receiver in day-to-day operations is becoming increasingly important.

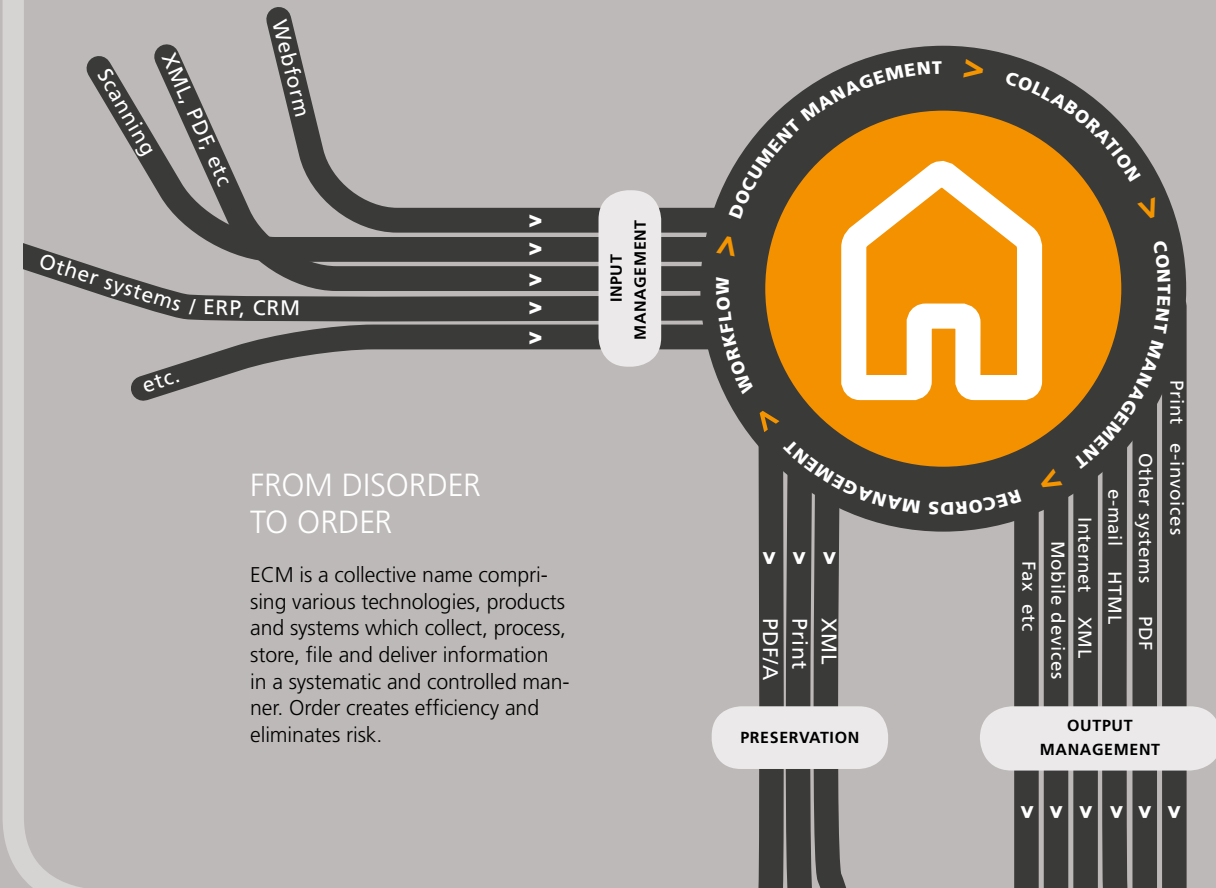
Managing information properly will create productivity and efficiency gains that provide competitive advantages for the company concerned and increase the degree of service provided by public organizations.

ECM – Enterprise Content Management – is the generic name for different technologies, products and systems that help companies and organizations create structure within their management of information in all phases, from incoming information to preservation. FormPipe Software's competitors within the public sector in Sweden are all national companies, while the situation is reversed within the life science industry where competitors are all international operators.

GAINS FROM ECM USE

Gains from the use of ECM products are many and extensive. Effective information management increases competitive advantage since employees can work more efficiently as they always have access to the right information at the right time, and can quickly share it with others. Using ECM products it is possible to change workflows quickly and remove time-consuming, unnecessary activities. These products can also help to ensure that companies and organizations comply with legislation, instructions and regulatory requirements.

One example illustrated on page 22 is the Municipal Traffic Office in Gothenburg, an organization using a FormPipe Software product for administering residential parking. The process is now automatic and the number of personal visits to the Traffic Office has decreased from 600 to 150 per month. Now only one person is needed to manage applications compared to the four previously required.



FROM DISORDER TO ORDER

ECM is a collective name comprising various technologies, products and systems which collect, process, store, file and deliver information in a systematic and controlled manner. Order creates efficiency and eliminates risk.

Input/Output Management

Obtaining, organizing, converting and distributing data to and from different sources, applications and systems.

Document Management

Management of electronic documents with functions such as version management, record keeping and case management, connecting and compiling documents and integration with standard tools such as Microsoft Office.

Collaboration

A tool that enables several people to work with the same information in a common environment, for example check-in/check-out functionality.

Content Management

Functions for processing and publishing information and documents on Internet/intranet.

Records Management

Compliance functions to check, track and retain different types of information that are regulated by law, for example the principle of public access to official documents, FDA or SOX, internal regulations and policies.

Workflow

Work flows such as approval and application processes or other event-driven flows for streamlining business processes or quality measures.

Preservation

Preservation of legal documents, cases, medical documents etc. This includes functions for exporting, storing and finding data in electronic archives in accordance with applicable standards, laws and regulations.

ECM IN BRIEF

- Stands for Enterprise Content Management.
- Simplifies and digitalizes paperwork.
- Creates order in information management.
- The right person receives the right information at the right time.
- Processes all types of documents, e-mails, web information and filing.
- Reduces risk by improving traceability and structuring version management.
- Creation of traceability which means always working in the correct version of the document.
- Increases citizen service through improved transparency, increased controls and lower costs.
- Life science companies demand ECM solutions to improve traceability and create more efficient quality assurance.
- Creates structural capital by improving organizational processes.
- Enables new forms of cooperation, between and within companies and organizations, through common processes.

INCREASED DEMAND AND HIGHEST PRIORITY IT INVESTMENTS

The demand for information management systems has increased steadily in recent years and continues, for 2012, to be high as regards IT prioritization within the public sector. The ECM market has a low level of sensitivity to the general economic cycle and Garner, the analysts, predict a positive future with a global annual growth of approximately 12 percent up to 2015. In Sweden, the annual growth is estimated at approximately 9 percent over the equivalent period, which exceeds general IT budgets in Sweden.

ECM FOR LIFE SCIENCE AND THE PUBLIC SECTOR

Clients within the public sector and life science industry need IT support which creates added value. Consequently, they demand that suppliers understand and support client operations.

Public sector

The Swedish public sector is at an advanced stage as regards the use of document and case management systems. FormPipe Software has a high market share but is also expected to maintain strong growth potential through new, expanded offerings. Continually increasing demands for improved service to citizens and administrative productivity within the public sector mean that FormPipe Software is developing very positively, together with its clients. The goal is to deliver the greatest social benefit possible via systems support for document and cash administration. FormPipe Software has the market's strongest product offering with well-developed standard functionality for public administration. As a result, FormPipe Software is the chosen supplier of ECM products for the majority of the business transactions with the public sector in Sweden. The company has won 70 percent of the 2011 procurements of new ECM software.

Life Science

Within the life science industry there is considerable demand for software for statutory documentation and case administration as a support for structured quality activities. Companies within the life science industry must comply with strict regulations as regards traceability, documentation and deviation control and process management. Governing bodies, such as the FDA (U.S. Food and Drug Administration) and EMA (European Medical Agency) prepare regulations which must be compiled with in order to obtain sales permits for the U.S. or EU. FormPipe Software offers software for the efficiency enhancement of quality processes and increased control and traceability regarding business-critical documentation. FormPipe life science is an integrated product for documentation, case and register administration for the life science industry's unique requirements. The life science industry is internationally uniform and FormPipe Software assesses market potential as considerable.

IMPACT AND DRIVING FORCES

Important parameters impacting the development of the ECM market:

- The volume of information received and processed by organizations and companies is growing at an explosive rate in pace with the development of new digital channels and information technologies. Products that create order in the information flow generate major efficiency and productivity gains. They also reduce the risk of important information and cases being incorrectly processed (or not processed at all).
- Paper-based processes are based on an established structure which is time-consuming. New, more efficient digital structures will be required in the future for all information which is submitted to be processed by government agencies, authorities, organizations and companies.
- Digitalization of operations specific processes and content is constantly increasing.
- The ECM market is currently a fragmented market. There are a large number of different players with various partial solutions. Standards are required in order to compile these various parts into a functioning whole.
- Cooperation forms between and within organizations drive the need for support systems for efficient cooperation.
- Regulatory requirements within various industries drive risk management and the necessity of increased controls.

15

County administrative boards

92

Government agencies

89

Municipalities

3

Life Science companies

Main reason for introducing ECM

Costs/Effectiveness	57%
Regulations/Risk	26%
Other reasons	14%

Source: AIIM 2011-organizations with 500-5000 employees

»The ability to collect, present and refine information has an increasing impact on efficiency and profitability. We anticipate that the demand for ECM products will continue to rise and it will be a strategically prioritized investment area.«

HANS WERNER,
RADAR GROUP INTERNATIONAL

INTELLIGENT PRODUCTS FOR DEMANDING CLIENTS

FormPipe Software is intended for clients who demand the highest quality in their ECM investments. Prioritized target groups are the Swedish public sector and the life science industry.

INFORMATION PROCESSING HAS become one of the highest priority IT areas in the public sector. Leading analyst firms believe that ECM products will remain a prioritized investment area over the next few years in order to enable more efficient administration.

For clients within the public sector and the life science industry, there is no room for compromise in product quality. FormPipe software is of the highest quality and offers a long-term solution to client problems with a complete ECM product portfolio.

PUBLIC SECTOR LEADER

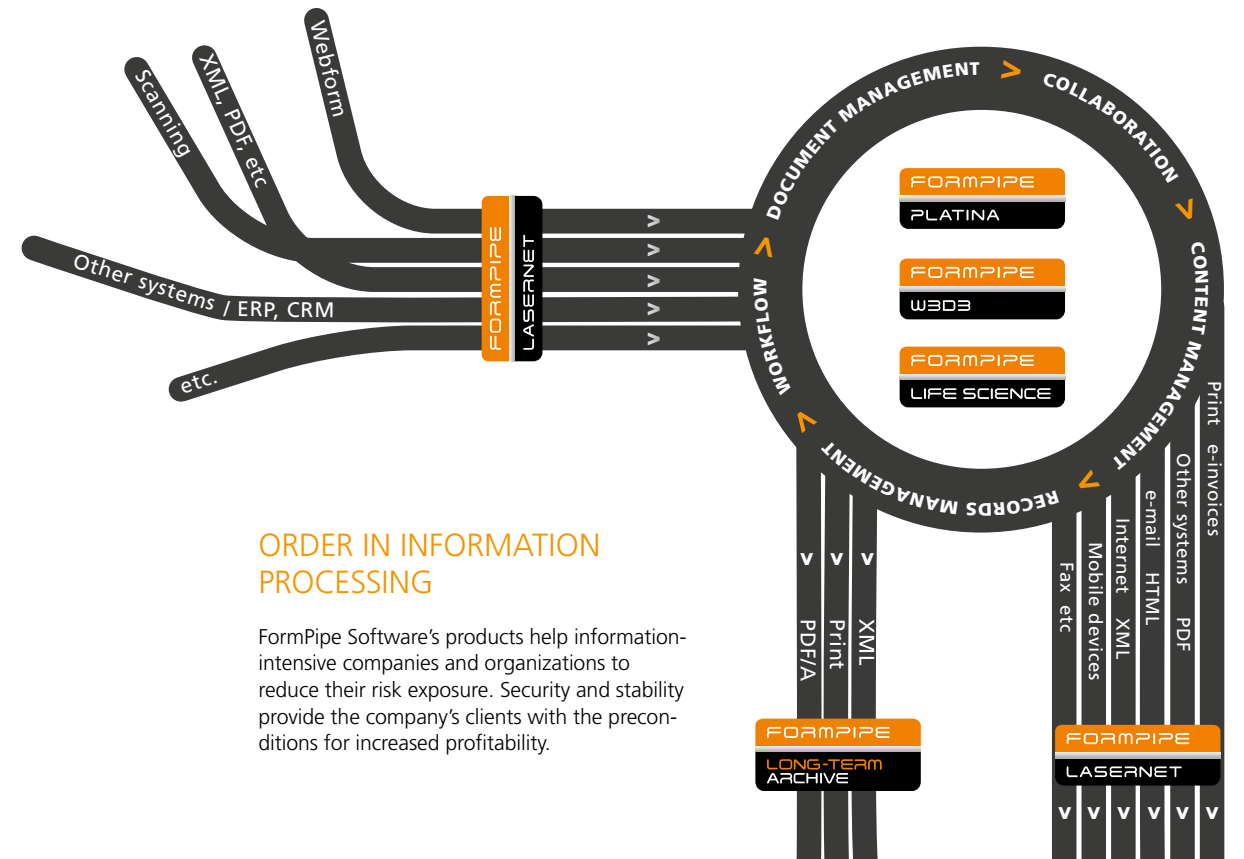
In a hot, expanding market, FormPipe Software has taken the lead and several of the company's products are industry leaders. The company's vision is to become synonymous with ECM in markets where FormPipe Software is active, and to become the industry norm – be the benchmark. This is coming increasingly closer to reality.

FormPipe Software's client list is growing and includes

an increasing number of Swedish public organizations and governmental bodies. The company supplies 89 of the country's municipalities, 15 county administrative boards and 92 government agencies. The complexity of processing the enormous amounts of information necessary in order to make administration more efficient and to provide citizens with better social services, requires powerful ECM products. FormPipe Software works continuously to extend its product offerings to the public sector in order to meet this increased demand.

GROWTH WITHIN LIFE SCIENCE

Like the public sector, the life science industry imposes high-level system requirements for regulatory document processing and quality assurance. This particularly concerns document and process management. FormPipe Software's product is validated in accordance with FDA (U.S. Food and Drug Administration) requirements for good manufacturing practices (GMP). FormPipe Software



ORDER IN INFORMATION PROCESSING

FormPipe Software's products help information-intensive companies and organizations to reduce their risk exposure. Security and stability provide the company's clients with the preconditions for increased profitability.

is in a unique market position with high functionality for both regulatory document handling and complete processes for quality assurance. The market for life science is based on the same logic throughout the world and FormPipe Software plans to grow first in the Nordic countries and then globally. FormPipe Software works continuously with contracting partners on new markets in order to increase delivery and sales capacity. At year-end 2011, FormPipe Software established a separate sales organization for life science in order to increase focus on this segment.

With entry into the life science industry, FormPipe Software faces an exciting period of potential growth and increased profitability. Major development costs have already been absorbed and the global life science market offers substantial growth opportunities. FormPipe Software's product, FormPipe LifeScience, offers high functionality in the interaction between regulatory document processing and quality assurance processes. FormPipe LifeScience is an industry-specific solution with readily applicable functionality for quality control processes within the life science industry, built on the latest technology on a modular basis so that client adjustments to the product can be carried out efficiently.

DEVELOPMENT JOINTLY WITH CLIENTS

In order to develop and deliver the intelligent products the clients demand, FormPipe Software works with product development in close cooperation with both end users and partners. The company's product specialists work closely with the sales team in the field.

PRODUCTS & 5 CASES

FORMPIPE PLATINA

FormPipe Platina is a modern web-based, cohesive ECM product for the quality assurance management of documents, processes and registers. Typical users of this product include government agencies, county administrative boards and municipalities who require high levels of traceability and consider documentation routines to be of major importance.

FORMPIPE W3D3

FormPipe W3D3 is a powerful web-based ECM product for information management and e-services. This product has an extensive client base within the public sector where FormPipe W3D3 creates orders for documents, cases and their management.

FORMPIPE LASERNET

FormPipe LaserNet is currently used by more than 2,000 companies over the entire world in order to enhance the efficiency of the administration of business documents, both sent and received. FormPipe LaserNet decreases client administration costs by applying automatic processes and distributing organizations' business documentation electronically. FormPipe LaserNet is often sold as a supplementary module to various ERP systems such as SAP, Microsoft Dynamics etc.

FORMPIPE LIFE SCIENCE

FormPipe LifeScience complies with statutory requirements and is the market's most modern software which, powerfully and with flexibility, manages documents and processes for regulatory quality management. FormPipe LifeScience is module based and the client is offered the functionality levels required. FormPipe LifeScience includes complete processes for, for example, documentation control, SOP management, deviation management, CAPA and training.

FORMPIPE LONG-TERM ARCHIVE

FormPipe Long-Term Archive is a system for preservation that has been developed in close dialogue with the National Archives of Sweden. Regardless of operating system, or requirements and structure of material to be stored, FormPipe Long-Term Archive can do the necessary administration for preservation.

FORMPIPE ONDEMAND

FormPipe Ondemand is a service offering based on the functionality of FormPipe Software's leading products. In FormPipe Ondemand, FormPipe Software handles upgrading, operations and maintenance. The client can focus on its core operations and utilize all accessible functionality from the market's leading software for documentation and case management.



CASE: LINKÖPING MUNICIPALITY

Linköping is Sweden's fifth largest municipality with approximately 145 000 citizens. FormPipe W3D3 is, today, the central point in the municipality's case management system and also functions together with a number of e-services which have automatic case flows. This leads to positive operational effects.

MORE EFFICIENT CASE MANAGEMENT AND IMPROVED SERVICE WITH FORMPIPE W3D3

WHEN LINKÖPING MUNICIPALITY needed a new case management system, officials began to study the market to identify possible products. The system had to be able to implement all-inclusive case management in which documents and cases could be linked to provide a uniform structure in the administration.

"We wanted our system to include support for administrators and investigators. We wanted to be able to easily find information, administer cases and, in a simple manner, comply with statutory requirements regarding the processing of public information," states Lars-Åke Ekström, Administrative Director of Linköping Municipality. "This releases time so our administrators can undertake more qualified duties."

"We also want the new system to assume a central position in the work of improving our contact with citizens. Increasing our insights and improving search opportunities after cases are registered was a priority. What we were after was efficiency enhancement of our work and better service for our citizens," states Lars-Åke.

COMPLETE FUNCTIONS AND GOOD REFERENCES

"A thorough analysis of products in the market was undertaken, and during the evaluation we also contacted Västerås and Örebro who had already chosen FormPipe W3D3. In the end we chose to go forward with FormPipe W3D3 and it was the functionality of their solution which was decisive. Competing systems could not compare with FormPipe W3D3; in addition the product has many users amongst other municipalities in Sweden," notes Lars-Åke Ekström.

ALL CASES IN ONE PLACE

Today, almost 12,000 cases per year are registered in FormPipe W3D3 and the municipality is working actively to in-

clude a larger number of administrators from a number of different committees as users.

"Coordinated work across committee boundaries ensures that everyone has a better overview," states Mariella Andersson, Project Manager at Linköping Municipality.

One important gain for Linköping Municipality is also the streamlined process for the preparation and production of documentation underlying the decisions elected officials are to take. Currently, all committee procedures are processed through FormPipe W3D3 for a number of the municipality's committees and several more will soon be joining the system.

E-SERVICES PRODUCTS AND PLATFORM FOR PROCESSING

Making file processes automatic also means that a resident of Linköping can, for example, log on with their e-ID and submit a citizen proposal to the municipality. This is automatically recorded in FormPipe W3D3 and a case is prepared for further processing.

THE FUTURE

Linköping continues with the successive roll out of municipality-wide case management in all municipal operations and the intention is to successively integrate FormPipe W3D3 into other municipal IT systems.

"I see W3D3 as a window into municipal operations, through which the majority of the activities taking place in the municipality can be examined," concludes Lars-Åke.

GAINS FOR LINKÖPING MUNICIPALITY FROM FORMPIPE W3D3

- Increased contact with citizens and improved citizen service.
- Simpler and more efficient administration and elected officials gain easy access to documentation.



FORMPIPE PLATINA AT COUNTY ADMINISTRATIVE BOARDS

Sweden is divided into 21 county administrative boards. A county administrative board is a regional governmental, coordinating authority with responsibility for permits and supervision within a large number of areas. Every day, thousands of cases are submitted to county administrative boards pertaining to everything from animal protection, camera surveillance and building permits to nature reserves.

TODAY, ALL SECTIONS within the county administrative boards have installed FormPipe Platina as their administration platform and as the basis of entirely, or partially, automatic e-services. A total of 600,000 cases are administered in FormPipe Platina each year.

Administrative coordination and creation of a platform for e-administration was prioritized at an early stage by the county administrative boards, who initiated a joint IT unit in 2009. At that time, the Government tasked the county administrative boards with increasing the degree of service offered to citizens and companies, and enhancing the efficiency of their administrative functions.

CHALLENGE

"We needed to become more accessible to citizens, companies and organizations and we could see that applications via e-services would ensure that information would be of a higher quality, that the administration would be quicker and that our clients would receive decisions more rapidly," states Ewa Larsson, Administrative Manager at the Joint County Administrative Board IT Unit. "We also noted a lack of uniformity in the processing of cases which could create the risk of insufficient legal security. More efficient processes mean that we can use our skills to address the correct areas."

SOLUTION – FROM A TO Z

"The goal was that all administrators should execute the entire work process within a given case via new electronic processes. From case registration to decision – from A to Z," notes Ewa Larsson. "FormPipe Platina was selected for our joint internal administrative support."

»More efficient processes mean that we can use our skills to address the correct areas.«

EWA LARSSON, JOINT COUNTY ADMINISTRATIVE BOARD IT UNIT

STANDARDISE AND RECAPTURE FUNCTIONALITY

"From the start, the focus was on standardizing, structuring and regaining the functionality we had built up. One means of doing this was to develop joint functions in Platina, work which we can really benefit from later when we continue to develop services," states Anna-Karin Daremo, Team Leader for e-administration at the Joint County Administrative Board IT Unit.

E-services for foundations and security companies were launched in 2008 and the thorough work undertaken at the time is now providing the basis for current operations with, among other things, e-services. Each e-service has a public section, where the users register their details via the Internet, and an internal section connected to FormPipe Platina.

EFFECTS AND SAVINGS

"A total of 80 percent of all cases from security companies are now registered via the e-service. Of these, there are approximately 12,000 application cases per year and these are now entirely automated," says Ewa Larsson.

A further effect is that the number of queries and telephone conversations to administrators has decreased.

"With continued development, it is assessed that it should be possible to achieve a 60 percent saving on the investment in the internal system and a 30 percent saving on the public system," notes Mats Lilienberg, IT Director at the Joint County Administrative Board IT Unit.

CLIENT BENEFITS

For the county's citizens and companies, e-services are about lower costs, increased accessibility and support and time saving in application processes, as well as quicker decision-making.

Another important effect is that county administrative boards respond in a uniform manner with updated information, which is the same for all of the boards. Uniform administration results in legal security of administration. Via web-based registers, cases are published on the Internet, which provides increased accessibility for the public and for journalists.

FORMPIPE PLATINA AS A JOINT PLATFORM

Today, case management is collected in FormPipe Platina in a common system for all county administrative boards. Here, all cases are registered, not just those submitted via e-services. The system contains a large number of functions such as document processing to link documents to

cases, opportunities to utilize various uniform documentation forms, monitoring functions, functions for information exchange between government agencies and the facility to create work flows.

INTEGRATION WITH E-SERVICES, PAYMENT SERVICES, OTHER AGENCIES AND SYSTEMS.

FormPipe Platina is integrated with e-services and other systems. There are external links with the Swedish Tax Agency national register, the Swedish National Board of Housing, Building and Planning System Bofinc (grant system) and the Swedish Board of Agriculture register for animal protection. Internally there are links with, for example, the county administrative board finance system, an automated process in which invoice documentation is exported and registered in Agresso, the financial system.

FUTURE

The next step is to develop, on the basis of FormPipe Platina, issues regarding the production of new e-services, operationally adapted administration support, digital files, interactive documentation forms, e-archiving and uniform processes. This work was begun in 2011 and is now in full swing.

TIPS FROM EWA LARSSON AND ANNA-KARIN DAREMO CONCERNING IMPLEMENTATION OF E-SERVICES AND ADMINISTRATION PLATFORMS IN LARGER ORGANIZATIONS

- Create a broadly-based project group.
- Work actively with training in the system.
- Inform the organization on an on-going basis.
- Standardize, structure and regain functionality as much as possible.
- When specifications for new support in the administration platform are received, enter as much as possible into an inventory for joint functionality.
- Do not contract out all implementation to one service supplier.

FORMPIPE PLATINA – GAINS FOR COUNTY ADMINISTRATIVE BOARDS

- 80 percent of cases from security companies are currently received via e-services.
- Reduced number of queries and telephone conversations to administrators from citizens and companies.
- 60 percent saving in the internal system and 30 percent saving in the public sections.

ENHANCED EFFICIENCY WITH FORMPIPE LIFE SCIENCE

Kemwell manufactures pharmaceuticals on contract for global distribution. The company supplies five of the world's ten largest pharmaceutical companies, including GlaxoSmithKline, Johnson & Johnson, Novartis and Pfizer. The group has more than 1,000 employees and seven production plants of which five are located in India and two in Sweden (Uppsala). Kemwell is an approved pharmaceutical manufacturer for countries all over the world, including the American, European, Japanese and Indian markets. Kemwell began using FormPipe LifeScience in order to improve its documentation and case management.

WITHIN THE PHARMACEUTICAL industry, a large number of written instructions are used describing work stages and processes to be executed in a uniform manner. These are produced in order to manage, monitor and control the quality of production. There are examples of processes for dealing with deviations in order to ensure that preventive measures are implemented to prevent their repetition. Kemwell previously used a number of entirely separate systems for quality control; these were both IT-based and manual, paper-based systems.

The handling of processes takes a long time and the cGMP (Current Good Manufacturing Practice) framework imposes increasingly complex demands on production. In order to improve process efficiency, Kemwell determined to automate documentation management and work processes. Kemwell looked for an IT system which could handle documents and work flows and which could be used easily by everyone in the organization. Furthermore, the company required the system to follow the cGMP framework with a demand, amongst other necessities, for electronic signatures. Another requirement was the provision of support to other, future processes, for example event reporting, suppliers' contracts, help desk functions and project documentation.

"We saw that we could enhance the efficiency of the paper-based administration by making it electronic. This may, for example, mean rapid access to documentation for equipment and processes, or improvement work through being able to quickly identify deviations in a certain machine, or the production of key ratios for our quality processes," notes Katarina Holmström, Senior Quality Professional at Kemwell.

SPECIALIST COMPETENCIES

Many work process stages require specialist competencies which need to be documented. This may refer to instructions for everything from how to clean a certain machine to all of the aspects that are to be checked prior to a product leaving the factory. Instructions must be kept updated and, in order to compare details, the personnel concerned must have either read the instructions, or have received the relevant training including the instructions. This is something which has traditionally taken a lot of time from operations.

SOLUTION

FormPipe LifeScience proved to be a system that met all of Kemwell's requirements and requests. By making quality processes electronic, it is easy to see, for example, who has the authority to do what, and to see that documents and instructions have been read and electronically signed, with full traceability. In 2011, Kemwell worked to complete the final aspects of FormPipe Software's product implementa-



tion, a product specially developed to meet life science requirements.

"All in all, good IT support is provided in that we can quickly and easily produce the details evidencing that we have control of our processes and that our employees have the right training for their duties regardless of whether we, ourselves, our clients or a supervisory authority are requesting the information. Furthermore, access, maintenance and administration of management documents are carried out more rapidly," states Katarina.

GAINS FOR KEMWELL

- More efficient and improved processes and documentation management.
- Electronic quality processes mean that it is possible to rapidly ascertain who has the right to do what and that a document has been read and electronically signed.
- Simplifies prioritization and shorter throughput times thanks to improved overview of the case.
- Administration of management documentation speeded up.



FORMPIPE LASERNET SUPPORTS SEELAND'S EXISTING BUSINESS SYSTEMS AND IMPROVES CLIENT SERVICE

Seeland is Northern Europe's major manufacturer of hunting clothes and accessories. The company is located in Greve south of Copenhagen and sells its products via a network of agents and distributors in Europe and globally. The design work takes place in Greve and manufacturing is undertaken in, amongst other locations, Latvia and China. Seeland has 60 employees and net sales of approximately MSEK 120.

SEELAND WORKS WITH a business system, MS Dynamics NAV, which handles the majority of the company's requirements for logistics and materials management. However the system had its limitations. This primarily concerned sharing large documents with clients in an efficient manner. After a number of studies Peter Michelsen, who is responsible for ERP at Seeland, found what he was looking for - FormPipe LaserNet.

SMOOTHER COMMUNICATION WITH CLIENTS

"We required assistance with both the output and input section of our documentation administration in communicating with our clients and retailers," states Peter. "We wanted, for example, to be able to send price lists and catalogues to our clients in the format that they, the client, wanted to have, for example, pdf or Excel. We also wanted it to be possible for the client to choose the documents they required. As regards the clients, it has proven entirely problem-free for them to open the documents in the format of their choice with the help of FormPipe LaserNet."

THE RESULT

"We can now, finally, begin to reduce our postage and envelope costs which have been up at around slightly more than SEK 300,000 per year. In addition, there are savings in the time spent handling paper," states Peter. "To date our utilization of LaserNet is still just beginning but I have extensive plans for using FormPipe LaserNet in the future. This is a real all-inclusive tool to improve work order and client services. This has been a very good investment for us," concludes Peter.

GAINS FOR SEELAND WITH FORMPIPE LASERNET

- Extensive savings in time.
- Savings on postage and packaging of SEK 300,000 per year and improved client service.

REDUCED ADMINISTRATION AT THE MUNICIPAL TRAFFIC OFFICE IN GOTHENBURG WITH FORMPIPE PLATINA

The City of Gothenburg Municipal Traffic Office has 120 employees and works with, amongst other things, traffic planning, parking issues and permits, administering many thousands of cases every year.

APPLICATIONS FOR RESIDENT parking permits generated many cases at the Municipal Traffic Office and it was necessary to simplify application administration and to produce, in a simple manner, addresses and statistics.

"This was a question of us requiring various levels of accessibility and improving the efficiency of the administration," states Lena Jungbeck, Unit Manager at the Municipal Traffic Office.

SOLUTION

One unit at the Municipal Traffic Office had already begun working with FormPipe Platina and they realized that it may also be possible to process permit applications in the same manner.

The result? Now it is possible to apply for a resident's parking permit via the Internet, and standard applications are entirely automatic. The client can even print out a temporary parking sticker. The parking permit is, later, printed out centrally and sent to the client.

"When an application is made, the system processes it instantly. This means a resident can apply for a parking permit on a Sunday evening, receive immediate approval and then put the sticker on her windshield the same evening," states Lena Jungbeck.

INTEGRATION WITH OTHER SYSTEMS

When an application is created, FormPipe Platina communicates with other systems to create cohesive, automatic processing of the case. In addition to linking up to the population and vehicle registers for checking, there are a number of links to, for example, the financial system for the transfer of invoicing details. The parking system also communicates with FormPipe Platina so that parking wardens can quickly and easily check the status of the parking permit.

RESULTS

"Lead time for a standard application has been reduced from three weeks to three days," states Lena Jungbeck.

Only one employee is required to administer applications, compared with the four required previously. The time saved can be used for more qualified duties for each

employee. Of the total of 1,300 applications that arrive every month at the Municipal Traffic Office, only a handful are currently on paper. The number of personal visits to the Municipal Traffic Office in conjunction with applications has decreased from 600 to 150 per month.

"We estimate that we will have recouped our costs for introducing these e-services in just a year and a half," concludes Lena.

LOGGING IN VIA E IDENTIFICATION

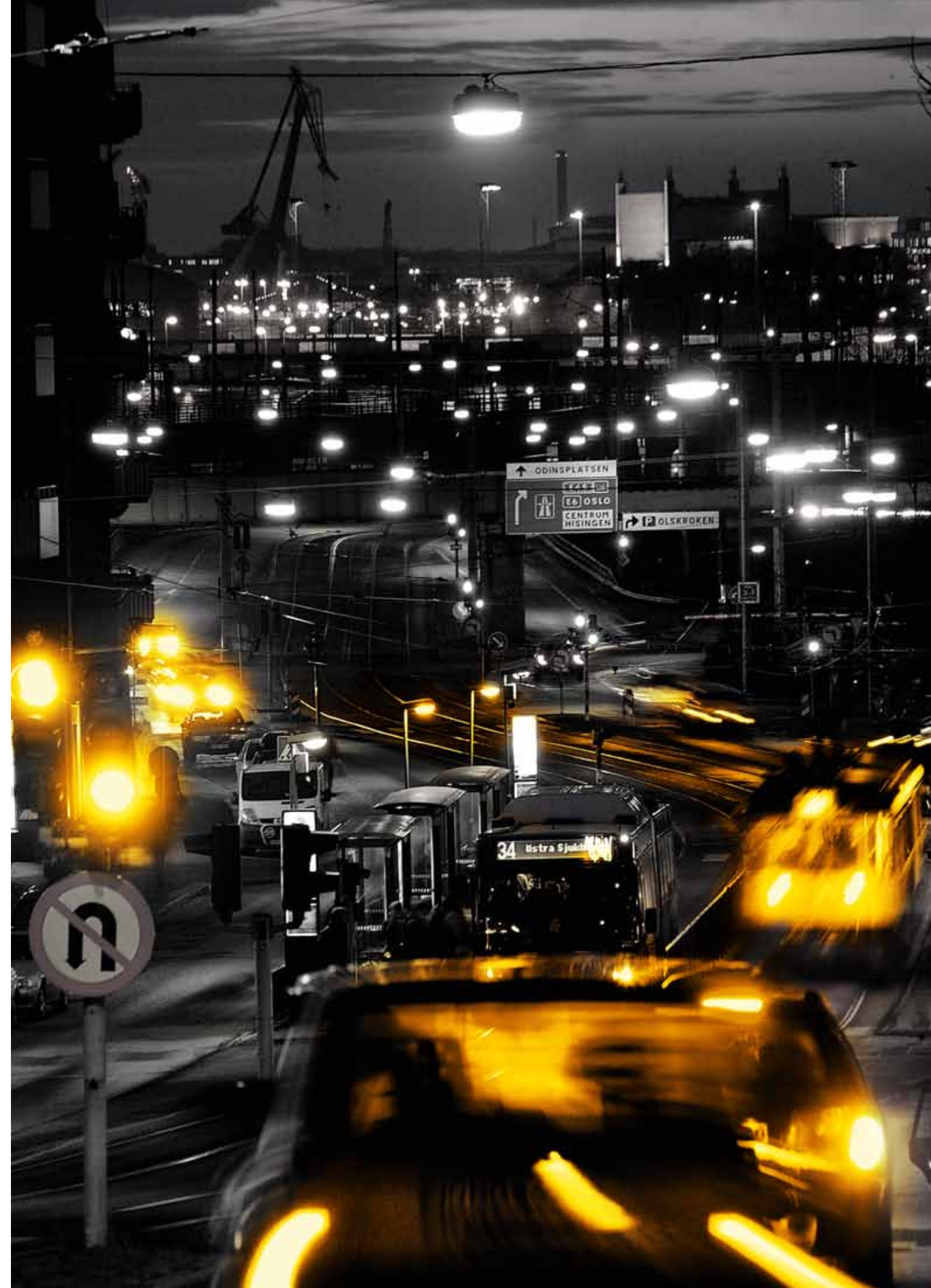
A further development is that citizens can, via their e-identification, do such things as review their permits, change their details, register changes of addresses, register changes in ownership of vehicles, apply for a break in residential parking permit etc. Offering self-service in this manner, frees up further time at the Municipal Traffic Office.

TIPS FOR IMPLEMENTING E-SERVICES FROM MALIN EKSTRAND, IT MANAGER AT THE PERMITS UNIT

- Spend a little extra time on specifying requirements; you win this time back during the development phase.
- Use a local supplier of IT services. This is required in order to be able to take quick decisions and not delay the development process.
- Be prepared for an initial storming of client services when you launch any e-service.
- It is important to work with agility when producing e-services as this is about securing the most clearly-defined and user-friendly applications as possible – both for employees and for the citizens who are to use the service.

GAINS FOR THE MUNICIPAL TRAFFIC OFFICE

- Reduced lead time from three weeks to three days.
- Only one employee required to administer applications compared to the four required previously.
- Number of personal visits to the Swedish Transport Agency in conjunction with applications decreased from 600 to 150 per month.



The Share

FormPipe Software's shares are listed on the NASDAQ OMX Stockholm Small Cap Exchange under the abbreviation FPIP. Market value at year-end amounted to MSEK 187.

SHARE CAPITAL

Share capital amounts to SEK 1,223,265 which corresponds to a total of 12,223,647 shares with a quotient value of SEK 0.10. Every share entails the right to a single vote and every shareholder is entitled to vote their entire shareholding at the Annual General Meeting of Shareholders. All shares entail an equal right to company assets and income.

PRICE TRENDS AND SHARE TURNOVER IN 2011

In 2011, the FormPipe Software share price fell by SEK 16.40 to SEK 15.30 (closing price on the last trading day for the year as of 30 December). The highest price paid for the year was SEK 18.00 noted on 20 March. The lowest price paid was SEK 12.00 noted on 5 August. In 2011, a total of 6.3 million shares were traded with a corresponding value of MSEK 95.

DIVIDEND

The Board of Directors proposes that the Annual General Meeting of Shareholders, held on 27 March 2012, resolve to pay a dividend of SEK 0.60 per share (0.50), which corresponds to a total dividend of MSEK 7.3 (6.3). As a basis

for its proposal for the dividend payment the Board of Directors, in accordance with the Swedish Companies Act, Chapter 17 Section 3, 2-3, has considered parent company and the group needs to strengthen the balance sheet, liquidity and general financial position, including capacity to meet all its obligations.

INCENTIVE PROGRAM

The share warrant plan from 2009 expired during the year whereupon 229,143 new shares were issued to employees. The Annual General Meeting, held on 15 March 2011, resolved upon a new incentive program for employees based on share warrants. The program comprises 350,000 share warrants and runs over two years.

SHAREHOLDERS

The list of shareholders and shareholder structure in FormPipe Software is based on information obtained from Euroclear as of 31 December 2011. The twenty largest shareholders owned a total of 62.3 (61.6) percent of the share capital. In total, FormPipe Software had approximately 1,700 shareholders at that time.

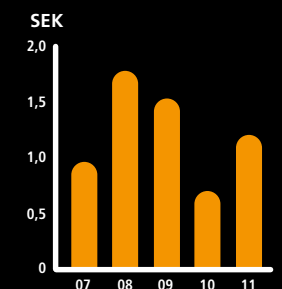
CHANGES TO SHARE CAPITAL

Year	Mo	Transaction	No of shares	Total SEK	Total no of shares	Par value/ share
2004	Oct	Share capital	100,000	100,000	100,000	1.00
2004	Nov	Split 10:1	900,000	–	1,000,000	0.10
2004	Dec	Non-cash issue	4,799,970	479,997	5,799,970	0.10
2005	Dec	New share issue Digital Diary AB	615,000	61,500	6,414,970	0.10
2005	Dec	Offset issue	1,917,909	191,791	8,332,879	0.10
2006	Sep	New share issue ALP Data i Linköping AB	454,545	45,455	8,787,424	0.10
2007	Sep	New share issue EFS Technology A/S	1,011,236	101,124	9,768,660	0.10
2008	Sep	New share issue EBI System AB	1,937,521	193,752	11,736,181	0.10
2010	Mar	New share issue, redemption of warrants	268,323	26,832	12,004,504	0.10
2011	Mar	New share issue, redemption of warrants	229,143	22,914	12,233,647	0.10
Share capital 31 Dec 2011			12,233,647	1,223,365	12,233,647	0.10

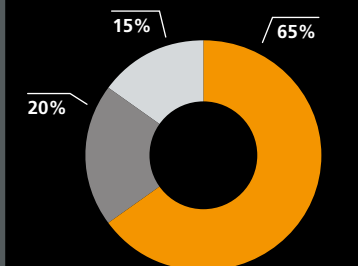
OWNERSHIP STRUCTURE NO. OF SHARES 31 DECEMBER 2011

	No of shares	%
Provider Capital Sweden AB	1,272,637	10.40
Försäkringsbolaget Avanza Pension	902,685	7.38
Nordnet Pensionsförsäkring AB	611,857	5.00
Länsförsäkringar Småbolagsfond	570,007	4.66
Swedbank Robur Småbolagsfond Sverige	494,831	4.04
Jonsson, Christer	428,000	3.50
SIX SIS AG, W8IMY	402,306	3.29
Humle Småbolagsfond	400,000	3.27
Nykredit Bank	382,584	3.13
AB Wallinder & Co	331,658	2.71
Swedbank Luxembourg S.A.	301,901	2.47
AT2004 Holding APS	227,529	1.86
Handelsbanken Nordiska	200,000	1.63
Aspin, Leif	192,212	1.57
Lindeberg, Erik	180,703	1.48
JP Morgan Bank	170,000	1.39
Ajander, Johan	154,618	1.26
Sundin, Christian	147,393	1.20
Swedbank Robur Stella Småbolag	134,912	1.10
Svenska Handelsbanken SA	114,905	0.94
Other	4,612,909	37.71
Total	12,233,647	100.00

EARNINGS PER SHARE

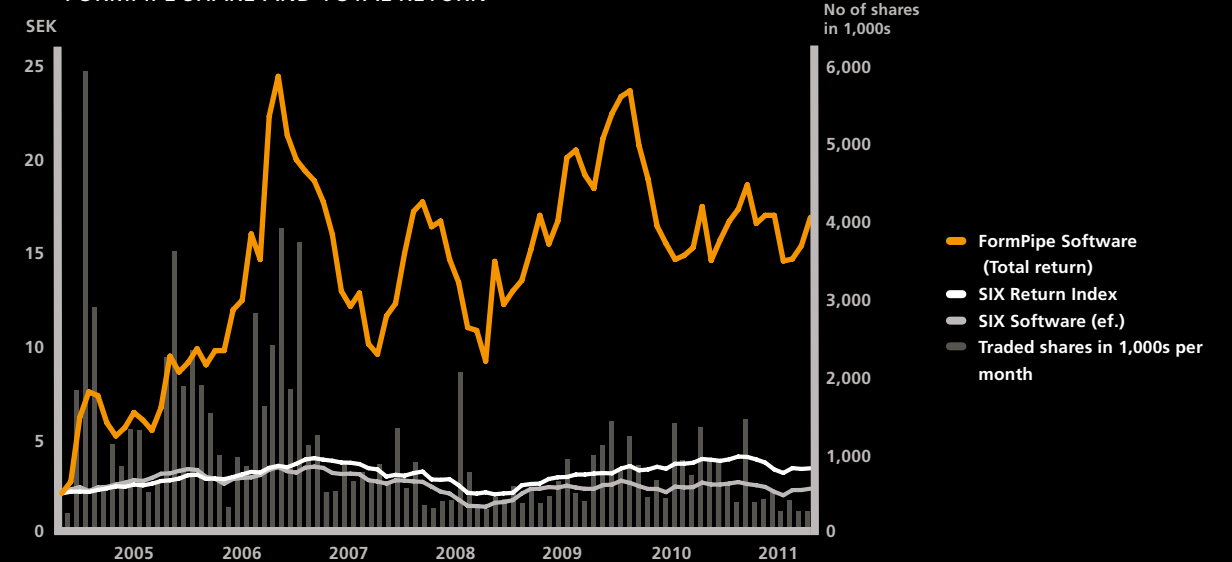


DISTRIBUTION OF SHARE OWNERSHIP



- Proportion of shareholders with > 100,000 shares
- Proportions of shareholders with 10,000 to 99,999 shares
- Proportions of shareholders with < 10,000 shares

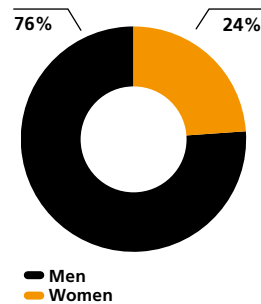
FORMPIPE SHARE AND TOTAL RETURN



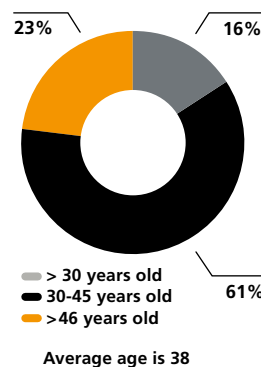
»I believe that we have a shared drive towards the future... everyone is interested in performing and we have a lot of fun at work.«



GENDER BALANCE



AGE DISTRIBUTION



A REFEREE ON THE TEAM

Fredrik Berglund is a member of a new group, Solutions, which has recently been established at FormPipe Software. As a trained IT specialist with a background in both client and sales support, he and the team will facilitate contacts between clients, partners and product developers.

“Solutions is an exciting organization and introduces new thinking within the industry,” says Fredrik, who has worked for almost two years at FormPipe Software. “We work closely with our clients and partners to understand their specific needs and ideas and then further process these and communicate them to our product development teams.”

Solutions group members specialize in various products but, at the same time, they must possess overall product knowledge. Fredrik primarily works as a FormPipe Platina specialist.

“Here I can benefit from my training as an IT technician as regards product knowledge and from my project management competence from previous work as Project Manager at Dell and internal support.”

Fredrik studied to become a systems specialist at Karlstad University and moved to Stockholm after graduation to begin work at Dell. After a number of years, he took a position as a project manager at a smaller IT company providing cloud services and IT operations. He has been employed at FormPipe Software since 2010.

“A friend of mine told me about a position at the department for technical presale support. As I am interested in software development and FormPipe Software has a strong development focus, this job suited me well. Here I have considerable responsibility when we work with clients and produce various tests and special functions.”

As a former ice hockey player, as goalkeeper in the Grums team in Värmland, Fredrik enjoys working in the sporty environment at FormPipe Software.

“I believe we at FormPipe Software have a shared sense of drive towards the future and the majority of employees have a similar background and common interests. They must have succeeded very well with recruitment as the personal chemistry works so well; everyone wants to perform at his or her best and we have a lot of fun at work,” he notes.

Even if his playing days have been put on ice, Fredrik’s interest in the sport remains, now as a referee. He referees league games in the Stockholm region up to Division 2, but in line with his ambitions at work, he wants to go further in this context too.

“I aim to referee elite ice hockey in a few years’ time.”

KEY RATIOS

FIVE YEARS SUMMARY

	2007	2008	2009	2010	2011
Sales					
Net sales, MSEK	64.8	100.0	127.6	112.0	112.5
System revenues, MSEK	43.1	71.6	102.1	96.7	105.3
Support and maintenance revenues, MSEK	21.5	33.7	47.6	52.5	56.5
License revenues, MSEK	21.5	38.0	54.6	44.2	48.8
Consulting and other revenues, MSEK	21.8	28.4	25.5	15.4	7.2
Recurring revenues, MSEK	27.2	38.6	52.7	57.6	63.6
Growth and growth distribution					
Growth in net sales, %	-99.8	54.2	27.6	-12.2	0.4
Growth in system revenues, %	-99.9	66.3	42.6	-5.3	9.0
System revenues share of net sales, %	66.4	71.6	80.0	86.3	93.6
Recurring revenues share of net sales, %	42.0	38.6	41.3	51.4	56.5
Margins					
Operating margin before depreciation and amortization (EBITDA), %	24.5	32.1	27.5	17.8	27.0
Operating margin (EBIT), %	20.8	26.1	20.8	9.7	18.0
Profit margin, %	13.9	18.9	14.1	7.7	13.1
Return on capital, %					
Return on operating capital, %	28.0	29.1	23.8	9.7	17.4
Return on capital employed, %	20.4	26.0	22.2	9.8	16.3
Return on shareholder equity, %	22.0	23.9	15.8	7.2	11.8
Return on total equity, %	13.4	15.3	13.7	6.2	10.5
Capital structure					
Operating capital, MSEK	80.2	113.0	109.8	114.0	117.6
Capital employed, MSEK	93.9	123.3	121.7	118.4	130.4
Shareholders' equity, MSEK	51.2	107.0	121.7	118.4	130.4
Interest-bearing net debt(+)/cash(-), MSEK	15.1	6.0	-11.8	-4.4	-12.8
Equity ratio, %	37.0	51.7	63.7	63.7	64.9
Cash flow and liquidity					
Cash flow from operating activities, MSEK	13.5	21.4	27.1	8.9	25.4
Cash flow from investment activities, MSEK	-27.6	-6.5	-9.6	-13.0	-14.2
Cash flow from financing activities, MSEK	16.9	-18.7	-15.7	-2.9	-2.8
Cash flow for the year, MSEK	2.8	-3.9	1.7	-7.0	8.4
Free cash flow, MSEK	9.2	18.7	7.8	5.4	11.1
Liquid assets, MSEK	13.7	10.3	11.8	4.4	12.8
Employees					
No. of employees, year average	55	63	79	77	69
No. of employees, year end	62	78	79	74	72
Share data					
No. of shares at year-end, thousands	9,769	11,736	11,736	12,005	12,234
Average shares outstanding before dilution, thousands	9,125	10,445	11,736	11,937	12,176
Average shares outstanding after dilution, thousands	9,636	10,722	11,766	12,052	12,183
Earnings per share outstanding, SEK	0.92	1.61	1.54	0.72	1.20
Earnings per average shares outstanding before dilution, SEK	0.99	1.81	1.54	0.72	1.21
Earnings per average shares outstanding after dilution, SEK	0.97	1.79	1.53	0.71	1.21
Equity per share outstanding, SEK	5.22	9.12	10.37	9.92	10.66

NAME: Fredrik Berglund
 AGE: 34
 PROFESSION: Product specialist
 LIVES: Hässelby, Stockholm
 FAMILY: Partner, who is also from Värmland
 INTEREST: Sport, especially ice hockey



THE BOARD

STAFFAN TORSTENSSON
Member of the Board
Born 1972
Appointed 2005
Shareholding 20,000

Other Board assignments
Board member of Selena Oil & Gas Holding AB and Tuida Holding AB.

HANS MÖLLER
Chairman of the Board
Born 1955
Appointed 2009
Shareholding by related legal entity 1,272,637

Other Board assignments
Chairman of the Board of Provider Capital Sweden AB. Board member of Pilum AB (publ).

LENNART PIHL
Member of the Board
Born 1950
Appointed 2007
Shareholding –

Other Board assignments
Chairman of the Board of MultiQ International AB (publ). Deputy Chairman of the Board of Readsoft AB (publ) and Heatex AB. Board member of Duroc AB (publ), Green Cargo AB and Kinnarps AB.

JON PETERSSON
Member of the Board
Born 1965
Appointed 2007
Shareholding –

Other Board assignments
Board member of Swedol AB (publ), Invex AB, Rubber Company AB and Strexe AB.

BO NORDLANDER
Member of the Board
Born 1956
Appointed 2009
Shareholding by related legal entity 1,272,637

Other Board assignments
Chairman of the Board of Qtema AB.

THE MANAGEMENT

DANIEL ROSENFORS
Head of Marketing
(from 1 Jan 2012)

Born 1979
Employed 2010
Shareholding 4,886
Warrants 22,561

LINA ELO
Director of Organizational and Process Development

Born 1974
Employed 2004
Shareholding 5,000
Warrants 48,622

ERIK LINDBERG
Vice President
Sales & Marketing

Born 1970
Employed 2007
Shareholding 180,703
Warrants 85,285

RASMUS STABERG
CTO

Born 1970
Employed 2008
Shareholding 50,000
Warrants 28,020

CHRISTIAN SUNDIN
CEO

Born 1971
Employed 2006
Shareholding 147,393
Warrants 85,285

JOAKIM ALFREDSON
CFO

Born 1975
Employed 2007
Shareholding 105,853
Warrants 85,284

MANAGEMENT REPORT

The Board of Directors and the CEO of FormPipe Software AB (publ) Corporate Identity Number 556668-6605, hereby present the Management Report for the financial year 2011.

This annual report (English version) is translated from its original. In case of translation ambiguity the content in the official Swedish annual report shall prevail.

FormPipe Software offers the following products:



FORMPIPE W3D3: A leading ECM product with secure and standardized functionality within, but not limited to, structured document and case management.



FORMPIPE PLATINA: A powerful and flexible ECM product with strong process functionality for, among other things, document, task and register management.



FORMPIPE LIFE SCIENCE: The most modern software on the market for regulatory quality assurance. FormPipe life science has built-in functionality for SOP management, deviation management, CAPA and training.



FORMPIPE LONG-TERM ARCHIVE: A system for preservation of digital information in the longer term. The system has been developed in close cooperation with the National Archives of Sweden and is based on the OAS model.



FORMPIPE LASERNET: An ECM product that organizes, converts and distributes data to and from different sources, applications and systems.

GROUP STRUCTURE

FormPipe Software AB (publ) is the Parent Company in a group with four subsidiaries, FormPipe Software Uppsala AB, FormPipe Software Linköping AB, FormPipe Software Skellefteå AB and FormPipe Software A/S. FormPipe Software AB (publ) is listed on the NASDAQ OMX Stockholm.

ABOUT FORMPIPE SOFTWARE

FormPipe Software is a software company within ECM (Enterprise Content Management). The company develops and delivers ECM products for the structuring of information in larger companies, government agencies and organizations. FormPipe Software's software helps organizations to collect, process, store and place information into a context. Decreased costs, minimized risk exposure and structured information are thus generated.

Business model

FormPipe Software's business model is based on long-term license and maintenance agreements. The license is paid for by the client when the agreement is signed and the maintenance agreement provides the client with rights to upgrades and software support and is paid annually in advance. A small, but growing, portion of FormPipe Software's revenues come from the sale of OnDemand services where the client pays a monthly fee covering both the license rights and the maintenance agreement. In the long-term this revenue model provides an increased share of annual, recurring revenues, however in the short-term it represents a reduction in one-off payments from license agreements. The company assesses that the demand for OnDemand services will gradually increase.

FormPipe Software is a software company using certified partners to sell and implement company products. FormPipe Software's broad partner network reaches clients which the company could otherwise not reach. In the long-term, this model is expected to result in increased sales

and increased profitable leverage of the company's business model.

The major portion of FormPipe Software's clients is located within the Swedish public sector, a sector which has progressed significantly in its utilization of ECM products. In 2010 and 2011, the company invested major resources in designing offerings to the life science sector, a sector which is reminiscent of the public sector in that it is strictly regulated by a central body. For life science players, the American regulations from the FDA (U.S. Food and Drug Administration) represent the governing force. These regulations are complied with globally; consequently, the sector forms an appropriate take-off point out into the international market. At the end of 2011, the company completed its life science industry offering and it can now be launched on the market. The company sees a very large, future potential here.

FINANCIAL YEAR 2011

The outcome for financial year 2011 has been characterized by primarily two factors: the framework agreement situation in the Swedish public sector that has negatively impacted the company's sales for the majority of the year and the rapid pace of development which the company has maintained in order to produce new products. Both have negatively impacted the company's cash flow. In spite of these factors, the company reports doubled operating income and a strong cash flow to support the proposed dividend increase of 20 percent.

On 31 March 2011, the framework agreement "Software and Services 2007" came to an end. The agreement which took its place, "License Provisioning 2010" was made public on 8 April 2011 but this decision was appealed and the agreement, consequently, did not come into effect. Not until 15 July 2011 was the agreement completed and applicable in the Swedish public sector. The

new framework agreement is based on a more complicated procurement procedure than previous framework agreements. With each procurement, a new tender round is to be carried out. Uncertainty as to how this was to be solved in practice meant that no procurements took place in 2011 in spite of the agreement being in effect from 15 July. This has impacted FormPipe Software's new sales negatively and the business that has been completed has either been won on the basis of traditional procurement procedures or has come from additional sales to the existing client base.

FormPipe Software's pace of development has never been higher than in 2011. In addition to the usual development of existing products, a number of new product offerings have been produced and a large amount of resources have been invested in bringing these products to market. This has brought the use of external development resources; at its peak 39 full-time positions with our off-shore partner in Ukraine for the development of FormPipe Software products. This rapid pace of development has resulted in higher than usual development costs for the company, which is reflected in the income statement in the form of increases in the items work performed by the company for its own use and capitalized and in other external costs, and in the balance sheet through an increase in intangible assets, as well as in the cash flow analysis through increased investments.

One very positive trend is that existing and potential clients are discovering what FormPipe Software products can be used for, and are consequently helping to expand company offerings, which creates a new, potential market. FormPipe Software always evaluates proposals and suggestions but chooses to develop only the offerings that are considered to have strong market potential. 2011 was a very active year in this area and a selection of the offerings and products developed include:

FormPipe LifeScience:

- Developed in close cooperation with industry players with the aim of helping life science companies to comply with FDA 21 CFR 11 and to improve their quality activities. FormPipe LifeScience provides support to business-critical processes such as document control, SOP management, deviation management, CAPA and training.
- FormPipe Software has undergone extensive internal development to live up to FDA requirements and guidelines in order to become an approved supplier to this industry.
- After intensive development, the offering was ready to be marketed to new clients at the end of 2011.

FormPipe Long-Term Archive:

- As more and more important information is moved from paper to digital form, external directives and legislation regula-

ting how this information should be stored have become more archiving. In order to comply with requirements on long-term archiving, it is no longer sufficient to save data in a storage space, it is also required that information recovery be guaranteed and that the information can be compiled in a relevant context. With all of the different data formats and with the speed that hardware and software become outdated, this is a major challenge. FormPipe Long-Term Archive has been developed to support this, and at the same time comply with prevailing legislation and guidelines.

- In order to meet client needs, development activities have been intensified in 2011 and by year-end the first clients were very close to starting up system operations.

FormPipe One2One:

- FormPipe One2One is an ECM solution that is based on FormPipe LaserNet, aimed at streamlining and simplifying template processing when creating dynamic documents. FormPipe One2One is primarily targeted at clients within the banking, finance and insurance industries that require individually adjusted communication to their large client bases, but at the same time cannot compromise quality and flexibility. FormPipe One2One is a secure platform that enables the clients to create and maintain their most important documents in a cost-effective manner, and at the same time rest assured that they are complying with relevant legislation and regulations, and the regular amendments to these, that is a characteristic of these industries.

- The development of FormPipe One2One was intensified from the first quarter 2011 and has already, by year-end, been sold to three clients.

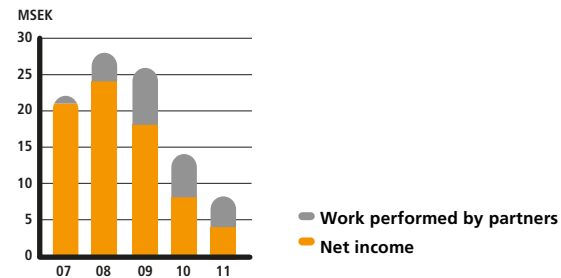
FormPipe Meetings:

- Due to demand from clients, FormPipe Software has developed applications for paperless meeting management with touch screens such as iPads.
- FormPipe Meetings is an app for digital and automatic management of meeting notifications, documentation and minutes to touch screens. FormPipe Meetings is fully integrated with FormPipe W3D3 and FormPipe Platina.
- Demand for this type of solution has grown significantly lately and, through FormPipe Software's close relationships with end consumers, the company has been able to rapidly identify client needs and, equally rapidly, bring the desired product to market.

In addition to above-mentioned factors it should also be mentioned that FormPipe Software's transition to a pure product company may now be considered as complete. Revenues from

consulting or similar activities were, for the full year, 6 (14) percent of net sales. This transition has had an impact on the company for several years and net sales figures have been lower than in the comparison period due to the phasing out of consultancy revenues. From Q3 2011, the company considers that there can be a fair business comparison with the previous year. 2011 was the first year without any revenues from consulting activities. Some time-dependent revenues will always be left in the form of chargeable partner support at critical points.

Net income attributable to consulting services



PROSPECTS FOR 2012

Expectations for 2011 were high after a turbulent 2010 that included a general election, re-negotiation of framework agreements and tight budgets within the public sector in Sweden. Many of these uncertainties had disappeared by the beginning of 2011. However they were soon replaced by other uncertainties on the market, in the shape of another delayed framework agreement procurement process which impacted FormPipe Software for much of the year.

At the beginning of 2012, prospects look brighter. The framework agreements that regulate the Swedish public sector are now in place and are applicable until the second half of 2015. The conditions have, consequently, been established for the foreseeable future. However, even if the conditions are now known, the new framework agreements imply that the suborder procedure has become more complicated than before, as every suborder is carried out as a limited procurement, which is in accordance with prevailing EU directives. The company is not of the opinion that this will affect market demand in the long-term but that it will affect it in the short-term, due to suborder procedural delays leading to a slower transaction speed.

In addition to the improved prospects in FormPipe Software's main market (the Swedish public sector) the company also has high expectations for its new products/offerings developed in 2011, which will be launched onto the market from 2012.

THE MARKET

ECM will remain, according to the Radar Group, a highly prioritized investment area for companies and organizations in 2012. The market is attractive even if the growth rates are declining as an effect of the general trend in the IT sector. Increasing regulatory requirements and efficient information processing as a source of competitive advantage are important drivers of the market and these tend to be continuously strengthened as the amount of information increases.

The Swedish ECM market will, according to the Radar Group, amount to approximately SEK 1.35 billion in 2012, which is the same scale as in previous years. All signs indicate that ECM

will continue to be a prioritized investment area even beyond 2012.

The Swedish public sector, which is FormPipe Software's main market, has, according to the company's assessment, progressed well in its usage of ECM products in order to comply with regulatory requirements and enhance business efficiency. Both the company and external analysts are of the opinion that that future needs for more efficient administration will lead the Swedish public sector to further exploit the potential in their IT systems.

Within the private sector, the company's work is focused on becoming a leading supplier within the life science industry, which is similar to the public sector in that it operates under strict regulatory requirements. The market for the life science industry is strictly regulated by the framework from FDA (U.S. Food and Drug Administration) which is applicable globally. This makes the market segment independent of national borders, which opens up an export market that vastly exceeds the company's current primary markets.

SIGNIFICANT EVENTS DURING THE YEAR

New framework agreement from the Legal, Financial and Administrative Services Agency – "License Provisioning 2010"

The new framework agreement "License Provisioning 2010" which replaced "Software and Services 2007" that expired on 31 March 2011, was made public on 8 April 2011. However, the agreement was appealed. After the appeal was rejected, the agreement finally entered into force on 15 July 2011. This decision means that the Swedish public sector, through this framework agreement, can purchase FormPipe Software's products, according to the traditional license model. FormPipe Software's products are used by five of the seven chosen suppliers in the new framework agreement.

The largest order in the history of FormPipe Software

FormPipe Software received, in Q4, the largest order in the company's history. The order was a supplementary order from the Swedish Tax Agency, which had already purchased major installations from FormPipe Platina. The order value of this single order was approximately MSEK 12.

Other important orders

During the year, FormPipe Software has received a large number of license orders, some of which have been of a considerable nature and which have, thereby, exerted a significant impact on the outcome for the year. These include orders from the Swedish Tax Agency (MSEK 3.6), Malmö City (MSEK 3.4), the Swedish Research Council (MSEK 2.8) and Staffanstorp Municipality (MSEK 2.5).

Increased number of shares

Following the exercise of the share warrant program 2009/2011 targeted at employees, the number of shares and voting rights in the company increased by 229,143 in March 2011. The number of shares and voting rights in the company after the increase amounts to 12,233,647.

COMMENTS ON THE INCOME STATEMENT

A multi-year review shows that the company, historically, has enjoyed a significant growth in net sales, which has partly been driven by acquisitions, with sustained high levels of profitability. However, in 2010 the company saw declining net sales and

profitability. This can primarily be explained by the company's conscious strategy to become a pure product company and, thereby, to give up revenues from consulting for the benefit of its partners. 2011 was the first full year after the completed transition, which is demonstrated by the fact that system revenues amounted to 94 percent of net sales and that profitability has returned to a high level.

Operating income

Net sales for the period amounted to MSEK 112.5 (112.0). Systems revenue increased by 9 percent compared to the previous year and amounted to MSEK 105.3 (96.7). Total recurring income for the period increased by 11 percent compared with the previous year and amounted to MSEK 63.6 (57.6), which corresponds to 57 percent of net sales. Exchange rate effects have exerted a negative impact on sales corresponding to MSEK 1.7 against the previous year.

Operating expenses

The year's expenses decreased by 9 percent compared to the previous year and amounted to MSEK 92.3 (101.2).

A large part of FormPipe Software's operating expenses are tied to employees. Payroll costs for the year amounted to MSEK 50.0 (60.8), which is a decrease of 18 percent. The number of employees at year-end amounted to 69 (74) and the average during the year was 72 (77). The distribution of employees, salaries and remuneration is described in detail in Note 7.

Sales expenses amounted to MSEK 16.2 (16.6) of which costs for sub-consultants and commission to partners amounted to MSEK 14.9 (15.2).

Other expenses amounted to MSEK 33.5 (27.6). This increase is due to the use of test, quality and development resources at our technology partner in Ukraine. Parts of these costs are capitalized as work performed by the company for its own use and amounted, during the period, to MSEK 17.6 (12.9).

The comparative figures from 2010 are charged with non-recurring expenses relating to the restructuring of Group operations. These amounted to MSEK 5.0, divided into MSEK 3.2 for payroll costs and MSEK 1.8 for contractual costs such as rent etc.

Net profit

Operating profit for the year amounted to MSEK 20.2 (10.9), which corresponds to an operating margin of 18.0 (9.7) percent. The appreciation of SEK against DKK has affected operating profit by MSEK -0.2 (-1.1) in a comparison using the average exchange ra-

tes for 2011 and 2010 (see Note 10).

Pre-tax profits amounted to MSEK 20.0 (11.6), which corresponds to an operating margin of 17.8 (10.4) percent.

Tax expenses for the year amounted to MSEK 5.3 (3.1) and profit for the year amounted to MSEK 14.7 (8.6), which corresponds to a profit margin of 13.1 (7.7) percent and is divided per share according to the table on the upper right hand side of this page.

Earnings per share	2011	2010
No. of shares outstanding year-end	12,233,647	12,004,504
Average no. of shares outstanding before dilution	12,176,361	11,937,423
Average no. of shares outstanding after dilution	12,183,208	12,051,701
Net profit for the year, TSEK	14,702	8,584
Earnings per share outstanding, SEK	1.20	0.72
Earnings per average no. of shares outstanding before dilution, SEK	1.21	0.72
Earnings per average no. of shares outstanding after dilution, SEK	1.21	0.71

The Parent Company

The Parent Company's net sales amounted to MSEK 24.0 (19.7) and profit/loss after financial items was MSEK 3.5 (-0.6). Participations in Group companies are included in earnings and amount to MSEK 19.2 (16.9).

COMMENTS ON THE BALANCE SHEET

Investments and acquisitions

Total investments for the period January - December amounted to MSEK 18.2 (18.6), of which investments affecting cash flow amounted to MSEK 14.2 (13.0).

Intangible assets

FormPipe Software continuously invests in product development. During the year, MSEK 17.5 (12.7) has been capitalized for product development. Other investments in intangible assets amounted to MSEK 0.2 (0.0) and relate to software investments.

Tangible assets

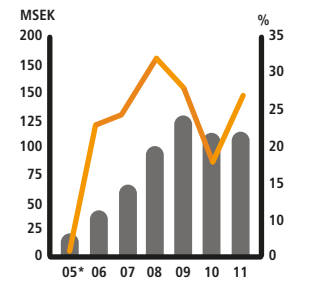
Investments in tangible assets amounted to MSEK 0.5 (0.4) and consisted mainly of computers and office material.

Financial position and liquidity

Cash and cash equivalents

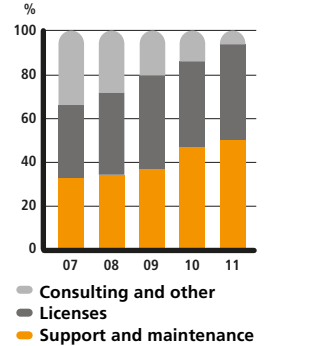
Cash and cash equivalents amounted, at the end of the period, to MSEK 12.8 (4.4). The company has bank overdraft facilities totaling MSEK 20.0 that were unused at the end of the period MSEK (0.0). FormPipe Software had no interest-bearing liabilities at the end

Net sales and profitability

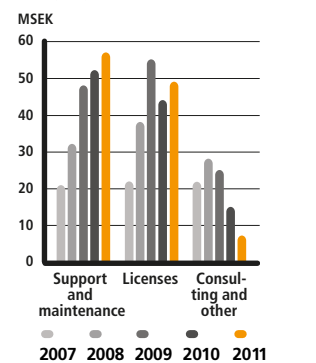


* To achieve comparability with previous accounting periods that have not been converted to IFRS (2005) EBITDA (Operating income before amortization) has been used to measure profitability.

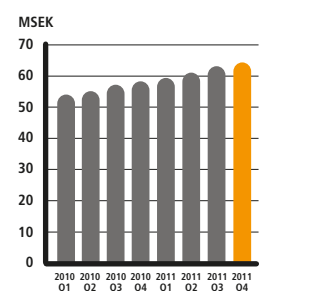
Distribution of sales revenues



Sales trends per revenue category



Recurring revenues rolling over 12 months



of the period (MSEK 0.0) whereby the company's net cash in hand amounted to MSEK 12.8 (4.4).

The company has a strong cash flow and a strong financial position and does not believe, at this point, that there is any need for external financing. A significant decline in inflow of orders would, however, have an impact on the operational cash flow, in which case the necessity of short-term financing cannot be completely ruled out. However, management assesses that no such needs will arise in the near future.

Taxes

The loss carry-forward due to the acquisition of FormPipe Software Skellefteå AB has partly been utilised to MSEK 2.3 (0.4) and the value at year-end amounted to MSEK 3.7 (6.0). In the Parent Company, a deficit has arisen due to net loss for the year. This deficit has been fully capitalized to a total value of MSEK 0.8 (2.0) and amounts at year-end to MSEK 2.7 (2.0).

Equity

Equity at the end of the period amounted to MSEK 130.4 (118.4), which corresponds to SEK 10.66 (9.87) per share outstanding at the end of the period. The appreciation of SEK has affected the value of company net assets in foreign currency by MSEK 0.1 (-9.3) since the previous year-end.

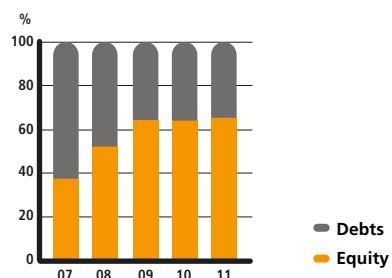
Interest-bearing liabilities

At year-end, FormPipe Software had no interest-bearing liabilities, MSEK (0.0).

Equity ratio

The Group's equity ratio was, at year-end, 65 (64) percent.

Equity ratio



COMMENTS ON THE CASH-FLOW STATEMENT

Cash flow from operating activities amounted to MSEK 25.4 (8.9).

Cash flow for the year from investment activities amounted to MSEK -14.2 (-13.0)

Investments in intangible assets affecting cash flow amounted to MSEK 13.7 (7.1) and investments in tangible assets amounted to MSEK 0.5 (0.4).

Cash flow for the year from financing activities amounted to MSEK -2.8 (-2.9) and comprised issue proceeds corresponding to 229,143 shares as a result of the exercise of the employee share-option plan of MSEK 3.2 (4.2), repurchase of 115 710 share warrants amounting to MSEK -0.1 (-1.3), premium paid by employees for new share warrant plan amounting to MSEK 0.4 (0.6), amortization of interest-bearing liability of MSEK -0.1 (-0.4) and dividend paid to shareholders amounting to MSEK -6.1 (-6.0).

The Group's total cash flow for the year amounted to MSEK 8.4 (-7.0).

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

The most noticeable uncertainty factors regarding FormPipe Software's operations concern company sales and the company's ability to attract and retain competent personnel.

FormPipe Software's net sales of MSEK 112.5 (112.0) consisted, to 57 (51) percent, of recurring income. The recurring income is annual and constitutes, consequently, a stable and secure base for company earnings. Remaining income comes from the sales of new licenses and is subject to greater uncertainty as it is affected by customer demand and changing market conditions. In 2010 and 2011, changing market conditions impacted customer demand and, consequently, the company's new sales through the re-negotiation of framework agreements, a general election, financial crises and general fluctuations in the economy.

Human capital in FormPipe is important and access to competent personnel is vital to success. The company meets this need by offering its employees market-based, competitive remuneration packages. However, access to employees with the right skills fluctuates over time which may result in an increase in company expenses.

The sensitivity analysis, presented below, demonstrates impact on FormPipe's income before tax for 2011, which amounted to MSEK 20.0, with changes observed in a number of factors.

Sensitivity analysis	Change	Impact on income before tax, MSEK
Demand for licenses	+/- 5%	+/- 2.2
Payroll costs	+/- 5%	-/+ 3.0
STIBOR*	+/- 100 bps	-/+ 0.0
DKK/SEK	+/- 5%	+/- 0.4

Changes in STIBOR are calculated as whole-year effects based on interest-bearing liabilities at year's end

Further information regarding risks and uncertainty factors to which the company is exposed can be found in Note 4.

GUIDELINES FOR REMUNERATION TO SENIOR MANAGEMENT

The Annual General Meeting agreed to the Board's proposal regarding guidelines for remuneration to the company's CEO and other senior management in accordance with the following. The decision of the Annual General Meeting complies, in general, with the previously-applied principles for remuneration. The guidelines are applicable to the agreements which have either been entered into after the Annual General Meeting in 2011, or if there has been a change in remuneration levels after that point in time. The Board of Directors has not appointed a Remuneration Committee but, instead, manages all the issues related to remuneration and other employment conditions itself.

The company will offer market-based conditions allowing the recruitment and retention of competent personnel. Remuneration to company management will comprise fixed basic salary, variable remuneration, a long-term incentive program, pension, conditions for early retirement and other customary benefits. As a rule, the fixed salary is reviewed annually and must relate to the individual's qualitative performance.

The fixed basic salaries for the CEO and other senior management are to be market-based. The variable remuneration is based on the individual's level of responsibility and degree of influence. The size of remuneration associated with the achievement of financial goals set for the Group by the Board of Direc-

tors. In 2011 the parameters for establishing variable remuneration have changed from being budget-related to measuring growth as regards sales and earnings per share. The purpose of the change was to create a clearer remuneration model adjusted to increased shareholder value. The variable remuneration represents a maximum of 40 percent in addition to fixed basic salary. All variable remuneration plans have a defined maximum allocation and outcome limits. The goal for 2011 was not achieved and, thus, there is no variable remuneration for the financial year 2011. The Company has a share-related incentive program aimed at all employees (including the CEO and other senior management) and intended to promote the company's long-term interest. The existing share warrant program runs for two years which is a deviation from the recommendation stipulated in section 9.8 of the Code. The Code suggests a duration of will be at least three-years and thus any future programs proposed by the Annual General Meeting will run over three years. The Board of Directors will evaluate, on an ongoing basis, whether any future share warrant programs or other form of incentive program related to shares or resulting in shares, is to be proposed by the Annual General Meeting. The CEO and other senior management will establish a premium-based retirement benefit agreement. The retirement age for the CEO and other senior management is 65. Provisions for pensions are based solely on the budgeted salary. As regards the notice of termination for the CEO the period for notice of termination is six months if employment is terminated by the company and severance pay will be the equivalent of six months' salary. Other income received by the CEO during the period covered by severance pay is deducted from severance pay. As regards company and other senior management, the mutual period for notice of termination is three to six months. In the situation in which the company becomes subject to a public takeover bid which means that at least 30 percent of the company's shares are in the possession of the same shareholder, the CEO is entitled, in the situation when notice of termination has been submitted by the CEO or the company, to severance pay corresponding to twelve fixed basic monthly salaries starting from the point in time in which the information regarding the notice of termination has been issued. Such severance pay is free from deductions and will be paid in its entirety at the termination of employment and will replace the severance pay for which the CEO would be eligible, in normal conditions, in accordance with his/her employment contract.

The Annual General Meeting provided the Board of Directors with the opportunity to deviate from the proposed guidelines above in specific situations when there are specific reasons for such a decision.

The guidelines for remuneration to senior management, proposed to the Annual General Meeting in 2012, remain unchanged since 2011.

SHARE STRUCTURE

FormPipe Software's shares are listed under the abbreviation FPIP on the NASDAQ OMX Stockholm Exchange. Each share in FormPipe entails the right to a single vote at the Annual General Meeting and entails an equal right to the Company's assets and income.

At the end of 2011, FormPipe Software's share capital amounted to SEK 1,223,364.7 corresponding to a total of 12,233,647 shares. As of 31 December 2011, FormPipe Software had share war-

rants registered for the employees. The share warrants may increase the number of shares and voting rights by no more than 5.7 percent of all shares and voting rights in the company. At the end of the year, FormPipe Software had two outstanding share warrant programs. New issue in connection with the exercise of share warrant programs for 2010/2012 may result in an increase of share capital by a maximum of SEK 35,000 and 350,000 shares. New issue in connection with the exercise of the share warrant program for 2011/2013 may result in an increase of share capital by a maximum of SEK 35,000 and 350,000 shares.

FormPipe Software owned, at the end of 2011, none of its own shares.

At the end of 2011, there were no agreements in existence limiting the right to transfer shares.

CORPORATE GOVERNANCE REPORT

FormPipe Software's Corporate Governance Report can be found on page 61 of the Annual Report.

PROPOSED APPROPRIATION OF PROFITS

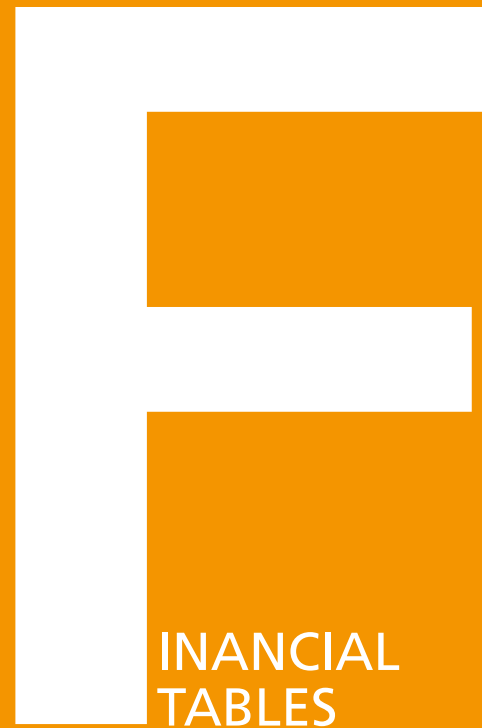
Appropriation of profits	SEK
The following profit brought forward is at the disposal of the Annual General Meeting:	
Non-restricted reserves	77,539,902
Profit/loss for the year	4,279,610
	81,819,512
The Board of Directors proposes that the profit be allocated as follows:	
A dividend of SEK 0.60 per share, total	-7,340,188
To be carried forward	74,269,324
	81,819,512

The Board of Directors proposes that a dividend of SEK 0.60 (0.50) per share be paid, which corresponds to a total dividend paid for 2011 amounting to SEK 7,340,188 (6,116,824). As a basis for its proposal for dividend payment, the Board of Directors, in accordance with the Swedish Companies Act, Chapter 17 Section 3, 2-3, has considered the Parent Company's and the Group's need to strengthen their balance sheets, liquidity and general financial position, including the capacity to meet all short-term and long-term obligations. The Board's assessment is that the proposed appropriation of profits is well adjusted to operational type, scope and risks as well as the Parent Company's and the Group's capital requirements.

According to the Annual Report, the Parent Company's equity/assets ratio amounted to 65 percent.

The Group's equity amounted to MSEK 130.4 (118.4) at the end of the period and net cash amounted to MSEK 12.8 (4.4).30 March 2012 has been proposed as the recording day for the dividend. If the Annual General Meeting's resolution follows the recommendation of the Board, the dividend is expected to be paid via Euroclear Sweden AB (previously VPC AB) on 4 April 2012.

CONSOLIDATED INCOME STATEMENT



FINANCIAL
TABLES

Thousand SEK	Note	2011	2010
Net sales		112,519	112,035
Operating expenses:			
Sales expenses		-16,223	-16,616
Other external costs	6	-33,531	-27,559
Employee benefit expenses	7	-50,027	-60,819
Work performed by the company for its own use and capitalized		17,633	12,909
Depreciation		-10,168	-9,064
Total operating expenses		-92,317	-101,150
Operating profit		20,202	10,885
Revenues from financial items	8, 10	98	862
Expenses from financial items	8, 10	-290	-110
Profit after financial items		20,010	11,637
Tax on profit for the year	9, 22	-5,308	-3,053
Net profit for the year		14,702	8,584
Other comprehensive income:			
Translation differences		-106	-9,312
Other comprehensive income for the period, net after tax		-106	-9,312
Comprehensive income for the year		14,596	-728
Net profit for the year attributable to the shareholders of the Parent Company		14,702	8,584
Comprehensive income for the year attributable to the shareholders of the Parent Company		14,596	-728
Thousand SEK		2011	2010
Earnings per share, calculated on net profit attributable to shareholders of the Parent Company during the year (expressed in SEK/share)			
– before dilution	11	1.21	0.72
– after dilution	11	1.21	0.71

CONSOLIDATED BALANCE SHEET

Thousand SEK	Note	31 Dec 2011	31 Dec 2010
ASSETS			
Fixed assets			
Intangible assets	13		
Capitalized expenditure		35,544	25,768
Goodwill		109,865	110,042
Other intangible assets		1,274	2,841
Total intangible assets		146,682	138,651
Tangible assets	14		
Computer equipment		586	627
Equipment, tools, fixtures and fittings		272	385
Total tangible assets		858	1012
Financial assets	15		
Other financial assets		31	26
Total financial assets		31	26
Non-current receivables			
Deferred tax asset	22	6,414	7,939
Total non-current receivables		6,414	7,939
Total fixed assets		153,985	147,628
Current assets			
Inventories	17	4	12
Current receivables			
Accounts receivable	16, 18	29,208	26,089
Current tax assets		1,871	5,387
Other receivables		47	17
Prepaid expenses and accrued income	19	2,849	2,418
Total current receivables		33,976	33,911
Cash and bank balances	16, 20	12,794	4,410
Total current assets		46,773	38,333
TOTAL ASSETS		200,758	185,960

CONSOLIDATED BALANCE SHEET

Thousand SEK	Note	31 Dec 2011	31 Dec 2010
EQUITY			
Share capital	21	1,223	1,200
Other contributed capital		70,152	66,706
Translation reserves		-3,305	-3,199
Profit brought forward		62,317	53,732
Total equity		130,386	118,439
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	22	8,463	5,104
Total non-current liabilities		8,463	5,104
Current liabilities			
Accounts payable	16	5,720	4,807
Other liabilities	23	5,258	5,979
Other provisions	24	-	4,566
Accrued expenses and deferred income	25	50,930	47,065
Total current assets		61,908	62,417
Total liabilities		70,371	67,521
TOTAL EQUITY AND LIABILITIES		200,758	185,960

Thousand SEK	Note	31 Dec 2011	31 Dec 2010
Guarantees provided			
Floating charges	15	96,416	99,762
Contingent liabilities		-	7

PARENT COMPANY INCOME STATEMENT

Thousand SEK	Note	2011	2010
Net sales		23,957	19,701
Operating expenses:			
Sales expenses		-1,433	-1,321
Other costs		-14,272	-12,331
Personnel benefit costs	6	-22,608	-22,914
Depreciation	7	-1,027	-1,122
Total operating expenses		-39,340	-37,688
Operating profit/loss		-15,383	-17,987
Profit from participations in Group companies	8, 10	19,195	16,920
Revenues from financial items	8, 10	71	845
Expenses from financial items	8, 10	-395	-410
Profit after financial items		3,488	-632
Tax on profit for the year	9	792	1,952
Net profit for the year		4,280	1,320

The Parent Company has no amounts to report in Other comprehensive income. Consequently this item is not reported.

PARENT COMPANY BALANCE SHEET

Thousand SEK	Note	31 Dec 2011	31 Dec 2010
ASSETS			
Fixed, assets			
Intangible, assets	13		
Capitalized expenditure		234	197
Goodwill		715	1,117
Total intangible assets		949	1,314
Tangible assets	14		
Computer equipment		571	619
Equipment, tools, fixtures and fittings		56	156
Total tangible assets		627	775
Financial assets			
Participations in subsidiaries	15	124,573	124,573
Other financial assets		31	26
Total financial assets		124,604	124,599
Non-current assets			
Deferred tax assets	22	2,744	1,952
Total non-current assets		2,744	1,952
Total fixed assets		128,923	128,641
Currents assets			
Inventories	17	4	12
Current receivables			
Accounts receivable	18	760	1,239
Current tax assets		400	4,143
Other receivables		12,450	10,636
Prepaid expenses and accrued income	19	696	966
Total non-current assets		14,307	16,984
Cash and bank balances	20	12,035	3,343
Total current assets		26,345	20,339
TOTAL ASSETS		155,268	148,980

PARENT COMPANY BALANCE SHEET

Thousand SEK	Note	31 Dec 2011	31 Dec 2010
EQUITY			
Restricted equity			
Share capital	21	1,223	1,200
Other contributed capital		17,691	17,691
		18,914	18,891
Non-restricted equity			
Distributable reserves		77,540	78,891
Profit for the year		4,280	1,320
		81,820	80,211
Total equity		100,734	99,102
LIABILITIES			
Non-current liabilities			
Accounts payable		952	1,588
Liabilities to Group companies		39,180	32,527
Other non-current liabilities	23	3,179	2,225
Other provisions		–	421
Accrued expenses and deferred income	25	11,224	13,118
Total non-current liabilities		54,535	49,878
Total liabilities		54,535	49,878
TOTAL EQUITY AND LIABILITIES		155,268	148,980

Thousand SEK		31 Dec 2011	31 Dec 2010
Guarantees provided			
Floating charges	15	96,416	99,762
Contingent liabilities		–	7

CHANGES IN EQUITY

GROUP	Equity attributable to shareholders of the Parent Company						
	Thousand SEK	Note	Share capital	Other contributed capital	Translation reserve	Retained earnings	Total equity
Opening balance as per 1 January 2010			1,174	63,232	6,113	51,150	121,669
Profit for the period			–	–	–	8,584	8,584
Other comprehensive income items			–	–	-9,312	–	-9,312
Dividend	12		–	–	–	-6,002	-6,002
New share issue	21		27	4,129	–	–	4,156
Repurchase of warrants	21		–	-1,272	–	–	-1,272
Premium paid for option program	21		–	616	–	–	616
Closing balance as per 31 December 2010			1,200	66,706	-3,199	53,732	118,439
Opening balance as per 1 January 2011			1,200	66,706	-3,199	53,732	118,439
Profit for the period			–	–	–	14,702	14,702
Other comprehensive income items			–	–	-106	–	-106
Dividend	12		–	–	–	-6,117	-6,117
New share issue	21		23	3,151	–	–	3,174
Repurchase of warrants	21		–	-87	–	–	-87
Premium paid for option program	21		–	382	–	–	382
Closing balance as per 31 December 2011			1,223	70,152	-3,305	62,317	130,386
PARENT COMPANY							
Thousand SEK	Note	Share capital	Restricted reserves	Non-restricted reserves	Total equity		
Opening balance as per 1 January 2010		1,174	17,691	81,420	100,285		
Profit for the year		–	–	1,320	1,320		
Total reported income and expenses		1,174	17,691	82,739	101,604		
Dividend	12	–	–	-6,002	-6,002		
New share issue	21	27	–	4,129	4,156		
Repurchase of warrants	21	–	–	-1,272	-1,272		
Premium paid for option program	21	–	–	616	616		
Closing balance as per 31 December 2010		1,200	17,691	80,211	99,102		
Opening balance as per 1 January 2011		1,200	17,691	80,211	99,102		
Profit for the year		–	–	4,280	4,280		
Total reported income and expenses		1,200	17,691	84,491	103,382		
Dividend	12	–	–	-6,117	-6,117		
New share issue	21	23	–	3,151	3,174		
Repurchase of warrants	21	–	–	-87	-87		
Premium paid for option program	21	–	–	382	382		
Closing balance as per 31 December 2011		1,223	17,691	81,820	100,734		

CASH FLOW STATEMENT

Thousand SEK	Note	Group		Parent company	
		2011	2010	2011	2010
Cash flow from operations					
Operating income		20,202	10,885	-15,383	-17,987
<i>Adjustment for items not included in cash flow</i>					
– Depreciation		10,168	9,064	1,027	1,122
– Other items		-3,937	-5,463	–	–
<i>Other items affecting cash flow</i>					
Income from participations in Group companies		–	–	18,700	16,920
Interest received		98	15	566	1
Interest paid		-201	-110	-327	-410
Income taxes paid		3,113	-8,678	3,743	-5,965
Cash flow from operations before changes in working capital		29,443	5,713	8,328	-6,319
Increase (–) / decrease (+) stocks		8	12	8	12
Increase (–) / decrease (+) accounts receivable		-3,120	223	479	164
Increase (–) / decrease (+) other current receivables		-499	-1,993	235	-310
Increase (+) / decrease (–) accounts payable		913	955	-636	-184
Increase (+) / decrease (–) other current liabilities		-1,391	3,967	7,270	12,983
Cash flow from changes in working capital		-4,089	3,164	7,357	12,665
Cash flow from operations		25,354	8,877	15,685	6,346
Cash flow from investment activities					
Investments in subsidiaries		–	-5,380	–	-5,380
Purchase of intangible fixed assets	13	-13,730	-7,122	-152	–
Purchase of tangible fixed assets	14	-479	-442	-361	-425
Purchase of financial assets	15	-5	-26	-5	-26
Cash flow from investment activities		-14,215	-12,970	-518	-5,831
Cash flow from financing activities					
Contributed funds	21	3,468	3,501	3,468	3,501
Amortization of loans		-103	-445	-3,827	-958
Dividend paid		-6,117	-6,002	-6,117	-6,002
Cash flow from financing activities		-2,752	-2,946	-6,476	-3,459
Change in cash and cash equivalents					
Translation differences		-4	-394	–	–
Cash and cash equivalents at the beginning of the year		4,410	11,843	3,343	6,287
Cash and cash equivalents at year-end	20	12,794	4,410	12,035	3,343



All amounts stated in the following Notes are in thousands of kronor (TSEK) unless otherwise specified. The closing date is 31 December 2011.

NOTE 1 General information

FormPipe Software AB (the Parent Company) and its subsidiaries (together the Group) sells software that collects, structures and distributes information.

The Group has offices in Sweden and Denmark and the majority of the sales are made within Sweden and Denmark.

The Parent Company is a public limited liability company registered and domiciled in Sweden. The head office is located at FormPipe Software AB (publ), Box 231 31, 104 35 Stockholm. The street address is St. Eriksgatan 117, Stockholm.

The Parent Company is listed on Nasdaq OMX Stockholm. The Board of Directors has, on 27 February 2012, approved these consolidated financial statements for publication.

NOTE 2 Summary of important accounting principles

The most important accounting principles applied in the preparation of the financial statements for the Parent Company and the Group are described below. These principles have been applied consistently in all years concerned unless otherwise stated.

THE BASIS OF THE PREPARATION OF THE ANNUAL REPORTS

The consolidated financial statements for the FormPipe Software AB Group have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary accounting rules for groups and International Financial Reporting Standards (IFRS) and IFRIC interpretations as they have been adopted by the EU. The consolidated financial statements have been prepared according to the cost method with the exception of financial assets measured at fair value through profit or loss.

The Parent Company's annual report is prepared in accordance with the Annual Accounts Act and RFR 2. The accounting principles are the same as those of the Group unless otherwise stated.

Preparing statements in accordance with IFRS requires the use of a number of important estimates for accounting purposes. Furthermore, the management has to make certain assessments for the application of the Group's accounting principles. The areas which involve a high degree of assessments, which are complex, or such areas in which assumptions and estimates are of material importance for the consolidated financial statements are provided in Note 4.

New and changed standards applied by the Group

None of the new IFRS or IFRIC interpretations which are mandatory for the first time in the financial year commencing on 1 January 2011 are assessed as exerting a material impact on the Group.

New standards, changes and interpretations of prevailing standards for which the changes have not yet come into force and which have not been subject to early application in the Group

None of the IFRS or IFRIC interpretations of prevailing standards which have been published but which have not yet come into force are assessed as having a material impact on the Group and have not been subject to early application.

New and changed standards applied in the Parent Company

UFR 2 Group contributions and shareholder contributions has been withdrawn by the Swedish Financial Reporting Board. The change has been applied for the financial year commencing on 1 January 2011 or later; accounting for these periods is conducted in accordance with RFR 2 p2 and RFR 2 p3. This means that Group contributions paid by the Parent Company to the subsidiaries are reported as an increase in participations in subsidiaries and that a review on whether or not there is a need for impairment re-

garding these participations is conducted. Group contributions which the Parent Company receives from subsidiaries are reported in accordance with the same principles as normal dividends from subsidiaries, as financial income.

CONSOLIDATED FINANCIAL STATEMENTS**Subsidiaries**

Subsidiaries are all the companies (including special purpose entities) in which the Group has the right to govern financial and operational policies in a manner which usually follows from shareholdings amounting to more than 50 percent of the voting rights. The existence and effects of potential voting rights, which can currently be utilized or converted, are taken into account in the assessment of whether the Group has control over another company. The Group also assesses whether it has control in shareholdings amounting to below 50 percent of the voting rights but in which the Group governs financial and operational policies through de facto control. De facto control may arise under conditions in which the proportion of the Group's voting rights in relation to the size and distribution of the voting rights of other shareholders provides the Group with the opportunity of governing financial and operational policies etc. Subsidiaries are included in the consolidated financial statements from the day on which control is transferred to the Group. They are excluded from the consolidated financial statements from the day on which control is lost.

The purchase method is applied in the accounting of the Group's business combinations. The consideration of the acquisition of a subsidiary is comprised of the fair value of transferred assets, liabilities which the Group assumes to the previous owners of the acquired business and the shares issued by the Group. The consideration also includes the fair value of all assets and liabilities arising from an agreement on a contingent consideration. Identifiable acquired assets and liabilities assumed in the business combination are initially valued at fair value on the date of the acquisition. For each individual acquisition, the Group determines whether shareholdings without control in the acquired business are reported at fair value or at the shareholdings' proportional share of the reported value of the identifiable net assets of the acquired company.

Costs related to acquisitions are reported as expenses as and when they arise.

If the business combination is implemented in several steps, the previous shares in the acquired business are revalued at their fair value at the acquisition date. Any gain or loss is reported in income.

Each contingent consideration which is to be transferred by the Group is reported at fair value at the acquisition date. Any subsequent changes in the fair value of a contingent consideration which has been classified as an asset or liability are reported in accordance with IAS 39, either in the income statement or in other comprehensive income. Contingent considerations which have been classified as equity are not revalued and the subsequent settlement is reported in equity.

Goodwill is initially measured as the amount by which the total consideration and the fair value of non-controlling interests exceeds the fair value of identifiable acquired assets and liabilities assumed. If the consideration is less than the fair value of the net assets of the acquired company, the difference is reported directly in the income statement.

Intra-Group transactions, balance sheet items, income and expenses from transactions between Group companies are eliminated. Gains and losses resulting from intra-Group transactions and which are reported in assets are also eliminated. Accounting principles for subsidiaries have, where appropriate, been changed in

order to guarantee a consistent application of Group principles.

Translation of foreign currencies*Functional and reporting currency*

Items included in the financial statements for the various units in the Group are measured in the currency which is used in the economic environment in which the company primarily operates (functional currency). In the consolidated financial statements, the Swedish Krona (SEK), which is the Parent Company's functional and reporting currency, is used.

Transactions and balance sheet items

Transactions in foreign currencies are translated to the functional currency according to the exchange rates applying on the transaction date. Exchange gains and losses arising upon payment of such transactions and upon translation of monetary assets and liabilities in foreign currency at the rate of the balance sheet date, are reported in the income statement.

Translation differences for non-monetary financial assets and liabilities are reported as a portion of fair value gains or losses.

Group companies

The income and financial position of all Group companies which have functional currencies other than the reporting currency are translated to the Group's reporting currency in accordance with the following:

- assets and liabilities for each balance sheet are translated at the closing rate,
- income and expenses for each income statement are translated at the average exchange rate (unless the average rate is not a fair approximation of the accumulated effects of the rates applying on the transaction date, in which case income and expenses are translated at the rate on the transaction date), and
- all exchange rate differences which arise are reported in other comprehensive income.

In the consolidation exchange rate, differences arising as a result of the translation of net investments in foreign operations are transferred to other comprehensive income. Upon the partial or complete disposal of a foreign operation, the exchange rate differences reported in other comprehensive income are transferred to the income statement and reported as part of realized capital gains or losses.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities in that operation and are translated at the rate on the balance sheet date.

SEGMENT REPORTING

Operating segments are reported in a manner corresponding to internal reporting and submitted to the chief operating decision maker. The chief operating decision maker is the function responsible for the allocation of resources and the assessment of the performance of the operating segment. In the Group, this function has been identified as the management making the strategic decisions.

The Company reports its entire operations as one segment.

TANGIBLE FIXED ASSETS

All tangible fixed assets are reported at cost less depreciation. This cost includes expenses which are directly attributable to the acquisition of the asset.

Subsequent expenditure is added to the asset's carrying value or reported as a separate asset, depending on whichever is appropriate, only when it is likely that the future financial benefits associated with the asset will flow to the Group, and when

the asset's cost can be measured in a reliable manner. The carrying value of the replaced part will be removed from the balance sheet. All other forms of repairs and maintenance are reported as expenses in the income statement in the period in which they arise.

Depreciation of assets, in order to allocate their cost or revalued amount to the calculated residual value over the estimated useful life, is conducted on a straight-line basis according to the following:

- Computer equipment 3 years
- Equipment 3-5 years

The assets' residual values and useful lives are reviewed on each balance sheet date and adjusted if necessary.

An asset's carrying value is immediately impaired to its recoverable amount if the carrying value exceeds the estimated recoverable amount.

Profit and loss from disposals are determined by comparison between sales proceeds and the carrying value, and they are reported in other profit/loss – net in the income statement.

INTANGIBLE ASSETS**Goodwill**

Goodwill is the amount by which the cost exceeds the fair value of the Group's participation in the acquired subsidiary's identifiable net assets on the acquisition date. Goodwill from the acquisition of subsidiaries is reported as an intangible asset. Goodwill reported separately is tested annually in order to identify any need for impairment and is reported at cost less accumulated impairment. Impairment of goodwill is not reversed. Profit or loss on the disposal of an entity includes the remaining carrying value of goodwill, which relates to the sold entity.

Customer relationships

Acquired customer relationships are reported at cost. Customer relationships have finite useful lives and they are reported at cost less accumulated amortization and impairment. Amortizations are conducted on a straight-line basis in order to allocate the costs for customer relationships over their estimated useful lives (5 years).

Technology

Acquired technology is reported at cost. Technology has a finite useful life and it is reported at cost less accumulated amortization and impairment. Amortizations are conducted on a straight-line basis in order to allocate the costs for technology over its estimated useful life (3 years).

Trademarks

Acquired trademarks are reported at cost. Acquired trademarks have finite useful lives and they are reported at cost less accumulated amortization and impairment. Amortizations are conducted on a straight-line basis in order to allocate the costs for trademarks over their estimated useful lives (3 years).

Patents

Acquired patents are reported at cost. Patents have finite useful lives and are reported at cost less accumulated amortization and impairment. Amortizations are conducted on a straight-line basis in order to allocate the costs for patents over their estimated useful lives (3-5 years).

Research and development

Research expenditure is expensed as it arises. Expenditure in development projects is reported as an intangible asset when the following criteria are met:

- it is technologically feasible to complete the intangible asset so that it will be available for use or sale,

- (b) the management intends to complete the intangible asset and to use or sell it,
- (c) the entity is able to use or sell the intangible asset,
- (d) it can be demonstrated that the intangible asset will generate probable future financial advantages,
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available, and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditure which does not meet these criteria is reported as expenses as and when it arises. Development expenditure which has previously been reported as an expense, is not reported as an asset in the subsequent period. Capitalized development expenditure is reported as an intangible asset and amortizations are made from the point in time in which the asset is ready to be used, on a straight-line basis over its useful life of 5 years.

Capitalized development expenditure is tested on an annual basis regarding any need for impairment in accordance with IAS 36.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets which are depreciated are assessed with regard to the decrease in value whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment is made in the amount by which the carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less sales expenses and its value in use. At the impairment test, assets are grouped together based on the lowest levels in which separate identifiable cash flows (cash-generating units) are found. For assets, other than financial assets and goodwill, which have been impaired previously, a test as to whether a reverse impairment should be conducted is carried out on each balance sheet date.

FINANCIAL ASSETS AND LIABILITIES

The Group classifies its financial assets and liabilities in the following categories: financial assets and liabilities at fair value through profit or loss and financial assets and liabilities at amortized cost. The classification depends on the purpose for which the financial asset or liability was acquired.

(a) Financial assets and liabilities at amortized cost

Financial assets at amortized cost refer to loans and receivables which are financial assets but which are not derivatives, which have fixed or determinable payments and which are not quoted in an active market. They comprise Accounts receivable, Other receivables and Cash and cash equivalents in the balance sheet and are included in current assets with the exception of items with maturities more than 12 months after the balance sheet date which are classified as fixed assets.

Financial liabilities at amortized cost include Borrowing and Accounts payable in the balance sheet, where the cost is the fair value at acquisition date. With regard to borrowing, this corresponds to the received amount less any transaction costs.

Financial assets and liabilities at amortized cost are measured after the acquisition date at amortized cost applying the effective interest method.

(b) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are financial assets/liabilities which are held for trading. A financial asset/liability is classified in this category if it is acquired principally for the purpose of selling it shortly afterwards. Deri-

vates are classified so that they are held for trading if they are not identified as hedges. Assets and liabilities in this category are classified as current assets/current liabilities with the exception of items with maturities more than 12 months after the balance sheet date, which are classified as fixed assets/non-current liabilities. The item, reported in the Group's balance sheet, includes the Group's derivatives which do not meet the criteria for hedge accounting, and liabilities in foreign currencies to organizations other than credit institutes.

Financial assets and liabilities at fair value through profit or loss are measured after the acquisition date at fair value.

Purchases and sales of financial assets and liabilities are reported on the trade date – the date at which the Group commits itself to purchase or sell the asset. Financial instruments are initially recognized at fair value plus transaction costs, which applies to all financial assets and liabilities which are not reported at fair value through profit or loss. Financial assets and liabilities at fair value through profit or loss are initially recognized at fair value, whilst attributable transaction costs are reported in the income statement.

Financial assets/liabilities are derecognized from the balance sheet when the right/obligation to receive/pay cash flows from the instrument has expired or been transferred and the Group has transferred substantially all risks and benefits associated with the proprietary rights/obligations.

Profit and loss from changes in fair value regarding the category financial assets and liabilities valued at fair value through profit or loss is reported in the result for the period in which they arise and is included in the income statement item Financial income/expenses – net.

The fair value of quoted securities is based on actual bid prices. If the market for a financial asset is not active (or for unlisted securities), the Group determines the fair value by applying a valuation technique such as referring to recent arm's length transactions; referring to the fair value of another instrument which is, in all material respects, equivalent; analysis of discounted cash flows and option valuation models. In this context, market information is utilized to the greatest extent possible, and company specific information is utilized as little as possible.

On each balance sheet date, the Group assesses whether there is objective evidence of the existence of a need for impairment regarding a financial asset or a group of financial assets.

DERIVATIVES AND HEDGING

Derivatives are reported in the balance sheet on the contract date and are measured at fair value, both initially and in subsequent revaluations. The Group's derivatives do not meet the criteria for hedge accounting. The derivatives are classified as financial assets/liabilities at fair value through profit or loss. Changes in the fair value of such derivatives are reported net in the income statement under the revenues/expenses from financial items.

INVENTORIES

Inventories are reported at the lower of cost and net realizable value. The cost is determined by the use of the first in, first out method (FIFO). The cost for finished products and work-in-progress comprises expenses for hardware in the form of card readers for the business area NetMaker and accrued consulting income. Borrowing costs are not included. Net realizable value is the estimated selling price in the operations, with deduction for applicable variable selling expenses.

ACCOUNTS RECEIVABLE

Accounts receivable are initially recognized at fair value and thereafter at amortized cost, applying the effective interest method

less any reserve for decrease in value. The carrying values, after any impairment, for accounts receivable are presumed to correspond to their fair values due to the fact that these items are of a current nature. A reserve for decreases in the value of accounts receivable is made when there is objective evidence that the Group will not be able to receive all amounts which are due in accordance with the receivables' original terms and conditions. The debtor's significant financial difficulties, the likelihood that the debtor will go bankrupt or undergo financial reconstruction and payments that have been made late or not at all (due more than 30 days ago) are considered to be indicators of the need for impairment of a receivable. The size of the reserve is the difference between the asset's carrying value and the present value of expected future cash flows, discounted at the original effective interest. The asset's carrying value is reduced through the use of a reserve for value decreases, and losses are reported in the income statement in the item Sales expenses. When a receivable cannot be collected, it is written off against the reserve for value decreases for receivables. Recoveries of the amounts, which have previously been written off, are credited to Sales expenses in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank balances and other short-term investments with maturities within three months of acquisition date. In the balance sheet, bank overdraft facilities are reported as borrowings in Current liabilities.

SHARE CAPITAL

Ordinary shares are classified as equity.

Transaction costs which can be directly attributed to new shares or options are reported, net after tax, in equity as a deduction from the cash received from the issue.

ACCOUNTS PAYABLE

Accounts payable are initially recognized at fair value and thereafter at amortized cost, applying the effective interest method. The carrying values for accounts payable are presumed to correspond to their fair values due to the fact that these items are of a current nature.

BORROWING

Borrowings are initially recognized at fair value, net after transaction costs. Subsequently, borrowings are reported at amortized cost and any differences between the received amount (net after transaction costs) and repayment amount are reported in the income statement allocated over the term, applying the effective interest method.

The fair value of the liability component of convertible debt is determined through the use of the market rate for an equivalent non-convertible debt. This amount is reported as a liability at amortized cost up to the point when the liability is derecognized due to conversion or redemption. The remaining part of the received amount is attributed to the option part. This is reported in equity, net after tax.

Borrowings are classified as current liabilities, unless the Group has an unconditioned right to postpone the payment of liabilities at least 12 months after the balance sheet date.

DEFERRED INCOME TAX

Current tax expenses are calculated on the basis of the tax regulations determined on the balance sheet date or in practice determined in the countries in which the Parent Company's subsidiaries operate and generate taxable income. On a regular basis, the management evaluates the requests made in the tax

returns regarding situations in which applicable tax regulations are subject to interpretation and makes, when it is deemed to be suitable, provisions for amounts which will presumably be paid to tax authorities.

Deferred tax is reported in its entirety, in accordance with the balance sheet method, regarding all temporary differences arising between the taxable value of assets and liabilities and their carrying values in the consolidated financial statements. Deferred tax is, however, not reported if it arises as a result of a transaction which comprises the initial recognition of an asset or a liability which is not a business combination and which, at the time of the transaction, affects neither the reported nor fiscal income. Deferred income tax is calculated applying the tax rates (and regulations) which have been determined or announced on the balance sheet date and which are expected to apply when the considered deferred income taxes recoverable are realized or the deferred income tax liability is settled.

Deferred tax assets are reported to the extent it is likely that a future fiscal surplus will be available, against which the temporary difference can be offset.

Deferred tax is calculated regarding temporary differences arising in participations in subsidiaries and associated companies, except for when the reversal of temporary differences can be managed by the Group and it is likely that the temporary difference will not be reversed in the foreseeable future.

EMPLOYEE BENEFITS

Pension obligations

The Group has defined contribution pension plans. A defined contribution pension plan is a pension plan according to which the Group pays fixed fees to a separate legal entity. The Group has no legal or informal obligations to pay further fees if the legal entity does not have adequate assets to pay all remunerations to employees which are associated with the employees' services during present or previous periods. Fees are reported as payroll expenses when they are due. Prepaid fees are reported as assets to the extent cash payments or reductions of future payments may benefit the Group.

Warrant program

The Group applies, from time to time, share-based payment plans in which settlement is made with shares. The employer pays a premium corresponding to the fair value of options on the allocation date. The option premium is credited in Other contributed capital. Payments received for shares, after deduction for any directly attributable transaction costs, are credited in the share capital (quotient value) and in other contributed capital when the options are exercised.

For all remaining options, payments from employees are based on the market price, determined on the basis of the Black & Scholes valuation model. No benefit or remuneration is paid to the employees, and consequently no payroll cost is reported in the income statement in accordance with IFRS 2.

Severance pay

Severance pay is paid when an employee's employment is terminated by the Group prior to the normal retirement date or when an employee voluntarily accepts retirement in exchange for such compensation. The Group reports severance pay when it is proven to be obliged either to give notice to employees in accordance with a detailed formal plan without the possibility of withdrawal, or to award compensation upon termination as a result of an offering made to encourage a voluntary retirement. Benefits maturing more than 12 months after the balance sheet date are discounted to their present value.

Profit share and bonus plans

The Group reports a liability and an expense for bonuses and profit shares, based on a formula which takes into account the profit attributable to the Parent Company's shareholders after certain adjustments. The Group reports a provision when there is a legal obligation or an informal obligation due to previous practice.

PROVISIONS

Provisions for restructuring charges and legal requirements are reported when the Group has a legal or informal obligation due to past events, when it is likely that the flow of resources will require the settlement of the undertaking, and when the amount can be measured reliably. Provisions for restructuring include expenses for the termination of lease agreements and for severance payments. No provisions are made for future operating losses.

Provisions are valued at the present value of the amount which is expected to be required for the settlement of the obligation. In this regard, a discount rate before tax is applied, which reflects an actual market assessment of the time value of money and the risks which are associated with the provision. The increase in the provision resulting from the passing of time is reported as an interest expense.

REVENUE RECOGNITION

Revenue refers to the fair value of that which has been received or will be received for products and services sold in Group operations. Revenue is reported excluding VAT, returns, discounts and after elimination of intra-Group sales.

Revenue is reported when the amount can be measured reliably, when it is likely that future financial benefits will flow to the Company and when certain criteria are met regarding each of the Group's operations as described below. It is considered that the revenue amount cannot be measured reliably before all obligations regarding sales have been met or have fallen due. The Group bases its assessments on historical outcomes and takes the type of customer, type of transaction and special circumstance into account in each individual case.

Sale of products

The Group develops and sells software. Sales of license rights are recognized as revenue upon completed delivery in accordance with contracts and when no significant obligations remain after the date of delivery. Support and maintenance agreements signed in conjunction with license sales are invoiced in advance and recognized as revenue on a straight-line basis over the duration of the contract.

Sale of services

The Group renders consulting and training services which are supplied on the basis of time or as a fixed price contract.

Revenue from time-based contracts is recognized at agreed prices as the hours are rendered.

For sales revenue from fixed price contracts regarding services, the percentage of completion method is applied. The percentage of completion method implies that revenue is recognized based on the proportion of the conducted services in terms of the total services to be conducted (degree of completion). Sales revenue from fixed price contracts regarding services is usually recognized in the period in which the services are delivered, on a straight-line basis over the duration of the contract.

If circumstances which can change the original estimate of revenue, expenses or the degree of completion arise, estimates

are reviewed. These reviews may result in increases or decreases in the estimated revenue or expenses and influence the revenue during the period in which the circumstances resulting in the change came to the company management's knowledge.

The Group offers certain contracts in which the customer may purchase a license including one year's service. When such a contract with several components exists, the amount constituting the fair value of the license in relation to the fair value of the sales contract in its entirety, is recognized as revenue from the sale of the license. The revenue from the service component which corresponds to the fair value of the service part in relation to the fair value of the sale contract, is allocated over the service period. Fair values for each component are determined based on the actual market prices of the components when they are sold separately.

Interest income

Interest income is recognized as revenue allocated over the duration of the underlying asset, applying the effective interest method.

LEASES

Leases for which a significant part of the risks and benefits of ownership remains with the lessor are classified as operating leases. Payments which are made during the lease term (after deduction for any incentives from the lessor) are expensed in the income statement on a straight-line basis over the lease term. The Group only has operating lease contracts.

DIVIDENDS

Dividends to the Parent Company's shareholders are reported as a liability in the Group's financial statements in the period in which they are approved by the Parent Company's shareholders.

NOTE 3 Financial risk management**FINANCIAL RISK FACTORS**

In its operations, the Group is exposed to various financial risks: market risk (currency risk, interest risk in fair value, interest risk in the cash flow and price risk), credit risk and liquidity risk. The Group's overall risk management policy is focused on the unpredictability of the financial markets and aims at minimizing potential unfavorable effects on the Group's financial performance. The Group uses derivatives in order to hedge certain risk exposure.

Risk management is managed by a central finance department according to policies stipulated by the management. FormPipe Software's finance policy is determined by the Board with one year's validity. The finance policy stipulates guidelines for the management of financial risks within the Group. FormPipe's finance policy aims at generating the highest possible return on the company's liquid assets, or the lowest possible borrowing costs when the company finds itself in a situation of net liabilities, with an extremely limited and controlled risk level and good payment preparedness in order to be able to, at any time, meet the company's payment obligations.

The central finance department identifies, assesses and hedges financial risks in close collaboration with the Group's operative units. The Board establishes written policies for both the overall risk management and for specific areas, such as currency risk, interest risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of surplus liquidity.

(a) Market risk**(i) Currency risk**

The Group operates internationally and is exposed to currency risks arising from various currency exposures, above all regarding DKK. Currency risk arises through future business transactions, reported assets and liabilities and net investments in foreign operations.

Due to the fact that the cash flow of FormPipe Software's Swedish operations is almost exclusively in Swedish Krona (SEK), there is no need for hedging. With regard to the Danish operations, FormPipe software chooses to hedge against the Danish Krona (DKK) only in terms of individual significant known payments, which are hedged through forward agreements at Group level.

The Group's risk management policy is to hedge known and significant future cash flows.

If the SEK had weakened/strengthened by 10 percent in relation to the DKK, with all other variables fixed, profit of the year for 2011 would have been SEK 270,000 (535,000) higher/lower and equity per 31 December 2011 (including profit for the year) would have been SEK 5,627,000 (6,077,000) higher/lower.

(ii) Price risk

The Group has no investments in shares and is therefore not exposed to any price risk. Furthermore, the Group is not exposed to any price risk regarding raw materials or staple goods.

(iii) Interest risk regarding cash flows and fair value

Due to the fact that the Group does not have significant interest-bearing assets, its revenue and cash flows from the operations are materially independent of changes in market interest rates.

The Group's interest risk arises through long-term borrowing. Borrowings with a floating interest rate expose the Group to an interest risk regarding cash flows. Borrowings with a fixed interest rate expose the Group to an interest risk regarding fair value.

At the start of the period, the Group had no liabilities, for which reason the Group cannot be considered to be exposed to any interest risks at this time.

(b) Credit risk

Credit risk is managed at Group level. Credit risk arises through cash and cash equivalents, bank balances and balances with financial institutions and credit exposures against customers, including outstanding receivables and agreed transactions. If customers have undergone credit ratings by an independent assessor, these ratings are used. In cases in which no independent credit rating has been conducted, a risk assessment of the customer's creditworthiness is carried out, in which their financial position, previous experiences and other factors are considered. Individual risk limits are based on internal and external credit assessments in accordance with the limits set by the Board. The use of credit limits is followed up on a regular basis.

A large portion of FormPipe Software's sales are conducted in the public sector in Sweden; thus, the risk in these receivables is, to a large extent, non-existent. A certain portion of the Group's sales is conducted in the private sector, above all in Sweden and Denmark. These transactions are, however, of a minor size and a large number, for which reason risks in these receivables can be considered to be well spread. The history of bad debt losses in the Group is, to a large extent, non-existent.

(c) Liquidity risk

Liquidity risk is managed so that the Group has an adequate level of cash and cash equivalents and investments on the liquid market, accessible financing through agreed credit facilities and the opportunity to close market positions.

In addition, management closely follows revolving prognoses for the Group's liquidity reserve on the basis of expected cash flows.

In the table below, the Group's financial liabilities which will be regulated net are analyzed and sorted according to the time which remains on the balance sheet date up to the contractual due date. The amounts provided in the table are the contractual, undiscounted cash flows. The amounts falling due within 12 months match with the reported amounts since the discounting effect is insignificant.

Thousand SEK	< 1 year	1–2years	2 years <
2011			
Accounts payable	10,978	–	–
Total	10,978	–	–
2010			
Accounts payable	10,786	–	–
Total	10,786	–	–

MANAGEMENT OF CAPITAL RISK

Capital is defined as total equity. The Group's objectives regarding capital are to secure the Group's ability to continue its operations in the long term so that it can continue to generate return for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to keep the cost of capital low.

In order to maintain and adjust the capital structure, the Group can change the dividend which is paid to the shareholders, repay capital to the shareholders, issue new shares or sell assets in order to reduce liabilities. Decisions on adjustments of capital are made by the Board on the basis of that which is assessed to generate the maximum return to the shareholders in the long term.

As the Group's strategy is partially based on acquisitions, the Group's leverage may fluctuate considerably from one year to the next. The Board and Group management, therefore, continuously assess future payment commitments and determine, on the basis of a comprehensive assessment, the manner in which the Group's funds are to be managed.

CALCULATION OF FAIR VALUE

The fair value of financial instruments which are traded on an active market (for example, financial assets at fair value through profit or loss) is based on the listed market prices on the balance sheet date. The listed market price used for the Group's financial assets is the present bid rate.

Financial instruments are measured on the basis of a classification in the fair value hierarchy in accordance with the following levels:

1. Listed prices (unadjusted) on active markets for identical assets or liabilities.
2. Observable data for assets or liabilities other than listed prices included in level 1, either directly (that is, as price listings) or indirectly (that is, derived from price listings).
3. Data for assets or liabilities which is not based on the observable market data (that is, non-observable data).

At the beginning of 2011, the Group had no (MSEK –) financial instruments.

NOTE 4 Important estimates and assessments for accounting purposes

Estimates and assessments are continuously evaluated and are based on past experience and other factors, including expectations regarding future events considered reasonable under current circumstances.

The Group makes estimates and assumptions about the future. By definition, the estimates for accounting purposes resulting from these rarely correspond to the real result. The main features of the estimates and assumptions which imply a significant risk for major adjustments in the reported value of assets and liabilities in the following financial year are stated below.

Testing for impairment of goodwill

On an annual basis, the Group tests goodwill for impairment. The recoverable amounts for cash-generating units have been determined by means of calculation of their values in use. Values in use are assessed on the basis of forecasted future cash flows for each cash-generating unit. The impairment test includes assumptions on expected growth, gross margins and discount rates, which are presented in more detail in Note 13.

Customer relationships, technology and trademarks

The Group has made estimates regarding the useful lives of customer relationships, technology and trademarks which are identifiable in acquisition analyses, which affects reported expenses for amortization in the income statement and the valuation of assets in the balance sheet.

Capitalized expenditure

Development expenditure is capitalized on the basis of that which is described in the section "Intangible assets" in Note 2. The Group has carried out estimates regarding useful lives, which affects reported expenses for amortization in the income statement and the valuation of assets in the balance sheet.

NOTE 5 Segment information

Operating segments are reported in a manner which corresponds with the internal reporting which is submitted to the chief operating decision maker. The chief operating decision maker is the function responsible for the allocation of resources and the assessment of the operating segment's result. In the Group, this function has been identified as the management group making strategic decisions.

The Company reports its entire operations as one segment.

Information on products and services

The Group develops and sells software within Enterprise Content Management – ECM. ECM is the term for various technologies, products and systems that collect, process, file, store and deliver information in a systematic and controlled manner. The Group primarily offers the following products and solutions:

- FormPipe W3D3
- FormPipe Platina
- FormPipe Long-Term Archive
- FormPipe LaserNet
- FormPipe LifeScience

Information on geographical markets

Sweden is the Group's main market and constitutes about 75 per cent of Group net sales. Denmark is the second largest market of the Group and constitutes about 15 per cent of net sales.

Information on larger customers

No single customer constitutes more than 10 percent of Group net sales.

NOTE 6 Remuneration to auditors

	Group		Parent Company	
	2011	2010	2011	2010
Pricewaterhouse Coopers AB				
Audit assignment	203	210	130	210
Audit services other than the audit assignment	53	50	53	50
Other services	15	–	15	–
The Group in total	271	260	198	260

The audit assignment refers to fees for the statutory audit, i.e. the work necessary in order to submit the statutory Auditor's Report and Audit Guidance performed in conjunction with the audit assignment. Audit services other than the audit assignment refers to 2011 and 2010 for a review of Q3. Other services refer to consultancy activities in 2011.

NOTE 7 Employees, management and the Board

Salaries and other remuneration for employees allocated to the Parent Company and subsidiaries

	2011	2010
Parent Company		
Salaries and other remuneration	13,807	13,321
Pension costs	1,867	1,638
Social security contributions	4,969	4,846
Subsidiaries		
Salaries and other remuneration	20,795	28,079
Pension costs	1,243	1,846
Social security contributions	3,572	6,288
Group		
Salaries and other remuneration	34,602	41,399
Pension costs	3,110	3,483
Social security contributions	8,540	11,134

	Group		Parent Company	
	2011	2010	2011	2010
Number of employees at year-end				
FormPipe Software Stockholm	26	25	24	25
FormPipe Software Uppsala	17	24		
FormPipe Software Linköping	12	11		
FormPipe Software A/S	14	14		
Total employees	69	74	24	25
Average number of employees	72	77	25	23

Accounting of senior management benefits

		Basic fee/ Director's fee	Vari- able remu- ner- ation	Pen- sion costs	Other remu- ner- ation	Total
Hans Möller (Chairman)	2011	180	–	–	–	180
Hans Möller (Chairman)	2010	130	–	–	–	130
Staffan Torstensson	2011	100	–	–	–	100
Staffan Torstensson	2010	75	–	–	–	75
Lennart Pihl	2011	100	–	–	15	115
Lennart Pihl	2010	75	–	–	8	83
Jon Pettersson	2011	100	–	–	–	100
Jon Pettersson	2010	75	–	–	–	75
Bo Nordlander	2011	100	–	–	–	100
Bo Nordlander	2010	75	–	–	–	75
CEO Christian Sundin	2011	1,476	–	375	120	1,972
CEO Christian Sundin	2010	1,122	319	369	195	2,004
Other senior management	2011	3,338	–	759	201	4,298
Other senior management	2010	2,967	696	809	589	5,061
Total 2011		5,394	0	1,134	337	6,865
Total 2010		4,519	1 015	1,178	792	7,503

	2011	2010	2011	2010
BOARD OF DIRECTORS				
Members of the Board				
Women	–	–	–	–
Men	5	5	5	5

BOARDS OF DIRECTORS OF SUBSIDIARIES

	FormPipe Software Uppsala AB		FormPipe Software Linköping AB		FormPipe Software A/S		FormPipe Software Skellefteå AB	
	2011	2010	2011	2010	2011	2010	2011	2010
Members of the Board								
Women	–	–	–	–	–	–	–	–
Men	1	1	1	1	3	3	1	1

The Boards of Directors in the subsidiaries have not received directors' fees in 2011.

There are no pension commitments regarding, or severance pay to, the Board.

Each year, the CEO, in consultation with the Board, determines the fixed salary for senior management and decides on any changes. Any changes in salaries are applied from 1 January.

MANAGEMENT

	Group		Parent Company	
	2011	2010	2011	2010
Management (incl. CEO)				
Women	1	1	1	1
Men	4	4	4	4

CEO

In addition to a fixed salary, the CEO receives performance-based remuneration. The performance-based remuneration is related to the degree to which financial goals, set by the Group's Board, have been met. The performance-based remuneration may amount to a maximum of 40 percent in addition to the fixed salary. In 2011, the financial goals were not met and, therefore, no performance-based remuneration was paid out or reserved during the period. The CEO does not receive any director's fee.

Variable remuneration

The Company applies both fixed salary and performance-based remuneration regarding senior management, and sales commission on sales regarding the sales force. The amount of performance-based remuneration to the senior management is related to the degree to which financial goals, set by the Group's Board, have been met. Performance-based remuneration may amount to a maximum of 40 percent in addition to the fixed salary. All variable remuneration plans include defined maximum allocation and outcome limits.

Pensions

The retirement age for senior management is 65. The pension program for the CEO corresponds to 25 percent of final salary.

Severance pay

Upon notice of termination of the CEO's employment by the company, the company is subject to a term of notice of 6 months and 6 months' severance pay. Other payments, which the CEO receives during the period covered by the severance pay, are deducted from the severance pay. Upon termination by the CEO, a 6-month term of notice applies. Between the company and other senior management, a mutual term of notice of 3 to 6 months applies. If the company becomes the subject of a takeover bid which means that at least 30 percent of the company's shares are acquired by one shareholder, the CEO has, in the case of the company's or the CEO's notice of termination, the right to receive a special severance pay equivalent to 12 months' fixed salary at the point in time of the notice of termination. Such severance pay is free from deductions and will be paid out in its entirety at the termination of the employment and replaces the severance pay that the CEO is normally entitled to in his/her employment contract.

NOTE 7 Employees, management and the Board, cont**Sick leave for period 1 Jan – 31 Dec 2011**

	Group ¹⁾		Parent Company	
	2011	2010	2011	2010
As a percentage				
Total sick leave as a percentage of normal working hours	2.7	1.9	1.9	1.3
of which long-term illness		*	*	*
Sick leave by age group				
< 29 years old	*	*	*	*
30 - 49 years old	2.0	2.3	2.0	1.4
> 50 years old	*	*	*	*
Sick leave by gender				
Women	*	1.0	*	1.0
Men	2.0	1.1	2.0	1.5

Total sick leave amounts to 2.7 percent for the FormPipe Software Group of the total working hours in 2011. There are no significant differences between genders or age groups.

*If the amount of employees in an age or a gender group is 10 or less, no information is provided.

*is not provided in cases in which sick leave is related to a certain employee.

¹⁾ Sick leave for the Group refers to Swedish Group companies only.

NOTE 8 Financial income and expenses

	Group		Parent Company	
	2011	2010	2011	2010
FINANCIAL INCOME:				
Dividend	–	–	6,745	6,250
Received Group contribution	–	–	12,450	10,670
Interest income	98	15	71	0
Exchange rate differences	–	845	–	842
Other financial income	–	3	–	3
	98	862	19,266	17,765
FINANCIAL EXPENSES:				
Interest expenses	-29	62	-190	-278
Exchange rate differences	-88	–	-69	–
Other financial expenses	-172	-173	-137	-132
	-290	-110	-395	-410

NOTE 9 Income tax

	Group	
	2011	2010
Current tax	413	2,050
Deferred tax	4,895	1,004
	5,308	3,053

Deferred tax refers to capitalized loss carry-forwards of SEK -792,000 (-1,952,000), utilization of accumulated loss carry-forwards from previous years of SEK 2,317,000 (361,000) and deferred tax expenses attributable to intangible assets of SEK 3,371,000 (2,595,000).

All losses in the Group are capitalized as deferred tax assets.

Income tax on the Group's profit before tax differs from the theoretical amount which would have arisen when using weighted average tax rate for the results in the consolidated companies in accordance with the following:

	Group		Parent Company	
	2011	2010	2011	2010
Income before tax	20,010	11,638	3,487	-632
Income tax calculated in accordance with national tax rates applying to profit in each country	5,215	3,049	917	-166
Non-taxable profit	-1,069	-314	-1,775	-1,866
Non-deductible expenses	17	109	66	80
Difference between reported and taxable depreciations/amortizations	317	–	–	–
	13	208	–	–
Tax attributable to previous years	814	–	–	–
Tax expenses	5,308	3,053	-792	-1,952

The weighted effective tax rate was 26.5 (26.2) per cent.

NOTE 10 Exchange rate differences – net

Exchange rate (against SEK)	Average rate Jan–Dec		Closing rate 31 December	
	2011	2010	2011	2010
DKK	1.21	1.28	1.20	1.21

Exchange rate differences are recognised in the income statement as follows:

	Group		Parent company	
	2011	2010	2011	2010
Other income and expenses – net	-110	-83	1	18
Financial items – net	-88	847	-69	845

NOTE 11 Earnings per share**Before dilution**

Earnings per share before dilution is calculated as the profit attributable to the shareholders of the Parent Company divided by the weighted average of the number of ordinary shares outstanding during the period, excluding repurchased shares that are treated as own shares by the Parent Company.

	2011	2010
Profit attributable to Parent Company's shareholders	14,702	8,584
Weighted average amount of outstanding ordinary shares (in thousands)	12,176	11,937
Earnings per share before dilution (SEK per share)	1.21	0.72

After dilution

For the calculation of earnings per share after dilution, the weighted average amounts of outstanding ordinary shares are adjusted for their dilution effect on all potential ordinary shares. The Parent Company has a category of potential ordinary shares with dilution effect: share options. For share options, a calculation of the amount of shares which could have been purchased at fair value (calculated as the year's average market price for the Parent Company's shares) is made, at an amount corresponding to the monetary value of the subscription rights linked to outstanding share options. The amount of shares calculated according to the above is compared to the amount of shares which would have been issued under the assumption that the share options are utilized.

	2011	2010
Profit attributable to Parent Company's shareholders	14,702	8,584
Net profit used to determine earnings per share after dilution	14,702	8,584
Weighted average amount of outstanding ordinary shares (in thousands)	12,176	11,937
Adjustments for:		
- share options 2008-2010 (in thousands)	–	14
- share options 2009-2011 (in thousands)	7	100
- share options 2010-2012 (in thousands)	0	–
- share options 2011-2013 (in thousands)	0	–
Weighted average amount of ordinary shares for the calculation of earnings per share after dilution (in thousands)	12,183	12,052
Earnings per share after dilution (SEK per share)	1.21	0.71

NOTE 12 Dividend per share

A dividend of SEK 0.60 (0.50) per share for 2011 will be proposed at the Annual General Meeting on 27 March. The total dividend may amount to a maximum of SEK 7,340,188 (6,116,824).

NOTE 13 Intangible assets

Group	Goodwill	Capitalised expenditure	Custom-relationships	Technology	Trade-marks	Total
FINANCIAL YEAR 2010						
Opening carrying value	118,102	19,026	4,915	521	529	143,093
Increase through business combinations	-303	–	–	–	–	-303
Exchange rate differences	-7,757	-441	-373	-29	–	-8,599
Purchases	–	12,606	–	–	–	12,606
Amortization	–	-5,634	-1,703	-491	-318	-8,146
Closing carrying value	110,042	25,558	2,841	–	211	138,651

As of 31 December 2010

Cost	110,042	40,183	8,555	2,205	954	161,939
Accumulated amortization	–	-14,625	-5,716	-2,205	-742	-23,288
Carrying value	110,042	25,558	2,841	–	211	138,651

FINANCIAL YEAR 2011

Opening carrying value	110,042	25,558	2,841	–	211	138,651
Increase through business combinations	–	–	–	–	–	–
Exchange rate differences	-177	-28	-8	–	–	-213
Purchases	–	17,751	–	–	–	17,751
Amortization	–	-7,738	-1,559	–	-211	-9,508
Closing carrying value	109,865	35,544	1,274	–	–	146,682

As of 31 December 2011

Cost	109,865	57,906	8,547	2,205	954	179,478
Accumulated amortization	–	-22,362	-7,275	-2,205	-954	-32,797
Carrying value	109,865	35,544	1,274	–	–	146,682

Capitalised expenditure refers primarily to expenditure for product development.

NOTE 13 Intangible assets, cont.

PARENT COMPANY	Goodwill	Capitalized expenditure	Total
Financial year 2010			
Opening carrying value	1,522	321	1,843
Purchases	–	–	–
Amortization	-405	-125	-529
Closing carrying value	1,117	197	1,314
As of 31 December 2010			
Cost	3,626	624	4,250
Accumulated amortization	-2,510	-427	-2,936
Carrying value	1,117	197	1,314
Financial year 2011			
Opening carrying value	1,117	197	1,314
Purchases	–	152	152
Amortization	-402	-115	-517
Closing carrying value	715	234	949
As of 31 December 2011			
Cost	4,057	775	4,833
Accumulated amortization	-3,342	-542	-3,884
Carrying value	715	234	949

Impairment test for Group goodwill

At the end of the year, Group goodwill amounted to SEK 109,865,000 (110,042,000). Goodwill is not amortized according to plan; instead, it is tested for impairment on an annual basis.

Testing for impairment for all units is based on calculation of the value in use. This value is based on future cash flow forecasts, in which the first five years have been based on the business plan established by company management.

Critical variables, and the method for estimating these values, for the five-year explicit forecasting period, are described below.

Forecasting period and long-term growth rate

The explicit forecasting period is five years. Cash flows beyond the explicit forecasting period have been assigned an annual growth rate of 3 percent, which is somewhat higher than the expected general BNP growth and is motivated by the fact that the company operates in a growth sector with continued good prospects for high growth levels beyond the explicit prognosis period.

Explicit growth and margin

The growth rate and cost development during the first five years are based on a weighing of external analysis documents for the market relevant to operations and the management's experience and assessment of the company's position on the market.

Discounting factor

Discounting factor is calculated as the Group's weighted average cost of capital including risk premium. The forecasted cash flows have been discounted with a discounting interest of 13.0 (13.0) percent before tax.

For all cash-generating units, the recoverable amount exceeds the reported value. Company management assesses that a reasonable and possible change (+/- 1 percent) in the critical variables above would not have such an effect that each of them, on their own, would reduce the recoverable amount to a value lower than the reported value.

NOTE 14 Tangible fixed assets

GROUP	Computer equipment	Equipment	Total
Financial year 2010			
Opening reported value	713	624	1,338
Increase through business combinations	–	–	–
Exchange rate differences	–	–	–
Purchases	437	4	441
Sales and disposals	–	–	–
Depreciation	-522	-243	-765
Reversed accumulated depreciation on disposals	–	–	–
Closing reported value	627	385	1,012
As of 31 December 2010			
Cost	2,100	1,153	3,253
Accumulated depreciation	-1,472	-769	-2,241
Reported value	627	385	1,012
Financial report 2011			
Opening reported value	627	385	1,012
Increase through business combinations	–	–	–
Exchange rate differences	–	–	–
Purchases	357	122	479
Sales and disposals	–	–	–
Depreciation	-399	-234	-633
Reversed accumulated depreciation on disposals	–	–	–
Closing reported value	586	272	858
As of 31 December 2011			
Cost	2,457	1,276	3,733
Accumulated depreciation	-1,871	-1,004	-2,875
Reported value	586	272	858

PARENT COMPANY	Computer equipment	Equipment	Total
Financial year 2010			
Opening reported value	660	283	943
Purchases	425	–	425
Sales and disposals	–	–	–
Depreciation	-466	-127	-593
Reversed accumulated depreciation on disposals	–	–	–
Closing reported value	619	156	775
As of 31 December 2010			
Cost	1,829	684	2,513
Accumulated depreciation	-1,210	-528	-1,738
Reported value	619	156	775
Financial year 2011			
Opening reported value	619	156	775
Purchases	338	23	361
Sales and disposals	–	–	–
Depreciation	-387	-123	-510
Reversed accumulated depreciation on disposals	–	–	–
Closing reported value	571	56	627
As of 31 December 2011			
Cost	2,167	707	2,874
Accumulated depreciation	-1,597	-651	-2,248
Reported value	571	56	627

NOTE 15 Financial fixed assets

	Parent Company		Group		
	2011	2010	2011	2010	
Shares in subsidiaries					
Opening cost	124,573	124,848			
Acquisitions for the year	–	–			
Changes related to acquisitions	–	-275			
Closing accumulated costs	124,573	124,573			
Other financial fixed assets					
Other financial assets	31	26	31	26	
Closing value of financial assets	31	26	124,604	124,599	
Pledged assets refer to shares in subsidiaries.					
Subsidiaries					
Company	Registered office	Legal form	Corporate Identity Number	Participating interest	Reported value
FormPipe Software Uppsala AB	Uppsala	Limited liability company	556463-9861	100%	18,371
FormPipe Software Linköping AB	Linköping	Limited liability company	556389-0564	100%	16,977
FormPipe Software A/S	Brøndby	Limited liability company	26366216	100%	61,048
FormPipe Software Skellefteå AB	Skellefteå	Limited liability company	556601-0087	100%	28,177

NOTE 16 Financial instruments per category

	Measured at amortized cost	Measured at fair value through profit or loss	Total
31 December 2011			
Assets in the balance sheet			
Accounts receivable and other receivables excluding interim receivables	29,256	–	29,256
Cash and cash equivalents	12,794	–	12,794
Total	42,050	–	42,050
Liabilities in the balance sheet			
Accounts payable and other liabilities excluding non-financial liabilities	5,720	–	5,720
Total	5,720	–	5,720
31 December 2010			
Assets in the balance sheet			
Accounts receivable and other receivables excluding interim receivables	26,106	–	26,106
Cash and cash equivalents	4,410	–	4,410
Total	30,516	–	30,516
Liabilities in the balance sheet			
Accounts payable and other liabilities excluding non-financial liabilities	4,807	–	4,807
Total	4,807	–	4,807

The creditworthiness in the category loans and receivables cannot be assessed based on external credit ratings. Impairment regarding accounts receivable has been extremely rare in the past. Cash and cash equivalents, in their entirety, consist of liquid funds.

NOTE 17 Inventories

Costs for inventories which are expensed are included in the item current assets/finished products and amount to SEK 4,000 (12,000).

NOTE 18 Accounts receivable – trade

	Group		Parent Company	
	2011	2010	2011	2010
Accounts receivable – trade	29,208	26,089	760	1,239
	29,208	26,089	760	1,239

The Group does not have any non-current accounts receivable. The fair value regarding current accounts receivable is consistent with the reported value.

As of 31 December 2011 accounts receivable amounted to SEK 29,208,000 (26,089,000). Of the accounts receivable of SEK 29,208,000, an impairment of SEK 111,000 was required. The age analysis of accounts receivable is provided below:

Matured accounts receivable on balance sheet date:

	Group		Parent Company	
	2011	2010	2011	2010
Less than 3 months	12,117	4,700	312	379
More than 3 months	1,027	800	-21	-5
	13,144	5,500	291	374

As of 31 December 2011 the Group anticipated bad debt losses of SEK 111,000 (0) for which reason a reserve for insecure receivables of SEK 111,000 (0) has been reported on 31 December 2011.

Other categories in accounts receivable and other receivables do not include any assets in need of impairment.

The maximum exposure for credit risk on the balance sheet date is the fair value for each category receivables as stated above. The Group has no collateral as security.

NOTE 19 Prepaid expenses and accrued income

	Group		Parent Company	
	2011	2010	2011	2010
Prepaid insurance	462	256	221	181
Prepaid IT expenses	530	682	263	220
Prepaid rental expenses	350	875	152	429
Accrued income	1,464	430	–	–
Other	43	176	60	135
Total	2,849	2,418	696	966

NOTE 20 Cash and cash equivalents

	Group		Parent Company	
	2011	2010	2011	2010
Cash and bank balances	12,794	4,410	12,035	3,343
	12,794	4,410	12,035	3,343

Bank overdraft facilities granted amount to SEK 20,000,000 and were unutilized at the end of the year

NOTE 21 Share capital

	Amount of shares (in thousands)
As of 31 December 2009	11,736
New issue 18 March 2010	268
As of 31 December 2010	12,005
New issue 22 March 2011	229
As of 31 December 2011	12,234

The total amount of shares is 12,233,647 (12,004,504) with a quotient value of SEK 0.1 (0.1) per share. All issued shares are fully paid.

Share options

On 11 March 2011, the company offered employees the opportunity to acquire warrants in the company. The program was fully subscribed and a total of 350,000 warrants were issued. Each warrant provides the owner with the right to subscribe to a new share in the company during a period from 4 February 2013 to 14 February 2013 at a rate of SEK 17.51 per share. The paid option premium of a total of SEK 381,500 is reported as an increase in other capital contributions.

On 12 March 2010, the company offered employees the opportunity to acquire warrants in the company. The program was fully subscribed and a total of 350,000 warrants were issued. Each warrant provides the owner with the right to subscribe to a new share in the company during a period from 6 February 2012 to 15 February 2012 at a rate of SEK 25.76 per share. The paid option premium of a total of SEK 616,000 is reported as an increase in other contributed capital.

For all outstanding options, the payment from employees is based on the market price, determined on the basis of the Black & Scholes valuation model. No benefits or remuneration are paid to the employees; consequently, no payroll expenses are reported in the income statement in accordance with IFRS 2.

Changes in the amount of outstanding share options and their weighted average redemption prices are as follows:

	Average redemption price in SEK per share	Warrants (number of)
2011		
As of 1 January	18.81	840,000
+ Allocated	17.51	350,000
– Forfeited	–	–
– Utilized	13.85	-229,143
– Matured	13.85	-260,857
As of 31 December	21.64	700,000

	Average redemption price in SEK per share	Warrants (number of)
2010		
As of 1 January	14.69	1,000,766
+ Allocated	25.76	350,000
– Forfeited	–	–
– Utilized	15.49	-268,323
– Matured	15.49	-242,443
As of 31 December	18.81	840,000

At the end of the period, the company has two (two) outstanding warrant programs with the following maturity dates and redemption prices:

NOTE 21 Share capital cont.

Maturity date	Redemption price	2011	2010
21 March 2011	13.85	–	490,000
15 February 2012	25.76	350,000	350,000
13 February 2013	17.51	350,000	–
		700,000	840,000

The weighted average fair value for options allocated in 2011, established using the Black & Scholes valuation model, was SEK 1.09 (1.76) per option. Important inputs in the model were a weighted average share price of SEK 14.59 (21.47) on the allocation date, redemption price of SEK 17.51 (25.76) per new share, volatility of 30 (30) percent, expected maturity of 705 (693) days and an annual risk-free interest of 2.25 (1.66) percent. Options do not give entitlement to dividends, which has been taken into account in the calculation of option premiums.

NOTE 22 Deferred income tax

Deferred tax receivables and liabilities are offset when there is a legal right of offset for current tax receivables and tax liabilities, and when deferred taxes refer to the same tax authority.

The Group has no offset tax receivables and liabilities.

	2011	2010
Deferred tax receivables	6,414	7,939
Deferred tax liabilities	8,463	5,104

Gross changes regarding deferred tax receivables are as follows:

	2011	2010
Opening balance	7,939	6,348
Reported in the income statement	792	1,952
Utilization of loss carry-forward	-2,317	-361
Closing balance	6,414	7,939

In accordance with the assessments, deferred tax receivables may be utilized within the following 5-year period.

Gross changes regarding deferred tax receivables divided according to asset class:

	Loss carry-forwards	Other	Total
As of 1 January 2010	6,348	–	6,348
Reported in the income statement	1,952	–	1,952
Utilization of loss carry-forwards	-361	–	-361
As of 31 December 2010	7,939	–	7,939
Reported in the income statement	792	–	792
Utilization of loss carry-forwards	-2,317	–	-2,317
As of 31 December 2011	7,939	–	7,939

Deferred tax receivables are reported for fiscal loss carry-forward to the extent that it is likely that they can be charged against future taxable profit. All losses in the Group are capitalized as deferred tax receivables. In 2011, SEK 2,317,000 (361,000) of loss carry-forwards have been utilized and SEK 792,000 (1,952,000) capitalized, whereby the fiscal value amounted to SEK 6,414,000 (7,939,000) on 31 December 2011.

NOTE 22 Deferred income tax cont.

Gross changes regarding deferred tax liabilities are as follows:

	2011	2010
Opening balance	5,104	2,751
Reported in the income statement	3,371	2,595
Exchange rate differences	-12	-242
Closing balance	8,463	5,104

In accordance with the estimates, SEK 8,463,000 of the deferred tax liabilities of SEK 1,000,000 will be utilized during the following 12-month period. The remaining amount will be utilized within the following 5-year period.

Gross changes regarding deferred tax liabilities divided according to asset class:

	Intangible assets	Other	Total
As of 1 January 2010	2,751	–	2,751
Reported in the income statement	2,595	–	2,595
Exchange rate differences	-242	–	-242
As of 31 December 2010	5,104	–	5,104
Reported in the income statement	3,371	–	3,371
Exchange rate differences	-12	–	-12
As id 31 December 2011	8,463	–	8,463

Deferred taxes reported in intangible assets refer to fair value adjustments for acquired assets, and capitalized development expenditure.

Dissolution of deferred tax liabilities attributable to amortization of acquired intangible assets amounts to SEK 294,000 (586,000) in 2011, and amortization of capitalized development expenditure amounts to SEK 615,000 (34,000).

Deferred taxes reported in the column other refer to deferred tax liabilities in acquired companies.

NOTE 23 Other liabilities

	Group		Parent Company	
	2011	2010	2011	2010
Current liabilities				
VAT	4,473	5,168	2,735	1,798
Other current liabilities	785	811	445	427
Total other liabilities	5,258	5,979	3,179	2,225

NOTE 24 Other provisions

	Restructuring	Total
As of 1 January 2010	–	–
Reported in the income statement	4,566	4,566
As of 31 December 2010	4,566	4,566
Utilized during the year	-4,186	-4,186
Reversed not utilized	-380	-380
As of 31 December 2011	–	–

Restructurings which were initiated in 2010 were completed during the first half of 2011. This work has resulted in a reduction of the number of positions and the closing of the office in Skellefteå. The provision of SEK 4,566,000 on 31 December 2010 was entirely utilized during the first half of 2011; the unutilized portion was adjusted for which reason no provision remained on 31 December 2011.

NOTE 25 Accrued expenses and deferred income

	Group		Parent Company	
	2011	2010	2011	2010
Employee-related accrued expenses	8,234	11,168	4,317	5,022
Deferred income	39,258	31,971	5,727	6,361
Other accrued expenses	3,437	3,926	1,179	1,735
	50,930	47,065	11,224	13,118

NOTE 26 Commitments

Commitments regarding operating leases – in which a Group company is a lessee. The Group rents a number of premises and offices with terms of notice of 2 and 4 years. Lease agreements have different conditions, index clauses and rights to extension. In addition, the Group leases various kinds of office machinery and vehicles in accordance with cancellable operating lease agreements. The term of notice for the Group regarding these agreements is one month. Leasing expenses amount to SEK 270,000 (413,000).

Future total minimum lease expenses for non-cancellable operating lease agreements are as follows:

	2011	2010
Within 1 year	522	482
Between 1 and 5 years	610	675
More than 5 years	–	–
	1,132	1,157

NOTE 27 Related parties disclosures

Related parties refer to:

- Companies directly or indirectly through one or more intermediaries having control over FormPipe Software AB.
- Individuals directly or indirectly owning such a portion of shares in FormPipe Software AB which implies that they control the company and close relatives to such individuals.
- Key management personnel who are responsible for planning and managing activities such as Board members and senior management.

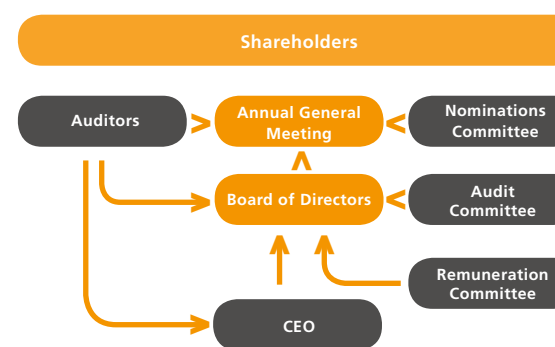
FormPipe Software has no transactions with related parties in accordance with the definition in IAS 24 Related Party Disclosures (see above) to report, besides those stated in Note 7 Employees, Management and Board.

Transactions between companies within the Group are regulated in the Company's transfer pricing policy and are made on the basis of the arm's length principle.

CORPORATE GOVERNANCE REPORT

FormPipe Software is a Swedish public limited company based in Stockholm. In 2011, the Group had operations in Sweden and Denmark. The governance, management and control of FormPipe Software is divided among the shareholders at the Annual General Meeting (AGM), the Board of Directors, the CEO, the Swedish Companies Act, the applicable articles of association, the NASDAQ OMX Stockholm's rules for issuers and the Swedish Code of Corporate Governance.

The Company's corporate governance, management, administration and internal controls over financial reporting are described in the FormPipe Software Corporate Governance Report for 2011. The Swedish Code of Corporate Governance is based on the principle "comply or explain", meaning that companies applying the code may depart from individual rules if they can clearly explain why, and what they do instead. The points where FormPipe Software deviates from the Code are set out below.

REPORTING STRUCTURE IN FORMPIPE SOFTWARE

Corporate governance is fundamentally about how the company is to be governed and operated from a shareholder's perspective. FormPipe Software's corporate governance is regulated by both external regulatory frameworks and internal policy documents.

Examples of external regulation:

- The Swedish Companies Act
- The NASDAQ OMX Stockholm's Rules for Issuers
- Existing accounting law
- The Swedish Code of Corporate Governance.

Examples of internal regulation:

- Articles of Association
- Instructions and charter for Board of Directors and CEO
- Internal policies, manuals and guidelines

SHAREHOLDERS

As of 31 Dec 2011, FormPipe Software had approximately 1 700 shareholders owning a total of 12,233,647 shares. The largest individual shareholder as of 31 Dec 2011 was Provider Capital Sweden with 10.4 percent of votes and capital. In all, the Company's ten largest shareholders held 62.3 percent of votes and capital.

ANNUAL GENERAL MEETING

The AGM refers to the annual ordinary meeting of shareholders

at which the Annual Report is submitted. Shareholders' rights to decide on FormPipe Software's affairs are exercised at the AGM, which is the Company's highest decision-making body. Some of the mandatory tasks assigned the AMG include establishing a consolidated balance sheet and income statement, determining the appropriation of profits, remuneration policies for senior executives and discharge of responsibility of the Board of Directors and CEO. The AGM appoints the Directors that are to sit on the Board until the end of the next AMG based on the recommendations of the Nominations Committee.

Annual General Meeting 2011

The FormPipe Software Annual General Meeting was held on 15 March 2011 at the company's premises in Stockholm. The elected Chairman of the meeting was attorney Johan Hessius. The company Board of Directors, Nominations Committee and Auditor were present at the meeting.

The Company's shareholders were informed well in advance of the time and venue of the meeting on www.formpipe.se, and of their right to raise issues for discussion at the meeting. All shareholders who are recorded in the share register and who have announced their participation in time are entitled to attend the meeting and vote with their shares.

The main decisions taken were the following:

- Adoption of income statement and balance sheet for the financial year 2010.
- Issue of dividends at SEK 0.5 per share.
- Appointment of Board members Hans Möller, Bo Nordlander, Jon Pettersson, Lennart Pihl and Staffan Torstensson.
- Re-election of Hans Möller as Chairman of the Board of Directors.
- Authorization of the Board of Directors to decide on the issuance of shares and convertible bonds.
- Authorization of the Board of Directors to acquire and transfer their own shares.
- Authorization to repurchase warrants from the series 2010/2012.
- Establishment of guidelines for executive remuneration.
- Issue of warrants for employees.
- Guidelines for executive compensation.

The minutes of the AGM were presented on the website two weeks after the meeting. Information from the meeting, such as notice, minutes and information on the Nominations Committee, can be found on FormPipe Software's website: www.formpipe.se.

Annual General Meeting 2012

The FormPipe Software 2012 AGM will take place on 27 March at the company's premises in Stockholm. Registration information for the 2012 AGM will be published on www.formpipe.se. Routines for submission of items for discussion are also described.

Nominations Committee

The Nominations Committee has begun work with the evaluation of the incumbent Board. The work of the Nominations Committee must be characterized by transparency and discussion in order

to achieve a well-balanced Board of Directors. The Nominations Committee then nominates FormPipe Software Board members for the upcoming term and submits its recommendations at the AGM. The Nominations Committee also gives recommendations on remuneration of Board members and auditors and, on occasion, also the selection of auditors. The AGM 2011 determined that the Nominations Committee will consist of three members. The Board of Directors will contact the three largest shareholders or holding groups by voting rights according to the Euroclear Sweden AB print out of the share register as per 30 September 2011. These owners each appoint a representative who will remain a member of the Nominations Committee until a new Nominations Committee is appointed by mandate of the next AGM. The composition of the Nominations Committee was published on the Company website on 30 November, which does not comply with the section of the code requiring that this information should be published no later than six months before the AGM. The company justifies this departure from the six-month interval in that it is not consistent with the company's desire for a short interval between the formation of the Nominations Committee and the AGM. For full documentation on Nominations Committee principles, see the document "The Nominations Committee's proposed motivated statement" prior to the 2011 AGM at www.formpipe.se.

Members of the Nominations Committee for the 2012 AGM are:

Johan Hernmarck, Chairman of the Nominations Committee, representing Provider Capital Sweden AB, 1,272,637 shares.

Björn Franzon, representing Swedbank Robur Småbolagsfond Sverige, 494,831 shares

Christer Jonsson, 428,000 shares

ARTICLES OF ASSOCIATION

The Articles of Association stipulate that FormPipe Software is a public limited company, the business operations of which are to, directly or indirectly, conduct operations in the business areas stipulated below, and activities compatible therewith: Internet consulting and intranet solutions, consulting in the fields of information management and data, development and design of computer software/products and the sale of mentioned products/services in combination with the appropriate hardware, and management and trade in securities and real estate. FormPipe Software share capital may be no less than SEK 500,000 and no more than SEK 2,000,000. The number of shares may be no less than 5,000,000 and no more than 20,000,000. The number of Board members will be three at least and six at most, with no more than three deputies. The complete Articles of Association can be downloaded from www.formpipe.se.

THE BOARD OF DIRECTORS

Duties of the Board of Directors

The duty of the Board of Directors is to manage company affairs on behalf of the shareholders. In addition to existing laws and recommendations, the work of the FormPipe Software Board of Directors is controlled by the rules of procedure, which outline rules on the division of labor between the Board of Directors and CEO, financial reporting, investments and financing. The rules of procedure are established once a year.

Responsibilities of the Board of Directors

The FormPipe Software Board of Directors bears the overall responsibility for the company's organization and management, as well as for ensuring that the guidelines for the management of company funds are appropriate. The Board of Directors is respon-

sible for the management of the company in accordance with applicable laws and regulations, as well as the NASDAQ OMX Stockholm's rules for issuers and the Swedish Code of Corporate Governance. The Board of Directors is further responsible for the development and monitoring of Group strategies through plans and targets, decisions on the acquisition and disposal of businesses, major investments, appointments and remuneration to Group management as well as ongoing monitoring of business operations during the year. The Board of Directors annually establishes the annual accounts, current business plan, operational policies and the CEO rules of procedure.

The Board of Directors' work in 2011

At the Annual General Meeting on 15 March 2011 the Board members elected were: Hans Möller, Chairman; Jon Pettersson, member; Lennart Pihl, member; Staffan Torstensson, member; Bill Thomas, member; and Bo Nordlander, member. The Company has held 13 minuted board meetings with which have, among other business, dealt with the financial position of the Company, financial reporting, business operations orientation, market assessments, strategic operational plans and organizational issues.

Chairman of the Board

The Chairman of the Board of Directors, Hans Möller, supervises the work of the Board of Directors so as to ensure it is conducted in compliance with laws and regulations applicable. The Chairman monitors operations through a dialogue with the CEO and is responsible for other members receiving the information necessary for high quality discussions and decisions. The Chairman also participates in evaluation and development issues pertaining to the Group's senior executives.

Composition of the Board of Directors

FormPipe Software normally holds four ordinary meetings per fiscal year and one statutory Board meeting directly following the AGM. Additional Board meetings are held if necessary. The Board of Directors consists of five members with no deputies. The CEO is not on the Board of Directors but is present at all Board meetings as Rapporteur, except when the work of the CEO is evaluated. The CEO reports to the Board of Directors regarding the operations of the Group and ensures that the Board of Directors receives factual and relevant data on which to base decisions. The table below shows Board members, as well as the Board of Directors' assessment concerning the independence of the company and its shareholders.

The Board of Directors, 2011

	No of meetings attended	Nom. Com	Rem. Com	Independency
Hans Möller , 1955, Chairman	13/13	Yes	Yes	Deemed dependent
Jon Pettersson , 1965, Board member	13/13	Yes	Yes	Deemed independent
Lennart Pihl , 1950, Board member	13/13	Yes	Yes	Deemed independent
Staffan Torstensson , 1972, Board member	13/13	Yes	Yes	Deemed independent
Bo Nordlander , 1956, Board member	13/13	Yes	Yes	Deemed dependent

The composition of FormPipe Software's Board of Directors meets the requirements of Nasdaq OMX Stockholm and the Swedish Code of Corporate Governance regarding independent Board members. For additional information on individual Board members, read more on www.formpipe.se, Investor Relationships, Corporate Governance.

The Board of Directors' rules of procedure

The Board of Directors' rules of procedure were established on 15 March 2011 and are to be revised annually at the inaugural Board meeting. The rules of procedure are thereafter revised according to need. The rules of procedure contain the Board of Directors' duties and responsibilities, the Chairman's duties, auditing issues and also specify which reports and financial information that the Board of Directors needs in advance of each regular board meeting. The rules of procedure further provide instructions to the CEO. An appendix on the Board of Directors' work as Audit Committee has been developed and established at the inaugural Board meeting on 15 March 2011. The rules of procedure also provide guidelines for the Board of Directors' work as Remuneration Committee.

AUDIT AND REMUNERATION COMMITTEES

The Board of Directors acts in full Audit and Remuneration Committee capacity. The work description outlining the work of an audit committee has been established as an appendix to the existing rules of procedure. The work as Remuneration Committee is governed in the current rules of procedure. The Rules of Procedure with the appendix were adopted at the inaugural Board meeting on 15 March 2011. During the autumn of 2011 the committees had separate meetings to discuss these issues (two meetings of the Audit Committee and three of the Remuneration Committee).

CEO AND SENIOR EXECUTIVES

The CEO, Christian Sundin, manages the Group and its operations within the framework established by the Board of Directors.

Christian Sundin

CEO

Born in 1971

Employed since 2006

Shares: 147,393.

Warrants: 82,258

Christian worked as FormPipe Software's CFO before taking over as CEO in 2007. Christian has a professional background in Ericsson with extensive experience in implementing large IT systems. Christian is an economist by education. Christian has no significant activities outside of FormPipe Software and has no significant shareholdings or partnerships in any company other than FormPipe Software.

The most recent operating instructions for the CEO were established by the Board of Directors on 16 March 2010. The CEO produces the necessary background information needed for decision-making at Board meetings and also justifies proposed resolutions. The Chairman of the Board of Directors has an annual assessment interview with the CEO in accordance with CEO instructions and applicable requirements. The CEO leads the Group executive management and makes decisions in consultation with other executive members. Group management has monthly meetings with recorded minutes where operational issues are discussed. In addition, the Group executive management produces a business plan annually to submit to the Board of Directors for approval. The business plan is monitored through monthly reports from each function within the Company where the review focuses primarily on growth and cost control. In addition to weekly meetings, most members of the Group management meet on a daily basis at company headquarters. The rapid development of the company makes the daily contact a prerequisite for effective, efficient control and management. Group executive management consists of the heads of major business areas within the FormPipe Software group.

AUDITORS

One or two auditors and at most two deputies are appointed at the AGM to audit the company's annual accounts as well as the Board of Directors' and the CEO's management. The Auditor-in-Charge is Michael Bengtsson from PricewaterhouseCoopers. Michael Bengtsson has participated in the audit of FormPipe Software since the company was established and has good insight into company development over the past few years.

INTERNAL CONTROLS REGARDING FINANCIAL REPORTING FOR 2011

This report has been prepared in accordance with the Swedish Code of Corporate Governance and is thereby limited to internal control over financial reporting. The Board of Directors is responsible for the corporate governance of FormPipe Software and thereby also the internal control. The overall aim is to protect company assets and thereby shareholder investments. The Board of Directors is also responsible for ensuring that the financial statements are prepared in accordance with relevant legislation. Quality assurance of FormPipe Software financial reporting is achieved through the Board of Directors reviewing all critical auditing issues and financial statements from the company. This requires that the Board of Directors deals with issues of internal control, compliance, significant uncertainties in reported values, any uncorrected errors, events after the balance sheet date, changes in accounting estimates, any irregularities and other matters affecting financial reporting quality.

Description of the organization of the internal controls

Control Environment – an active and committed Board of Directors is the foundation of effective internal controls. FormPipe Software Board has established clear procedures and rules of procedure for its work. One important part of the Board of Directors' work is to develop and approve a set of basic policies, guidelines and frameworks related to financial reporting. The Company's governing document is called "The Board of Directors' procedures and instructions regarding the division of labor between the Board of Directors and the CEO and instructions regarding financial reporting to the Board of Directors of FormPipe Software (including subsidiaries and affiliates)". The purpose of the policy is to create a foundation for sound internal controls. Monitoring and revision is a continuous process and is communicated to all employees involved in financial reporting. The Board of Directors evaluates results and business performance on a monthly basis through an appropriate reporting package containing a performance report, operational key data and other significant operational and financial information. The Board of Directors acts in the full capacity of Audit Committee. The Board of Directors has reviewed and evaluated the procedures for auditing and financial reporting and followed up and evaluated the work of the external auditors. In 2011, the Board of Directors has held a briefing with, and received a written report from, the company's external auditors. Other policies adopted as the basis for internal controls in FormPipe Software are the Financial Policy, Information Policy and IT Policy. FormPipe Software operates according to a function-based organizational structure in which each function manager is on the Company's executive management team and is responsible for the performance of the function. All functions within FormPipe Software have the same structure, financial system, chart of accounts and policies which facilitate the creation of appropriate procedures and control systems.

Risk assessment – FormPipe Software is continuously and actively engaged in risk analysis, risk assessment and risk mana-

gement to ensure that the risks the company is exposed to are managed in an appropriate manner within the established framework. The risk assessment considers, for example, the company's administrative procedures for invoicing and contract management. Also, significant balance sheet and income statement items where the risk of material misstatement is present are kept under constant review. Within company operations, these risks are mainly present in new sales items and recurring revenue. Risk assessment is performed regularly by senior management and reported on a monthly basis to the Board of Directors by the CEO.

Control Activities – Policies and guidelines define how accurate accounting, reporting and disclosure should be conducted, and how control activities should be executed. FormPipe Software works according to its Financial Guidelines, where control activities such as reconciliations, approval flows, account reconciliation, financial systems, comparing dimensions etc. are outlined. Control manages the risks that the Board of Directors deems essential for internal control of financial reporting. Control consists of an organization with clearly outlined responsibilities and procedures and clearly assigned job functions. Examples of control activities include reporting of decision-making processes and decision procedures for significant decisions (such as major new customers, investments, contracts etc.) and also reviewing all financial reports presented.

Information and communication – the company's governing documentation in the form of policies, guidelines and manuals for internal and external communication are continuously updated and communicated internally through appropriate channels, such as internal meetings, internal news e-mails and intranet. For communication with external parties there is a clear policy setting out all the guidelines for how information should be communicated - the company's Information Policy. The purpose of this policy is to ensure that FormPipe Software's information obligations under existing rules for issuers are all met in a correct and complete manner.

Follow-up and monitoring – the monitoring of internal controls is appropriate and is an ongoing process within the company. The Board of Directors meets the company auditors at least once a year for a review of current status, without the presence of the CEO or other members of executive management. The Board of Directors also ensures that the auditors briefly review the financial report from the third quarter. Finally, the Board of Directors also submits a brief report on how the internal controls were implemented during the year. The Board of Directors evaluates, on an annual basis, whether a separate function for an internal audit is to be appointed in FormPipe Software. The position is that the Board of Directors currently handles this process on a continuous basis in a satisfactory manner, which is why an internal audit function has not been established.

GUIDELINES ON EXECUTIVE REMUNERATION

The AGM approved the Board of Directors' proposed guidelines for remuneration to the Company CEO and other senior executives as follows. The resolution of the AGM is broadly consistent with previously applied principles for remuneration. The guidelines apply to contracts entered into, or to modifications of earlier remuneration contracts, after the 2011 AGM. The Board of Directors has not appointed a Remuneration Committee, but instead manages all remuneration and other employment term issues independently.

The Company will offer employment terms in line with mar-

ket rates to enable the company to recruit and retain skilled staff. Remuneration will consist of fixed salary, variable remuneration, long-term incentive plan, pension, severance conditions and other customary benefits. The fixed salary is re-assessed once per year and takes into account the individual's qualitative performance.

The basic salary for the CEO and other senior executives should be competitive. The variable remuneration must take into account the individual's level of responsibility and degree of influence. The size of the variable compensation should be in relation to the degree of achievement of financial targets set by the Board of Directors of the Group. In 2011, the parameters for determining variable remuneration have changed from budget-related terms to measuring the actual growth in turnover and earnings per share. The purpose of the change has been to create a better remuneration model system geared toward increased shareholder value. The variable remuneration portion represents a maximum of 40 percent in addition to basic salary. All variable remuneration plans are subject to maximum allocation and realization limits. For 2011, objectives were not achieved and thus no variable remuneration was paid out for the financial year 2011. The company has equity-based incentive plans directed to all employees (including the CEO and other senior executives) to promote company long-term interests. Existing stock options expire in 2 years, which is a departure from the Code's recommendations under Section 9.8. The Code advocates a maturity of at least three years. Consequently future programs proposed to the AGM will expire in three years. The Board of Directors will continuously evaluate whether additional option plans or any other form of equity-based incentive program should be proposed to the AGM. The CEO and other senior executives should have defined-contribution plans. The retirement age for the CEO and other senior executives is 65. Pension provisions are based on the budgeted salary only. For termination of the CEO by the company, six months' notice and 6 months' severance pay applies. Other income received by the CEO during the period of severance pay is deducted from severance pay. At termination by the CEO, six months' notice applies. The company and the other senior executives have a mutual notice period of 3 to 6 months. In the event that the company becomes the subject of a public takeover that results in at least 30 percent of its shares being acquired by a single shareholder, the CEO has, at the company's or the CEO's termination, the right to a special severance package equal to 12 fixed monthly salaries at the time of notice of termination. Such a severance package is not subject to deductions and is payable in full upon termination of employment and replaces the severance pay the CEO is normally entitled to according to his/her employment contract.

The AGM gave the Board of Directors the opportunity to deviate from the guidelines proposed above should individual cases with special circumstances warrant this.

The proposed guidelines for executive compensation in the 2012 AGM are unchanged from 2011.

REMUNERATION

Remuneration of the Board of Directors

The 2011 AGM determined that the total remuneration to the Board members for the current year would amount to SEK 580,000, of which SEK 180,000 goes to the Chairman and SEK 100,000 to each Board member, respectively (Note 7).

Remuneration to the CEO and Group executive management

Christian Sundin, – Basic salary SEK 1,476,000 per year, variable remuneration in accordance with established budgetary targets. In 2011, no variable remuneration was paid. Pension costs amounted to SEK 375,000. Other remuneration amounted to SEK 120,000 (Note 7).

Remuneration to other senior executives

The total basic salary for other senior executives in 2011 amounted to SEK 3,338,000. In 2011, no variable remuneration was paid. Pension costs amounted to SEK 759,000. Other remuneration amounted to SEK 201,000 (Note 7).

Audit fees

The audit fee is in accordance with the Nominations Committee's recommendation on an ongoing basis. The auditor and audit firms in 2011 were paid a total fee of SEK 271,000. The amount covers the work related to auditing, continuous consulting services and other forms of reviews (Note 6).

SIGNING OF THE ANNUAL REPORT

The Board of Directors and the CEO certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and give a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with GAAP and give a true and fair view of the Parent Company's financial position and results. The management reports for the Group and the Parent Company provide a fair overview of the Group's and the Parent Company's financial positions and performance and describe significant risks and uncertainties facing the Parent Company and the companies included in the Group.

STOCKHOLM, 27 February 2012

Jon Pettersson
Board member

Lennart Pihl
Board member

Staffan Torstensson
Board member

Bo Nordlander
Board member

Hans Möller
Chairman of the Board

Our audit report was submitted on 27 February 2012
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

AUDITORS' REPORT

To the AGM of FormPipe Software AB (publ.),
Corp. ID no. 556668-6605

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts of FormPipe Software AB (publ.) for the year 2011. The company's accounts are included in the printed version of this document on pages 30-65.

The Board of Director's and the CEO's responsibility for the annual accounts and consolidated accounts

The Board and the CEO are responsible for preparing annual accounts and consolidated accounts which give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act, and for the internal control deemed necessary by the Board and the CEO to prepare an Annual Report and consolidated accounts that are free of material misstatement, whether due to fraud or error.

The auditors' responsibility

Our responsibility is to express an opinion on the annual accounts and consolidated accounts based on our audit. We have conducted our audit in accordance with International Standards on Auditing and auditing standards in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance that the annual accounts are free of material misstatement.

An audit includes various measures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The auditor selects the actions to be performed, including assessing the risks of material misstatement in annual accounts, whether due to fraud or error. In this risk assessment the auditor takes into account the parts of the internal controls that are relevant to how the company prepares the annual accounts to give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of the Board of Directors estimates in the annual accounts, as well as evaluating the overall presentation of annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinions.

Statement

In our opinion, the annual accounts are prepared in accordance with the Annual Accounts Act and give, in all material respects, a true and fair view of the company's financial position as per 31 December 2011 and of its financial performance and cash flow for year according to the Annual Accounts Act, and that the consolidated accounts have been prepared in accordance with the Annual Accounts Act and provide, in all material respects, a true and fair view of the Group's financial position as per 31

December 2011 and of its results and cash flow in accordance with the International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act. A corporate governance report has been prepared. The Management Report and Corporate Governance Report are consistent with the other parts of the accounting.

We therefore recommend that the income statements and balance sheet of the Group be adopted.

REPORT ON OTHER REQUIREMENTS ACCORDING TO LEGISLATION AND OTHER REGULATIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also examined the proposed appropriation of the profit and the management of FormPipe Software AB (publ) by its Board of Directors and CEO for the year 2011.

The responsibilities of the Board and Chief Executive Officer

The Board is responsible for the proposed appropriation of the profit, and the Board of Directors and the CEO are responsible for the management of the company in accordance with the Companies Act.

The responsibilities of the auditors

Our responsibility is, with a reasonable level of security, to express an opinion on the proposal for appropriation of the profit and on the management of the company based on our audit. We have conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board's proposed appropriation of the profit, we examined the Board's opinion as well as a selection of evidence supporting this in order to assess whether the proposal complies with the Companies Act. As a basis for our opinion concerning discharge of responsibility, in addition to our audit of the financial statements we examined significant decisions, actions and circumstances to determine whether any member of the Board or the Chief Executive Officer is liable to pay damages to the company. We also examined whether any Board member or the CEO otherwise acted in contravention of the Companies Act, the Annual Accounts Act or the company's Articles of Association.

We consider that the audit evidence we have obtained is sufficient and appropriate to form the basis for our opinion.

Statements

We recommend that the AGM appropriates the profit as proposed in the Annual Report and that the members of the Board and the CEO be discharged from liability for the financial year.

Stockholm, 27 February 2012
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

DEFINITIONS

INCOME STATEMENT

EBITDA

Operating profit before amortizations/depreciations.

EBIT

Operating profit.

SALES

Recurring income

Income of annually recurring character, such as support and maintenance income, management agreement income and Income from rental agreements regarding licenses.

System income

The sum of license income and income from support and maintenance agreements.

MARGINS

Gross margin

Operating profit before amortizations/depreciations as a percentage of sales.

Operating margin

Operating profit as a percentage of sales.

Profit margin

Profit for the year as a percentage of sales.

RETURN ON CAPITAL

Return on operational capital

Operating profit as a percentage of average operational capital.

Return on capital employed

Operating profit plus financial income as a percentage of average capital employed.

Return on equity

Profit for the year as a percentage of average equity.

Return on total assets

Operating profit plus financial income as a percentage of average total assets.

CAPITAL STRUCTURE

Operational capital

Balance sheet total less non-interest-bearing liabilities including deferred tax and cash and bank balances, short-term investments and other interest-bearing receivables.

Capital employed

Balance sheet total less non-interest-bearing liabilities including deferred tax and cash and bank balances, short-term investments and other interest-bearing receivables.

Interest-bearing net liabilities

Interest-bearing liabilities less cash and cash equivalents.

Equity/assets ratio

Equity as a percentage of balance sheet total.

CASH FLOWS AND LIQUIDITY

Unrestricted cash flows

Cash flows from the operations less cash flows from investing operations excluding acquisitions of operations.

Cash and cash equivalents

Cash and bank balances and current investments.

SHARE DATA

Profit per amount of outstanding shares

Profit for the year divided by the amount of outstanding shares at the end of the year.

Profit per average number of shares

Profit for the year divided by the average amount of shares during the year.

Profit per average amount of shares after dilution

Profit for the year adjusted for dilution effects divided by the average amount of shares after dilution during the year.

Equity per share

Equity at the end of the year divided by the average number of shares during the year.

