

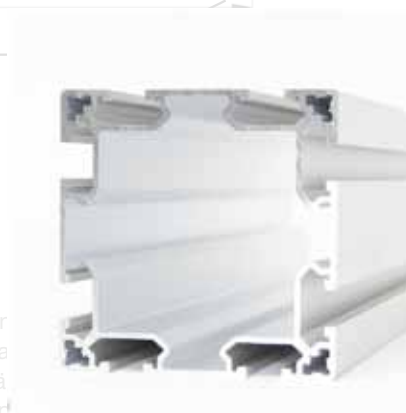
87.5

kg/m

ANNUAL REPORT 2013

# Profil Gruppen.

Denna extremt lilla profil är en täcklist till g...  
Av produktionstekniska skäl tillverkas den  
brytlist, dvs det är endast toppen på profil  
faktiskt används.



e linjen visar vår maximala pressöpp...  
truktion som ska produceras i vår an...  
alltid hålla sig inom dessa yttre rama...  
så erhålls detta genom sammanfog...  
pelvis genom friktionssvetsning (FSV...  
oducera profiler som väger från 0,2 ti...



25.25

3.5

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*This document is a translation from Swedish. The Swedish version shall always prevail.*

## BRIEF FACTS ABOUT THE GROUP

- ProfilGruppen AB in Åseda, Småland in Sweden develops and manufactures customised extrusions and components in aluminium.
- The company has customers in several European countries and during 2013 the share of export was 49 percent.
- Aluminium extrusions are used within many industries, for example automotive, electronics, telecommunications, construction and furnishings.
- The company is quality-certified in accordance with ISO/TS 16949, ISO 9001 and ISO 14001.
- ProfilGruppen AB was listed on the Stockholm Stock Exchange in June 1997 and is listed as Small Cap.
- The vision of ProfilGruppen is to maintain a broad presence in the northern part of Europe and be viewed as one of the leading suppliers in Europe of innovative solutions for aluminium.

# ProfilGruppen

## IN 60 SECONDS...

ProfilGruppen supplies aluminium profiles and components, always tailor-made for the customer's requirements. Our core competence is profile solutions, but our wide range of processing services makes our product offering complete. The earlier in the customer's product development process we can contribute with our expertise, the better the product and production economy for the customer.



### DESIGN

Development of a new component begins with an analysis. A requirement specification is prepared together with the customer. The functions, properties and shape of the product are determined, as well as how the product will be used and fit into the customer's own production process. A technical evaluation determines which aluminium alloy is most suitable, the permitted tolerances and the optimal production method. Finding the best solution involves several of ProfilGruppen's areas of expertise.

### ANODISING

A high percentage of the profiles are surface treated by anodising, which is an electrolytic surface treatment process. As well as colouring and strengthening the surface of the profile, anodizing can modify its electrical properties. Normally anodizing produces electrical insulating surfaces, but if there is a need for conductive surfaces there is an alternative method called Alutin.



### EXTRUSION

Before a profile is manufactured, a unique tool in tempered steel is ordered. To form the desired profile, an aluminium billet is heated to around 500°C and then extruded with great force through the tool. After extrusion, the profiles are cooled and straightened out using a hydraulic pulling machine. Finally, the profiles are cut and tempered in an oven.

### PROCESSING

We also offer a range of different methods for processing of aluminium profiles so that they are ready to assemble by the customer. The profiles can be altered in a variety of ways, including bending, machining, milling, welding or painting. Processing is done both in-house and by a network of external subcontractors.



## BOLD INVESTMENTS IN THE FUTURE in a challenging market

Our expectations for the year were not realised. Instead, 2013 proved to be a year of weak demand and pressured margins, with the result that ProfilGruppen reports a loss for the period. In these headwinds and in view of the new competitive situation which has arisen in the market, we made our biggest investment to date in increasing our market presence.

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The economic recovery which we, along with most other commentators, had expected in 2013 failed to materialise. Although the most acute economic concerns in southern Europe abated somewhat during the year, this had no noticeable impact on industrial production. For aluminium extrusions the European market continued to shrink, declining by about four per cent over the twelve-month period. In Sweden the market contracted by as much as nine per cent. While our overall delivery volume remained largely unchanged from 2012 our margins declined during the year, especially on export volumes. In the autumn, after reaching agreements with all the relevant trade unions, we implemented a collective reduction of working hours aimed at cutting our payroll costs.

### A NEW COMPETITIVE SITUATION

The merger of Scandinavia's largest suppliers of aluminium extrusions, Sapa and Hydro, created a degree of turmoil in the market in the first half of the year due to internal positioning. Following the merger and the sale by Hydro of one of its extrusion plants in Norway to Hydal a new competitive situation has arisen in the Scandinavian market. This, coupled with the fact that Sapa has reduced its capacity, creates good opportunities for ProfilGruppen in its home market.

### BOLD INVESTMENT IN MARKET PRESENCE

The difficult situation in the market has necessitated actions on several fronts on the part of ProfilGruppen. The biggest changes relate to marketing and sales. Large parts of our old sales organisation have gradually been replaced by a new organisation. During the

year we recruited about ten new sales staff and technicians - all with strong skills profiles and long experience from the industry. Armed by these new recruitments we are now building a new customer platform that will give us a better balance among different customer groups.

Through various measures we have also paved the way for additional customer visits while reducing the administrative burden for our sales staff. Although the new organisation has only been in place for about half a year we have already noticed a significantly increased market presence for ProfilGruppen, resulting in an inflow of new customers.

### TWO NEW SALES OFFICES IN SWEDEN

In 2013 we opened two new sales offices in Sweden, one in Stockholm and one in Umeå, with the aim of getting closer to our customers. This will give us a welcome new start in a market area in Sweden where we have had a weak presence in recent years.

We have also decided to handle all transactions with the automotive segment, including exports, from our head office in Åseda. Contracts in this sector are often complex and challenging, requiring the involvement of our full pool of leading experts throughout the project. By taking this measure we have also been able to focus and streamline our marketing activities in our key export markets.

### INCREASED AUTOMATION

ProfilGruppen continually looks for improvements that can increase the efficiency of our production. This work also involves increasing the degree of automation. Over the past year we started work on





preparing an investment of close to SEK 10 million at one of our extrusion plants. The investment refers to new handling equipment for extrusions that will automate parts of the flow and result in significant improvements to quality and cost savings. The investment includes a new cutting machine for scrap aluminium that will enable easier handling while also creating benefits at the recycling stage.

#### **TREND BREAK FOR NEW TOOL ORDERS**

In the latter part of 2013 we noticed a clear break in the trend in orders for new extrusion tools. Both old and new customers contributed to the change. Orders for new tools are interesting, as these constitute an initial step towards new deals, but lead times to the actual deliveries vary. The strong pick-up in tool orders is to a large extent due to the new start that we have made in our sales activities and our expanded market presence.

#### **INCREASED MARKET SHARES**

Industry trade group EAA expects demand for aluminium extrusions in Europe to increase by a few percentage points in 2014. Our projection for the Swedish market is similar. In view of the trend breaks that we have witnessed in our own operations, our goal is to increase our deliveries in the Swedish market by more than the market growth and thus capture a larger market share.

#### **MAJOR DEAL WITH VOLVO CARS**

While grappling with many difficult market challenges in 2013 we have also been working intensively on establishing ProfilGruppen as

a direct supplier to Volvo CarCorporation and their new platform. Shortly after year-end a deal was concluded under which we will be delivering aluminium components over a number of years starting in 2015. We are very proud of the confidence which Volvo CarCorporation has shown in us as a supplier and future partner. The deal will generate growth in our core business and will assist our continued technological development. The contract with Volvo CarCorporation is the largest to date for ProfilGruppen and further strengthens our belief in a brighter future for the company.

#### **CHANGE OF CEO**

President and CEO Anders Frisinger left the company for family reasons on the 1st of February 2014. To ensure the continuity of the business, while seeking a new CEO, the Board has decided that I hand over the Chairmanship to Bengt Stillström and act as CEO during this time.

*Åseda, February 2014*

*Kåre Wetterberg*

# Risks and risk management

All activities of ProfilGruppen are exposed to risk, which may have a greater or lesser impact on the Group's target attainment. The risks can be divided into operational and financial risks. Operational risks are those that arise in day-to-day activities, such as liability risk or raw material risk. Financial risks – such as currency, liquidity, interest, credit and financing risks – are controlled and managed centrally.

The Board of Directors has overall responsibility for ProfilGruppen's risk management. The CEO is responsible for ongoing risk management in accordance with the Board's guidelines. To aid this work, a series of group-wide policies, including a financial policy and a raw material policy, have been drawn up.

## OPERATIONAL RISKS

### RELIANCE ON CUSTOMERS

The aim is a customer base without customers that are too dominant, as this reduces dependence on individual customers. During 2013, no customer represented more than ten per cent of the invoicing. The Group sells to a large number of customers, which inevitably means that some of these will occasionally experience payment problems. Customer credit risk is managed by each customer being assigned a basic limit based on the scope of their business and its content, its rating from Dun & Bradstreet, and a credit assessment carried out by the Group's credit manager. During 2013, 85 (87) per cent of the company's customers had a rating between AAA and A.

Concentration of credit risk as at 31-12-2013	Number of customers	Per cent of number of customers
Exposure < MSEK 1.0	335	94%
Exposure MSEK 1.0–5.0	19	5%
Exposure > MSEK 5	2	1%
	<b>356</b>	<b>100%</b>

### SUPPLIERS

In the supply chain, ProfilGruppen is dependent on a large number of suppliers. The loss of a key supplier may result in costs and problems delivering to the customer. In order to reduce this risk, we have signed delivery agreements with strategic key suppliers. In order to ensure that all key input goods are available, we have also developed contact with alternative suppliers.

ProfilGruppen continually evaluates its strategic suppliers to ensure that they meet our customers' requirements with regard to factors such as quality, delivery reliability, financial stability, environment and cost-effectiveness.

### SEASONAL AND CYCLICAL FLUCTUATIONS

Customers belong to a number of industries in northern Europe. This industry spread is a deliberate strategy aimed at reducing sensitivity to seasonal and cyclical fluctuations. Most of the major customers operate globally, which means that ProfilGruppen is also dependent on international market conditions.

The Group soon feels the effects of any general weakening of the economy, but the same is true of a recovery in economic activity.

## RESPONSIBILITY

Increased exposure to the car industry, for example, means increased liability risk. ProfilGruppen has overall liability to the customer, including for components processed by subcontractors. Future risks are covered by separate agreements and insurance policies. The Group works together with an external advisor on insurance and risk issues, with regard to matters such as global product and recall liability.

In order to prevent occupational injuries, the Group has an internal reporting system for potentially hazardous situations.

## PRODUCTION STOPPAGES

ProfilGruppen continuously carries out accident prevention work according to specified guidelines, with the aim of minimising future production stoppages. Should such an event occur, the Group has consequential loss insurance that covers loss of contribution margins for up to 24 months.

## ENVIRONMENTAL RISKS

These risks refer to damage that can be caused to water, soil, air and biological processes by the Group's activities, which also includes the costs of complying with new, stricter environmental directives. The aim is to be well within the ranges specified by legislation. All manufacturing companies within the Group are certified in accordance with ISO 14001. The Group's environmental manager is responsible for monitoring the environmental work of the Group.

## SKILLS

Skills are developed through internal and external training programmes and by making ProfilGruppen an even more attractive workplace, with a view to retaining personnel and facilitating recruitment of new employees.

## IT

IT is becoming an increasingly important component in all processes at the company, which means that demands on availability are also increasing. Stoppages can lead to production losses, invoicing losses or reduced efficiency within various parts of the business. The IT infrastructure is monitored and managed by an external partner in order to ensure expertise and continuity. Redundancy is desirable in all parts of the IT infrastructure, which, along with constant development of the continuity plan, aims to minimise operational disturbances. Internal expertise focuses on business-critical applications.

## CAPACITY RISK

The Group is currently a long way from full capacity utilisation in its extrusion manufacturing operation. Within further processing, an external network of suppliers is used. These were responsible for



60 per cent (60) of the total further processing during 2013. At our own facilities machining is largely performed where there are opportunities for a high degree of automation.

#### RAW MATERIALS

ProfilGruppen's main raw material is alloyed aluminium ingots. This expense item accounted for 43 per cent (43) of operating expenses in 2013. The raw material is priced in US dollars on the London Metal Exchange (LME) and the price has historically been very volatile. The purchases are made in Swedish kronor (SEK) and euros (EUR) in order to match the contract currency with customers and so reduce the currency risk. ProfilGruppen applies raw material clauses in customer contracts, which limit the company's sensitivity to fluctuations in the raw material price. Raw material purchases are controlled by the Group's raw material policy. Purchases are made in proportion to expected customer orders.

Raw material purchases for periods longer than six months are made based on definite orders from customers. ProfilGruppen's raw material committee meets once a week and checks that the policy is being followed. The Group is supplied by its main supplier Hydro and by Alcoa and Rusal. As they all have a global presence, ProfilGruppen is able to guarantee its supply of raw materials, even if European consumption exceeds the production of aluminium in Europe.

#### ENERGY PRICES

ProfilGruppen consumes approximately 30 GWh of electrical energy per year. In total, energy represents around two per cent of the operating expenses. The Group had secured the price for most of its 2014 consumption by the end of the year.



## FINANCIAL RISKS

### CURRENCY RISKS

Currency risk means that a fluctuation in the exchange rate has a negative impact on the Group's results, cash flow or balance sheet.

The foreign subsidiaries have limited activities, and thus a limited balance sheet, and the Group therefore only protects itself against transaction risk related to currency exposure. The Group has net inflows in all currencies. The company typically hedges 50-70 per cent of the flow within 6-12 months. This is preferably done through forward contracts.

US dollar fluctuations affect ProfilGruppen's customer prices because the aluminium raw materials are priced in USD. Raw material clauses are included in the majority of contracts, which means that exposure can be minimised.

If the exchange rate between SEK and the most significant currencies moves by ten per cent, and provided that no exchange hedging measures have been taken, the following effects may be seen in the operating profit.

#### Currency effect

Effect on operating profit from changes in exchange rates equivalent to ten per cent excluding hedging activities.

	2013	2012
EUR	+/- MSEK 12	+/- MSEK 10
DKK	+/- MSEK 2	+/- MSEK 3
NOK	+/- MSEK 1	+/- MSEK 2
GBP	+/- MSEK 1	+/- MSEK 1

### INTEREST RISKS

Interest risk is the risk of an impact on the Group's earnings as a result of changes in market interest rates. ProfilGruppen uses interest rate swaps to minimise the risks of such a short-term impact. According to the financial policy, the interest fixing term is limited to 60 months and at least 30 per cent of the Group's loans must have variable interest rates.

### CREDIT RISKS

ProfilGruppen's credit risks arise when investing in financial instruments. To minimise this risk, trading is only permitted with a few counterparties approved by the Board of Directors.

### REFINANCING RISK

The company has a permanent need to finance the capital requirements of the business. The company secures its financial requirements through bank loans. The policy is always to have loan promises or agreements for at least twelve months. The current agreement extends over twelve months. The agreement requires certain financial targets to be met.



# DIRECTORS' REPORT

The Board of Directors and CEO of ProfilGruppen AB (publ), corporate identity number 556277-8943, hereby submit the annual report and consolidated accounts for the period 1 January–31 December 2013, which is ProfilGruppen's thirty-third year of activity.

ProfilGruppen runs operations in the form of a limited company (publ) and has its registered office in Uppvidinge municipality, Kronoberg county, Sweden. The company address is: Box 36, SE-360 21 Åseda, Sweden.

## THE GROUP

ProfilGruppen AB (publ) is the parent company of the ProfilGruppen Group, which develops, manufactures and markets customised aluminium extrusions and components. Sales are conducted mainly through a sales organisation at the head office in Åseda and a sales office in Stockholm.

Design, product development, extrusion manufacture and processing are carried out by ProfilGruppen Extrusions AB. Processing is also performed in close co-operation with a number of independent companies.

## Revenue and profit

ProfilGruppen's revenue amounted to MSEK 730.0 in 2013, a fall of seven per cent on the previous year. The delivery volume was 18,750 tonnes (18,700) of aluminium extrusions, in line with last year. The share of exports amounted to 53 per cent (49) of the volume, and 49 per cent (49) of the revenue.

The Group posts an operating loss of MSEK -20.0 (30.1). The result is equivalent to an operating margin of -2.7 per cent (3.8).

The target is an operating margin of six per cent over one business cycle. Non-recurring effects relating to compensation received in connection with a previous dispute had a positive impact of MSEK 0.9 (27.2) on earnings. After adjusting for non-recurring effects, the weaker result is explained by a less favourable product mix and low capacity use.

The loss before tax was MSEK -26.0 (23.0). The loss after tax was MSEK -20.5 (23.0).

Earnings per share were SEK -4.16 (4.66). The average in thousands of shares was 4,933 (4,933).

## Investments, depreciation/amortisation and disinvestment

Investments totalled MSEK 15.1 (13.3). Total depreciation/amortisation according to plan amounted during the year to MSEK 25.5 (27.4).

No impairment losses were recognised during the year. The previous year's impairment loss of MSEK 0.7 referred to machining equipment.

## Financial position and cash flow

ProfilGruppen's net debt/equity ratio increased during the year to 0.83 (0.59). The target is to keep the net debt/equity ratio within a range of 0.75–1.00. The return on capital employed amounted to -6.8 per cent (10.3). The profitability target for capital employed is set at 15 per cent. The Group's profitability target refers to an average over one business cycle.

The equity ratio amounted to 35.0 per cent (39.9) at the end of the year. Cash and cash equivalents amounted to MSEK 2.3 (1.7) at the end of the year, while the Group's non-utilised credit facilities, in addition to cash and

cash equivalents, totalled MSEK 81.3 (103.5).

The cash flow from current operations was MSEK -10.0 (51.2) and the corresponding figure after investments was MSEK -20.9 (44.8). The weaker cash flow is mainly due to the deterioration in earnings.

The balance sheet total as of 31 December 2013 was MSEK 451.2, compared with MSEK 448.7 as of 31 December 2012.

## Market

The most recent forecast from European industry organisation EAA estimated that the market volume for aluminium extrusions had increased by around four per cent in 2013 compared with 2012. Consolidated revenue from the Swedish market declined by around eight per cent compared with the previous year. Revenue from the Group's export markets fell by around six per cent compared with the previous year.

## Manufacturing

The cornerstone of the Group's production is the extrusion of aluminium profiles. The company has three extrusion lines for the manufacture of profiles. Group production of aluminium profiles totalled 18,600 tonnes (18,900) in 2013.

The profiles are processed using advanced machinery designed mainly for cutting processing and bending.

## Development work

Constant improvement of processes and products is an important aspect of ProfilGruppen's work. The Group creates new products and product models for existing or potential customer assignments on a daily basis. Close cooperation between the Group and its customers helps to broaden knowledge of a customer's products, and constructive ideas can be put forward concerning possible improvements to product properties. During the construction and design phase, the Group has excellent opportunities to improve a product's environmental impact, life cycle economy and potential for recycling.

Process development is carried out in partnership with customers, raw material suppliers, and tool and machinery manufacturers.

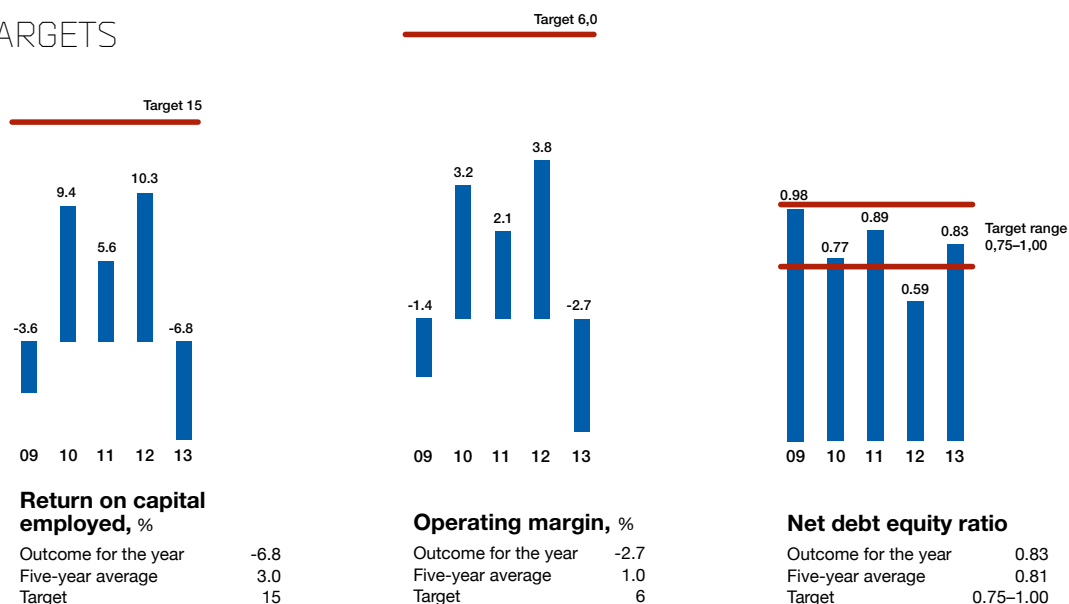
The costs associated with this work do not normally meet the criteria for reporting as assets, but are recognised as cost of goods sold and selling expenses in the consolidated income statement, see note 6. For each development project there is an assessment of whether or not the costs should be capitalised. During the year no development costs have been capitalised.

## Quality

ProfilGruppen Extrusions AB was certified in accordance with the quality assurance system ISO 9002 in 1991. In 1999 ProfilGruppen became the first Nordic company in its sector to be certified in accordance with the automotive industry's quality system at the time, QS-9000. This standard was later replaced by ISO/TS 16949 and ProfilGruppen has been certified in accordance with this since 2006. ProfilGruppen has also been approved since 1998 in accordance with the environmental management system ISO 14001.



## FINANCIAL TARGETS



### Environmental information

ProfilGruppen contributes to positive environmental development by offering customers aluminium extrusions, which is better from a lifecycle perspective and means that environmentally harmful materials and processes are replaced.

The Group's principal environmental goal is to reduce the scrap which results from the manufacturing process. A certain amount of aluminium scrap is a natural by-product of the process but the company is working actively to reduce this share while also seeking to minimise waste that is due to quality issues. The target for 2013 has been to reduce the scrap share by two percentage points. The outcome was a reduction by one percentage point.

Cutting energy use was another Group objective for 2013. A reduction in energy use of 1.4 per cent per kilo of manufactured aluminium extrusions was achieved. The target was a reduction of 2.0 per cent. A positive trend with regard to both targets became evident in the latter part of the year, and if capacity use increases the prospects for achieving the targets over the next few years will improve.

The environmental policy can be viewed on our website at [www.profilgruppen.se](http://www.profilgruppen.se).

The Group conducts operations that require a permit and are subject to notification requirements under the Swedish Environmental Code. Within the Group there are plants for the manufacture of aluminium extrusions and for processing using surface treatment and machining. These activities have an impact on the external environment, mainly in the form of discharges into water and noise. All waste water from activities is purified before being discharged.

In late 2013 the Environmental Inspection Delegation at the Kalmar County Administrative Board granted ProfilGruppen a permit under the Swedish Environmental Code to expand its operations in the pressing, machining and surface treatment of aluminium extrusions.

### Risks

ProfilGruppen's activities are, like all business activities, exposed to risks, which are described in greater detail in note 19 and on pages 6-7.

### Personnel

The average number of employees in the Group totalled 333 (355).

In autumn 2013, as in 2012, the demand situation led to a reduced capacity requirement. In response, the company terminated fixed-term contracts and negotiated a collective reduction of working hours for all employees. As of 1 January 2014 all employees have gone back to normal working hours.

Women make up 25 per cent (28) of the Group's total workforce. Staff turnover during the year amounted to 3.3 per cent (18.9). Payroll expenses amounted to MSEK 129.5 (130.0).

### Guidelines for remuneration for senior executives

A Remuneration Committee, appointed by the Board, prepares proposals for principles for remuneration for the Group's CEO and other senior executives. Proposals are based on the company's long-term Remuneration Policy. The Board proposes that the principles adopted at the 2013 AGM

remain essentially unchanged for 2014.

See note 4 for further information.

### Corporate governance

The work of the Board of ProfilGruppen AB is regulated by the formal work plan, which is established annually at the Board meeting following election at the Annual General Meeting. Issues concerning an audit or internal control are prepared by the Board's Audit Committee, while issues concerning remuneration are prepared by the Remuneration Committee. Prior to the 2014 AGM, the Nominating Committee will be responsible for proposing Board members and auditors, as well as fees for the Board, committees and auditors. More information on the work of the Board and corporate governance at ProfilGruppen is available in the corporate governance report in this annual report and at [www.profilgruppen.se](http://www.profilgruppen.se).

### Shares and shareholders

Share capital in ProfilGruppen was made up of 4,932,517 shares. Each share in the company corresponds to one vote.

The ownership interests that exceed ten per cent are Ringvågen Venture AB's 26.4 per cent, Lars Johansson's 14.6 per cent, and Mats and Kerstin Egeholm's 10.3 per cent.

#### Largest individual shareholders

Shareholder	Number of shares	Holding, % 2013	Holding, % 2012
Ringvågen Venture AB	1,303,604	26.4	26.4
Lars Johansson	719,227	14.6	14.4
Mats Egeholm	350,732	7.1	7.1
Kerstin Egeholm	159,629	3.2	3.2
Nordea Life & Pensions	157,800	3.2	3.2
JPM Chase NA	140,334	2.8	3.1
Försäkringsaktiebolaget, Avanza Pension	133,168	2.7	2.0
Rickard Behm	105,543	2.1	2.1
Mats Jonson	87,036	1.8	1.8
Anne Skoglund	81,164	1.6	1.6
<b>10 largest individual shareholders</b>	<b>3,238,237</b>	<b>65.7</b>	<b>64.9</b>
Other shareholders	1,694,280	34.3	35.1
<b>Total</b>	<b>4 932 517</b>	<b>100.0</b>	<b>100.0</b>

December 2013

Other share-related information to be provided in the Directors' Report for a listed company in accordance with the Annual Accounts Act can be found in note 15.

## The Board's authorisation to decide on a new share issue

With the aim of enabling the company to fund any corporate acquisitions using treasury stock or to strengthen its capital base, the Board of Directors was authorised at the 2013 Annual General Meeting, during the period until the next AGM, on one or several occasions, with or without pre-emption rights for existing shareholders, to issue up to 400,000 new shares, representing approximately eight per cent of the company's share capital as at the date of giving notice of the 2013 Annual General Meeting. Any decision to issue shares may contain provisions allowing for payment of new shares in kind, by offset or in another manner subject to terms and conditions in accordance with Chapter 13, Section 5 first paragraph 6 of the Swedish Companies Act. The Board was also authorised to decide the other terms and conditions for the issuance of new shares.

## Outlook for 2014

The outlook for 2014 is characterised by macroeconomic uncertainty.

## Events after the balance sheet date

On 29 January 2014 it was announced that ProfilGruppen's President and CEO Anders Frisinger had handed in his notice for family reasons. He left the company 1 February 2014. On the same day Kåre Wetterberg, previously Chairman of ProfilGruppen, assumed the role of Acting CEO. He will temporarily be replaced as Chairman of the Board by the Board member Bengt Stillström.

In February 2014 the Swedish Tax Agency announced that ProfilGruppen's tax assessment for 2008 had been reviewed, resulting in a tax reduction of MSEK 3.7. The amount will have a positive impact on the company's tax expense for the first quarter of 2014.

## THE PARENT COMPANY

Rental income and payments for services from companies in the Group account for 98 per cent of revenues in the parent company ProfilGruppen AB. No purchases were made from Group companies.

The parent company has one (1) employee.

## Dividend

In view of the operating result for the year the Board proposes that no dividend be paid for the financial year 2013.

The Board and the CEO propose that standing profits available as per the balance sheet, of SEK 73,322,695, be appropriated in the following manner:

Dividend to shareholders	SEK 0
To be carried forward	SEK 73,322,695
Total profits according to balance sheet	SEK 73,322,695

## The annual report

The information in this annual report is the information that ProfilGruppen AB is required to disclose in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication through the annual report published on ProfilGruppen's website in March 2014.

Details of the company's and the Group's profits and overall financial position may be found in the following income statement and balance sheet with the notes to these accounts.

The consolidated income statement and balance sheet and the parent company's income statement and balance sheet for 2013 are to be submitted for approval at the Annual General Meeting on 10 April 2014.

## FIVE-YEAR SUMMARY

		2009	2010	2011	2012 <sup>3</sup>	2013
Net sales/Revenue	MSEK	764.3	901.4	836.7	786.0	730.0
Profit/loss before depreciation/amortisation and impairment	MSEK	21.7	62.2	48.6	58.2	5.5
Operating profit/loss	MSEK	-10.5	29.2	17.7	30.1	-20
Operating margin	%	-1.4	3.2	2.1	3.8	-2.7
Profit/loss before tax	MSEK	-17.8	21.9	10.6	23.0	-26.0
Profit margin	%	-2.3	2.4	1.3	2.9	-3.6
Return on equity	%	-9.6	10.1	4.5	13.6	-12.2
Return on capital employed	%	-3.6	9.4	5.6	10.3	-6.8
Cash flow from current operations	MSEK	28.4	18.4	21.6	51.2	-10.0
Investments	MSEK	20.4	7.8	31.2	13.3	15.1
Liquidity reserve	MSEK	157.9	105.2	68.0	105.2	83.6
Net debt	MSEK	140.0	128.2	144.1	104.8	131.2
Interest-bearing liabilities and interest-bearing provisions	MSEK	144.1	171.3	146.0	106.5	133.5
Net debt/equity ratio	times	0.98	0.77	0.89	0.59	0.83
Balance sheet total	MSEK	499.3	545.2	513.1	448.7	451.2
Equity ratio	%	28.5	30.7	31.5	39.9	35.0
Capital turnover rate	times	2.7	2.9	2.6	2.6	2.5
Proportion of risk-bearing capital	%	37.2	39.2	39.6	46.5	40.4
Interest coverage ratio	times	-1.4	3.9	2.4	4.0	-3.1
<b>Employees</b>						
Average number of employees		376	378	391	355	333
Number of positions at year-end		353	386	371	308	323
Staff turnover	%	3.8	1.9	6.9	18.9	3.3
Average age	years	43	44	45	46	46
Salary costs including social security contributions	MSEK	184.8	204.8	213.5	181.0	183.6
Net turnover per employee (average)	SEK thousand	2.034	2.385	2.140	2.214	2.192
Profit/loss before tax per employee (average)	SEK thousand	-47	58	27	65	-78
<b>Per share</b>						
Average number of shares <sup>1</sup>	thousands	4.933	4.933	4.933	4.933	4.933
Earnings per share	SEK	-2.77	3.17	1.51	4.66	-4.16
Cash flow from current operations per share	SEK	5.76	3.74	4.38	10.38	-2.02
Net asset value per share	SEK	28.86	33.92	32.72	36.26	32.05
Dividend per share <sup>2</sup>	SEK	0.00	1.50	0.00	0.00	0.00

1) There is no dilution.

2) For 2013 this refers to the dividend proposed by the Board.

3) Figures for 2012 have been restated with regard to new accounting principles.

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## Consolidated statement of comprehensive income

(MSEK)	Note	2013	2012 <sup>1</sup>
Revenue	2	730.0	786.0
Cost of goods sold		-686.8	-716.5
<b>Gross profit</b>		<b>43.2</b>	<b>69.5</b>
Other operating revenue	3	0.9	30.5
Selling expenses		-39.3	-40.5
Administrative expenses		-24.8	-29.4
<b>Operating profit/loss</b>	4, 5, 6	<b>-20.0</b>	<b>30.1</b>
Financial income	7	0.3	0.4
Financial expense	7	-6.3	-7.5
Net financial income/expense		-6.0	-7.1
<b>Profit/loss before tax</b>		<b>-26.0</b>	<b>23.0</b>
Tax	9	5.5	0.0
<b>Profit/loss for the year</b>		<b>-20.5</b>	<b>23.0</b>
<b>Other comprehensive income</b>			
Items that will be reclassified to net earnings			
Change in hedging reserve		-1.5	-2.0
Change in translation reserve		0.0	0.0
Other		0.1	-0.2
Deferred tax on the above items		0.2	0.5
Total items that will be reclassified to net earnings		-1.2	-1.7
Items that will not be reclassified to net earnings			
Restatement of defined benefit obligations		1.3	0.4
Deferred tax on the above items		-0.3	-0.3
Total items that will not be reclassified to net earnings		1.0	0.1
<b>Total profit/loss for period</b>		<b>-20.7</b>	<b>21.4</b>
<b>Earnings per share before and after dilution, SEK</b>	16	<b>-4.16</b>	<b>4.66</b>

Revenue for the Group refers to the revenue source sale of goods.

## Consolidated statement of financial position

(MSEK)	Note	31-12-2013	31-12-2012 <sup>1</sup>	01-01-2012 <sup>1</sup>
<b>Assets</b>				
Intangible fixed assets	10	10.0	10.0	10.0
Tangible fixed assets	11	207.3	218.7	244.1
Financial fixed assets:	12	1.7	2.2	0.2
<b>Total tangible fixed assets</b>		<b>219.0</b>	<b>230.9</b>	<b>254.3</b>
Inventories	13	107.7	106.0	115.6
Trade receivables	14	94.7	95.8	103.7
Prepaid expenses and accrued income	18	5.2	3.4	6.1
Current tax assets		10.1	2.6	1.2
Other receivables		12.2	8.3	30.3
Cash and cash equivalents	22	2.3	1.7	1.9
<b>Total current assets</b>		<b>232.2</b>	<b>217.8</b>	<b>258.8</b>
<b>Total assets</b>	2	<b>451.2</b>	<b>448.7</b>	<b>513.1</b>
<b>Equity</b>				
Share capital		24.7	24.7	24.7
Other paid-up capital		1.4	1.4	1.4
Reserves		-3.2	-1.9	-0.3
Retained earnings incl. profit/loss for the year		135.2	154.6	131.6
<b>Total equity</b>	15	<b>158.1</b>	<b>178.8</b>	<b>157.4</b>
<b>Liabilities</b>				
Long-term interest-bearing liabilities	17, 19	35.7	43.2	55.4
Provisions for pensions	4	19.9	18.4	17.9
Deferred tax liabilities	9	24.1	29.9	40.6
<b>Total long-term liabilities</b>		<b>79.7</b>	<b>91.5</b>	<b>113.9</b>
Current interest-bearing liabilities	17, 19	77.9	44.9	78.1
Trade payables		86.4	77.3	102.4
Current tax liabilities		0.5	0.5	0.8
Other liabilities		10.4	9.3	8.4
Accrued expenses and deferred income	18	38.2	46.4	52.1
<b>Total current liabilities</b>		<b>213.4</b>	<b>178.4</b>	<b>241.8</b>
<b>Total liabilities</b>		<b>293.1</b>	<b>269.9</b>	<b>355.7</b>
<b>Total equity and liabilities</b>		<b>451.2</b>	<b>448.7</b>	<b>513.1</b>

For pledged assets and contingent liabilities, see note 20.

1) Changed accounting principles have affected the consolidated statement of comprehensive income for 2012 as well as the consolidated statement of financial position in respect of the opening balance at 01-01-2012 and 31-12-2012. See note 1.



## Consolidated statement of changes in equity

Consolidated equity (MSEK)	Share capital	Other paid-up capital	Translation reserve	Hedging reserve	Retained earnings incl. profit/loss for year	Total equity
<b>Equity 01-01-2012</b>	<b>24.7</b>	<b>1.4</b>	<b>0.0</b>	<b>-0.4</b>	<b>131.7</b>	<b>157.4</b>
Profit/loss for the year					23.0	23.0
Other comprehensive income				-1.5	-0.1	-1.6
Dividend					0.0	0.0
<b>Closing equity 31-12-2012</b>	<b>24.7</b>	<b>1.4</b>	<b>0.0</b>	<b>-1.9</b>	<b>154.6</b>	<b>178.8</b>
<b>Equity 01-01-2013</b>	<b>24.7</b>	<b>1.4</b>	<b>0.0</b>	<b>-1.9</b>	<b>154.6</b>	<b>178.8</b>
Profit/loss for the year					-20.5	-20.5
Other comprehensive income			0.0	-1.3	1.1	-0.2
Dividend					0.0	0.0
<b>Closing equity 31-12-2013</b>	<b>24.7</b>	<b>1.4</b>	<b>0.0</b>	<b>-3.2</b>	<b>135.2</b>	<b>158.1</b>

## Consolidated statement of cash flows

(MSEK)	Note	2013	2012
<b>Current operations</b>	22		
Profit/loss after financial items		-26.0	23.0
Adjustment for non-cash items		28.9	28.8
Paid income tax		-7.5	-12.2
<b>Cash flow from current operations prior to change in working capital</b>		<b>-4.6</b>	<b>39.6</b>
<b>Cash flow from changes in working capital</b>			
Inventories <sup>1</sup>		-1.7	9.6
Operating receivables <sup>1</sup>		-4.6	30.7
Operating liabilities <sup>2</sup>		0.9	-28.7
<b>Cash flow from current operations</b>		<b>-10.0</b>	<b>51.2</b>
<b>Investment activities</b>			
Acquisition of tangible fixed assets		-12.0	-14.8
Sale of tangible fixed assets		0.6	8.4
Acquisition of financial assets		0.5	0.0
<b>Cash flow from investment activities</b>		<b>-10.9</b>	<b>-6.4</b>
<b>Financing activities</b>			
Dividend to shareholders		0.0	0.0
Loans raised <sup>3</sup>		33.4	-32.4
Repayment of loans		-11.0	-11.0
Repayment of leasing liabilities		-1.0	-1.1
<b>Cash flow from financing activities</b>		<b>21.4</b>	<b>-44.5</b>
<b>Cash flow for the year</b>		<b>0.5</b>	<b>0.3</b>
Cash and cash equivalents, opening balance		1.7	1.9
Translation differences in liquid assets		0.1	-0.5
<b>Cash and cash equivalents, closing balance</b>		<b>2.3</b>	<b>1.7</b>
<b>Interest paid and dividends received</b>			
Interest paid		-6.4	-7.6
Interest received		0.3	0.4
Dividend		0.0	0.0

1) increase - / decrease +

2) increase + / decrease -

3) includes change in bank overdraft facility utilised

## Parent company income statement<sup>1</sup>

(MSEK)	Note	2013	2012
Revenue		24.2	23.0
Cost of goods sold		-3.7	-3.6
<b>Gross profit</b>		<b>20.5</b>	<b>19.4</b>
Administrative expenses		-4.6	-5.1
Other operating revenue	3	0.9	9.4
Other operating expenses		0.0	0.0
<b>Operating profit/loss</b>	4, 5	<b>16.8</b>	<b>23.7</b>
Income from participations in subsidiaries	7	80.0	0.0
Impairment of participations in subsidiaries	7	-49.4	0.0
Interest income and similar income and expense items	7	0.1	0.3
Interest expenses and similar income and expense items	7	-2.9	-5.0
<b>Profit/loss after financial items</b>		<b>44.6</b>	<b>19.0</b>
Appropriations	8	5.2	-1.0
<b>Profit/loss before tax</b>		<b>49.8</b>	<b>18.0</b>
Tax	9	-4.3	-4.2
<b>Profit/loss for the year</b>		<b>45.5</b>	<b>13.8</b>

1) The parent company income statement also constitutes the parent company statement of comprehensive income. Rental income and payments for services from Swedish companies in the Group account for 98 per cent of revenues in the parent company. For dividend per share, refer to note 16.

## Parent company balance sheet

(MSEK)	Note	31-12-2013	31-12-2012
<b>Assets</b>			
Tangible fixed assets	11	88.7	91.8
Financial fixed assets: Participations in subsidiaries	21	73.9	108.9
<b>Total fixed assets</b>		<b>162.6</b>	<b>200.7</b>
Receivables from Group companies		0.8	0.8
Prepaid expenses and accrued income	18	0.1	0.0
Other receivables		0.2	0.2
Current tax assets		2.9	0.0
Total current receivables		4.0	1.0
Cash and bank balances	22	0.4	0.4
<b>Total current assets</b>		<b>4.4</b>	<b>1.4</b>
<b>Total assets</b>		<b>167.0</b>	<b>202.1</b>
<b>Equity capital and liabilities</b>			
Restricted equity			
Share capital		24.7	24.7
Statutory reserve		1.3	1.3
Non-restricted equity			
Retained earnings		27.8	14.0
Profit/loss for the year		45.5	13.8
<b>Total equity</b>	15	<b>99.3</b>	<b>53.8</b>
<b>Untaxed reserves</b>	8	<b>19.0</b>	<b>24.1</b>
<b>Deferred tax liabilities</b>	9	<b>3.2</b>	<b>3.0</b>
<b>Long-term interest-bearing liabilities to credit institutions</b>	17, 19	<b>6.7</b>	<b>16.3</b>
Interest-bearing liabilities to credit institutions	17, 19	17.6	17.4
Non-interest bearing liabilities			
Trade payables		0.5	0.4
Liabilities to Group companies		18.4	82.6
Other liabilities		0.6	1.1
Accrued expenses and deferred income	18	1.7	2.5
Current tax liabilities		0.0	0.9
<b>Total current liabilities</b>		<b>38.8</b>	<b>104.9</b>
<b>Total equity and liabilities</b>		<b>167.0</b>	<b>202.1</b>
<b>Pledged assets for liabilities to credit institutions</b>	20		
Property mortgages		78.6	78.6
Shares in subsidiaries		73.9	108.8
<b>Contingent liabilities</b>			
Guarantees for Group companies		34.6	36.0

## Parent company statement of changes in equity

(MSEK)	Restricted equity		Non-restricted equity	Total equity
	Share capital	Statutory reserve		
<b>Equity 01-01-2012</b>	<b>24.7</b>	<b>1.3</b>	<b>14.0</b>	<b>40.0</b>
Profit/loss for the year			13.8	13.8
Total changes in wealth, excl. transactions with owners	0.0	0.0	13.8	13.8
Dividend			0.0	0.0
<b>Closing equity 31-12-2012</b>	<b>24.7</b>	<b>1.3</b>	<b>27.8</b>	<b>53.8</b>
<b>Equity 01-01-2013</b>	<b>24.7</b>	<b>1.3</b>	<b>27.8</b>	<b>53.8</b>
Profit/loss for the year		45.5	45.5	
Total changes in wealth, excl. transactions with owners	0.0	0.0	45.5	45.5
Dividend			0.0	0.0
<b>Closing equity 31-12-2012</b>	<b>24.7</b>	<b>1.3</b>	<b>73.3</b>	<b>99.3</b>
Proposed dividend for the financial year 2013			0.0	0.0

## Parent company statement of cash flows

(MSEK)	Note	2013	2012
<b>Current operations</b>	22		
Profit/loss after financial items		44.6	19.0
Adjustment for non-cash items		-26.9	3.6
Paid income tax		-4.1	-4.0
<b>Cash flow from current operations prior to change in working capital</b>		<b>13.6</b>	<b>18.6</b>
<b>Cash flow from changes in working capital</b>			
Operating receivables <sup>1</sup>		-0.1	0.4
Operating liabilities <sup>2</sup>		-4.0	-9.1
<b>Cash flow from current operations</b>		<b>9.5</b>	<b>9.9</b>
<b>Investment activities</b>			
Acquisition of tangible fixed assets		-0.2	-0.3
<b>Cash flow from investment activities</b>		<b>-0.2</b>	<b>-0.3</b>
<b>Financing activities</b>			
Dividend to shareholders		0.0	0.0
Loans raised <sup>3</sup>		0.2	-0.1
Repayment of loans		-9.5	-9.5
<b>Cash flow from financing activities</b>		<b>-9.3</b>	<b>-9.6</b>
<b>Cash flow for the year</b>		<b>0.0</b>	<b>0.0</b>
Cash and cash equivalents, opening balance		0.4	0.4
<b>Cash and cash equivalents, closing balance</b>		<b>0.4</b>	<b>0.4</b>
<b>Interest paid and dividends received</b>			
Interest paid		-2.8	-8.0
Interest received		0.1	0.0
Dividends received		80.0	0.0

1) increase - / decrease +

2) increase + / decrease -

3) includes change in bank overdraft facility utilised

# NOTES

## 1 ACCOUNTING PRINCIPLES

### Compliance with set standards and legislation

The consolidated accounts have been drawn up in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as approved by the EC Commission for application within the EU. In addition, RFR 1 Supplementary Accounting Regulations for Groups has also been applied.

Unless otherwise stated under the heading The parent company's accounting principles, the same principles are applied to the parent company as to the Group. Any deviations that occur are due to restrictions in the ability to apply IFRS to the parent company as a result of the Swedish Annual Accounts Act (ÅRL) and the Act on Safeguarding of Pension Obligations (Tryggandelagen) and, in some instances, are for tax purposes.

### Assumptions during preparation of the parent company's and the Group's financial statements

The parent company's functional currency is Swedish krona, which is the reporting currency for both the parent company and the Group. The financial statements are therefore presented in Swedish krona (SEK). All amounts, unless stated otherwise, are rounded off to the nearest million kronor. Assets and liabilities are recognised at historical cost, with the exception of certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value comprise derivative instruments or available-for-sale financial assets.

The accounting principles set out below for the Group have been applied consistently to those periods included in the consolidated financial statements, unless otherwise stated below. The Group's accounting principles have been applied consistently to any reporting and consolidation of subsidiaries.

### Revised accounting principles

The accounting principles applied are consistent with those that were applied the previous year with the exceptions indicated below.

This year the Group has introduced the following standards, amendments and interpretations that entered into force in 2013 and which are approved by the EU and considered relevant to the Group.

- IFRS 7 Financial instruments: Disclosures - Amendment. Disclosures must be made for financial assets and liabilities which have been netted and which can be netted, regardless of whether this has been done or not, in the statement of financial position. ProfilGruppen currently has no nettable items.
- IFRS 13 Fair value measurement. The standard currently has no impact on how fair value is calculated in the Group but requires that disclosures on the fair value of all financial instruments be made.
- IAS 1 Presenting other comprehensive income – Amendment. The application of the amendment has resulted in a change in the method of presenting other comprehensive income without changing the actual content of other comprehensive income.
- IAS 19 Employee benefits – Amendment. Under the change, the "corridor method" used in accounting for defined benefit pensions has been removed. Instead, actuarial gains and losses are recognised in other comprehensive income. The revised standard has been applied retroactively and has affected the Group's comparative figures as follows:

	Effects of IAS 19 as at 01-01-2012		
	Previously reported	Adjustments	Subseq. adjustments
<b>Total assets</b>	<b>513.1</b>	<b>-</b>	<b>513.1</b>
Share capital	24.7	-	24.7
Other paid-up capital	1.4	-	1.4
Reserves	-0.3	-	-0.3
Retained earnings incl. profit/loss for the year	135.6	-4.0	131.6
<b>Total equity</b>	<b>161.4</b>	<b>-4.0</b>	<b>157.4</b>
Long-term interest-bearing liabilities	55.4	-	55.4
Provisions for pensions	12.5	5.4	17.9
Deferred tax liabilities	42.0	-1.4	40.6
<b>Total long-term liabilities</b>	<b>109.9</b>	<b>4.0</b>	<b>113.9</b>
<b>Total current liabilities</b>	<b>241.8</b>	<b>-</b>	<b>241.8</b>
<b>Total equity and liabilities</b>	<b>513.1</b>	<b>0.0</b>	<b>513.1</b>

	Effects of IAS 19 as at 31-12-2012		
	Previously reported	Adjustments	Subseq. adjustments
<b>Total assets</b>	<b>448.7</b>	<b>-</b>	<b>448.7</b>
Share capital	24.7	-	24.7
Other paid-up capital	1.4	-	1.4
Reserves	-1.9	-	-1.9
Retained earnings incl. profit/loss for the year	158.5	-3.9	154.6
<b>Total equity</b>	<b>182.7</b>	<b>-3.9</b>	<b>178.8</b>
Long-term interest-bearing liabilities	43.2	-	43.2
Provisions for pensions	13.4	5.0	18.4
Deferred tax liabilities	31.0	-1.1	29.9
<b>Total long-term liabilities</b>	<b>87.6</b>	<b>3.9</b>	<b>91.5</b>
<b>Total current liabilities</b>	<b>178.4</b>	<b>-</b>	<b>178.4</b>
<b>Total equity and liabilities</b>	<b>448.7</b>	<b>0.0</b>	<b>448.7</b>
Profit/loss for the year	23.0	-	23.0
Other comprehensive income	-1.7	0.1	-1.6
<b>Comprehensive income for the year</b>	<b>21.3</b>	<b>0.1</b>	<b>21.4</b>

- UFR 9 Accounting of tax on pension fund earnings. Pension fund earnings tax on provisions in the balance sheet is recognised as an expense in the income statement for the period to which the tax refers and is not included in the calculation of the liability relating to defined benefit pension plans. The change has not affected the ProfilGruppen's accounting.

In 2013 the Group has not applied any standard, amendment or interpretation with the possibility for early adoption. The following standards, amendments and interpretations are applicable from 1 January 2014 or later and are expected to affect the consolidated accounts.

- IFRS 9 Financial instruments: Recognition and Measurement. This standard forms part of the reworking of the current IAS 39 standard and will, for instance, result in change in the measurement categories for financial instruments. The date of initial application has not yet been decided. Pending all elements of the standard being ready, ProfilGruppen has not evaluated the effects.
- IAS 32 Financial instruments - Amendment. This amendment will be applied for financial years beginning 01 January 2014 or later. The amendment consists in clarifications on which items can be netted.



- IAS 36 Impairment – Amendment. The standard will be applied for financial years beginning 1 January 2014 or later. The amendment introduces changes to disclosure requirements for recoverable amounts and may have an impact on which disclosures the Group is required to make.
- IAS 19 Employee benefits – Amendment. Introduces a change in respect of the accounting of employees' or third parties' contributions to defined benefit plans linked to employment. The amendment introduces a difference in the accounting depending on whether the contribution is contingent on the number of years of employment or not. The amendment is expected to be adopted by the EU in the third quarter of 2014. The amendment is not expected to affect the consolidated accounts.
- IAS 39 Financial instruments: Recognition and measurement - Amendment. The amendment introduces relief by allowing the continued use of hedge accounting even when a derivative which constitutes a hedge instrument is transferred to a central counterparty under certain conditions. The amendment is not expected to affect the consolidated accounts.

### Important estimates and assessments

Drawing up the financial statements in accordance with IFRS requires the company's management to make assessments, estimates and assumptions that affect the application of the accounting principles as well as the reported amounts. Any estimates and assumptions are based on historical experience and a number of other factors that under current circumstances appear reasonable. The result of these estimates and assumptions is then used to determine the carrying amounts of assets and liabilities that cannot be clarified by other means or sources. The actual outcome may differ from these estimates and assessments.

The following important assessments have been made when applying the Group's accounting principles.

### Inventories

Inventories are measured at the lower of cost and net realisable value, which usually means measurement at cost. See also the heading Inventories.

The net realisable value is to some extent an assessment based on forecasts from customers but also on historical data.

### Doubtful trade receivables

On each closing date the Group assesses whether there is any indication of the need for provisions for credit risks. The assessment is made individually per customer, initially in consultation between the sales customer manager and the Group's credit manager.

In cases where the customer's financial situation makes it likely that payments will not be made, the possibilities are also assessed to secure payment via credit insurance or from bankruptcy estate. Following the best possible assessment, a provision is made corresponding to the receivable that risks being lost.

### Goodwill impairment test

When calculating the recoverable amount of cash-generating units for assessment of any need for impairment of goodwill, several assumptions about future conditions and parameter estimates have been made. See note 10.

### Exposure to foreign currency

Changes in exchange rates can have a relatively large impact on the Group's financial results. Note 19 contains more information on the Group's exposure to foreign currencies and the measures taken to reduce the risk of such exposure.

### Pension assumptions

Management has made estimates of the discount rate as well as the expected return on the plan assets in Norway. For additional information, see note 4. If the actual return in 2014 exceeds the expected long-term

return the Group's actuarial gains would increase, which would have a positive impact on that portion of the change in pension obligations which is recognised in other comprehensive income. If the actual return is less than the expected return the opposite occurs. Pension obligations are similarly based on an expected interest rate. If the actual interest rate differs from the expected rate actuarial gains or losses may arise, affecting other comprehensive income.

### Classification etc.

Fixed assets and long-term liabilities consist largely of amounts that are expected to be recovered or paid more than twelve months after the closing date.

Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within twelve months of the closing date.

For each balance-sheet item that includes amounts expected to be recovered or paid both within and after twelve months from the closing date, this information is provided in a note to the relevant balance-sheet item.

### Consolidation principles

#### Subsidiaries

Subsidiaries are companies over which the parent company has a controlling influence. Controlling influence means having the right, directly or indirectly, to shape a company's financial and operative strategies for the purpose of achieving economic benefits. When determining whether or not a controlling influence exists, potential voting shares that can be utilised or converted without delay must also be considered.

Subsidiaries are recognised according to the acquisition method of accounting. This means that the acquisition of a subsidiary is regarded as a transaction where the Group indirectly acquires the subsidiary's assets and assumes responsibility for its liabilities and contingent liabilities. The cost to the Group is established through an acquisition analysis in connection with the acquisition. The analysis determines both the cost of the participations or business and the fair value on the acquisition date of acquired identifiable assets and assumed liabilities and contingent liabilities. The cost of shares in subsidiaries and the business comprises the actual values as of the date of transfer of assets, arisen or assumed liabilities and issued equity instruments that have been submitted as remuneration in exchange for the acquired net assets. In the event of business acquisitions where the acquisition cost exceeds the net value of acquired assets and assumed liabilities and contingent liabilities, the difference is recognised as goodwill. When the difference is a negative one, this is recognised directly in the income statement.

The financial statements of subsidiaries are included in the consolidated accounts from the acquisition date until the date the controlling influence ceases.

### Elimination through consolidation

Intra-Group receivables and liabilities, revenue or expenses and unrealised gains or losses that arise through intra-Group transactions between Group companies are eliminated in their entirety during preparation of the consolidated accounts.

### Foreign currency

#### Transactions in a foreign currency

Transactions in a foreign currency are converted to the functional currency at the exchange rate on the transaction day. Functional currencies are the currencies in the primary economic environments where companies in the Group operate. Monetary assets and liabilities in foreign currencies are converted to the functional currency at the closing date rate. Exchange rate differences that arise during conversion are recognised in the income statement. Non-monetary assets and liabilities that are recognised at historical cost are converted at the exchange rate on the transaction day. Non-monetary assets and liabilities that are recognised at fair value are converted to the functional currency at the exchange rate in effect at the time the fair value is measured, at which point exchange rate changes are recognised together with other changes in the value of the asset or liability.

## Financial reports concerning foreign operations

Assets and liabilities relating to foreign operations, including goodwill and other consolidation surplus and under values, are converted to Swedish krona at the closing date rate. Revenue and expenses from a foreign operation are converted to Swedish krona at an average exchange rate that is an approximation of the rates on each transaction day. Translation differences that arise through currency conversion for foreign operations are recognised directly in other comprehensive income.

## Income

The Group's revenue essentially consists of sales of goods. Revenue from the sale of goods is recognised as revenue once the Group has transferred the essential risks and benefits associated with ownership of the goods to the purchaser on delivery and does not exercise any real control over the goods sold. The revenue is recognised at the fair value of what was received or will be received less discounts allowed. Revenue is not recognised if it is likely that the Group will not gain from the economic benefits.

## Operating expenses and financial income and expenses

### Leases

Leases where the Group assumes or transfers all essential risks and benefits associated with a fixed asset are classified as finance leases. When the Group is the lessee the asset is capitalised and a corresponding interest-bearing current or long-term liability is recognised in the statement of financial position. The capitalised value is subject to planned depreciation/amortisation in the same way as purchased assets. When the Group is the lessor tangible fixed assets are reduced by the value of the leased fixed asset and a corresponding receivable is recognised in the statement of financial position.

Leasing of assets where the Group does not assume all significant risks and benefits is classified as an operating lease and is not capitalised but the lease payments are recognised as a current expense.

## Financial income and expenses

Financial income and expenses comprise interest income from bank balances and receivables and interest expenses on loans, dividend income, exchange rate differences, unrealised and realised profits on derivatives used within financial activities.

Dividend income is recognised once the right to receive payment has been determined. Borrowing costs directly attributable to the purchase, construction or production of a qualified asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised and included in the cost of the asset. Other borrowing costs are charged to expense in the period in which they arise.

## Financial instruments

Financial instruments recognised in the statement of financial position include, on the asset side, cash and cash equivalents, trade receivables and derivatives. Items regarded as liabilities and equity include trade payables, loans and derivatives.

A financial asset or financial liability is taken up in the accounts when the company becomes party to the instrument's contractual terms. Trade receivables are taken up in the balance sheet once an invoice has been issued. Any liability is taken up once the other party has performed their contractual obligations for which payment is required, even if no invoice has been received. Trade payables are taken up once an invoice has been received.

A financial asset is removed from the balance sheet once the rights as per the contract are realised or fall due, or the company loses control of them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet once the obligation under the contract has been fulfilled or has otherwise expired. The same applies to part of a financial liability. The acquisition and sale of financial assets is recognised on the trade date, which is the day on which the company commits itself to acquire or sell the asset, except in those instances when the company acquires or sells listed securities, which are instead recognised on the settlement date.

Financial instruments are initially recognised at cost, corresponding to the fair value of the instrument. Subsequent measurement then depends on how instruments are classified in accordance with the following.

The fair value of financial assets and liabilities is calculated based on the hierarchy described in IFRS 13. A majority of ProfilGruppen's financial assets and liabilities are measured in accordance with Level 2 of this hierarchy, i.e. based on observable inputs such as market prices. For additional information, see note 19.

On each reporting date, the company assesses whether there are any objective indications that a financial asset or a group of financial assets is in need of impairment.

IAS 39 classifies financial instruments into categories. Classification depends on the intended purpose of the acquisition of the financial instrument. The management determines the classification on the original acquisition date.

The categories used by the Group are as follows:

## Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Receivables arise when companies provide money, goods or services direct to the debtor with no intention of trading the receivable. Assets in this category are measured at amortised cost. Amortised cost is determined based on the effective interest rate as calculated on the acquisition date.

Trade receivables belong to the Loans and receivables category. Trade receivables are expected to have a short maturity, so the value is recognised without discounting. Trade receivables are recognised at the amount they are expected to accrue after deductions for doubtful receivables that have been assessed individually. Impairment of trade receivables is recognised in the operating expenses. Trade receivables in foreign currencies are converted to the functional currency at the closing date rate.

## Other financial liabilities

Financial liabilities that are not held for trading are measured at amortised cost. Amortised cost is determined based on the effective interest rate as calculated when the liability was taken up. This means that surplus and deficit values, such as direct financing and issue expenses, are allocated over the term of the liability.

## Assets and liabilities measured at fair value through profit or loss

All derivatives are recognised at fair value in the balance sheet. Value changes are recognised in the profit/loss for the year for fair value hedges. For cash flow hedges, value changes are recognised in comprehensive income pending the hedged item being recognised in profit/loss for the year. Hedge accounting is described in greater detail below.

## Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with banks and similar institutions.

## Liabilities

Liabilities are classified as Other financial liabilities. Long-term liabilities have an expected maturity of more than one year, while current liabilities have a maturity of less than one year.

## Trade payables

Trade payables belong to the Other financial liabilities category. Trade payables have a short expected maturity and are measured without discounting.

## Derivatives and hedge accounting

The Group's derivative instruments have been procured in order to hedge the risks associated with interest and currency exposure to which the Group will be subjected. An embedded derivative is recognised separately unless it is closely related to its host contract. A derivative is recognised initially at fair value, meaning that transaction costs burden the profit/loss for the year. After the initial reporting, the derivative instrument is measured at actual value and value changes are reported as described below.

In order to meet the requirements for hedge accounting as per IAS 39, an unambiguous link to the hedged item is required. It must also be the case that hedging effectively protects the hedged item, that hedge documentation must be created and that effectiveness is measurable. Gains and losses associated with hedging are recognised in profit/loss for the year at the same time as gains and losses are recognised for hedged items.

In cases where the conditions for hedge accounting are no longer fulfilled, the derivative instrument is recognised at fair value with the value change through profit/loss for the year.

## Transaction exposure – cash flow hedges

Currency exposure regarding future forecast flows is hedged through currency futures. The currency future that protects the forecast flow is recognised in the balance sheet at fair value. The value changes are recognised directly in other comprehensive income until the hedged flow reaches the profit/loss for the year, when the hedging instrument's cumulative value changes are transferred to profit/loss for the year in order to meet and match the profit or loss effects of the hedged transaction. The hedged flows can be both contracted and forecast transactions.

When the hedged future cash flow concerns a transaction that is set up as an asset in the balance sheet, the hedging reserve is dissolved when the hedged item is recognised in the balance sheet.

When a hedging instrument falls due, is sold, liquidated or redeemed, or the company modifies identification of the hedge relationship before the hedged transaction has occurred and the forecast transaction is still expected to occur, the reported cumulative gain or loss in the hedging reserve remains as equity and is recognised in a similar way to that above when the transaction occurs. If the hedged transaction is no longer expected to occur, or if it is no longer effective, the hedging instrument's cumulative gains or losses are immediately dissolved against profit/loss for the year in accordance with the principles described above for derivative instruments.

#### ***Hedging of the Group's fixed interest – cash flow hedges***

Interest rate swaps are used to hedge interest risks. These interest rate swaps are measured at fair value in the balance sheet. In the profit/loss for the year, the interest coupon part is continuously recognised as interest income or interest expense; any other value change in the interest rate swap is recognised in other comprehensive income, provided the criteria for hedge accounting and effectiveness are met.

### **Tangible fixed assets**

#### **Owned assets**

Tangible fixed assets are reported as assets in the balance sheet if it is likely that future financial advantages will be available to the company and the cost of the asset can be calculated in a reliable way. Tangible fixed assets are recognised for the Group at cost after deductions for accumulated depreciation and any impairment losses. The cost includes the purchase price and expenses directly attributable to the asset in order to acquire it in a condition where it can be utilised in accordance with the aim of the acquisition. Principles for impairment losses are dealt with below.

The cost of fixed assets produced in-house includes material costs, expenditure on employee remuneration, if applicable, other manufacturing costs that are thought to be directly attributable to fixed assets, as well as estimated expenditure on disassembly and removal of assets and restoration of the site or area where required.

Tangible fixed assets that comprise elements with different useful lives are treated as separate components of tangible fixed assets. The carrying amount of a tangible fixed asset is removed from the balance sheet when the asset is scrapped or sold off or when no future economic benefits are expected from use or scrapping/selling of the asset. Any gain or loss arising from the sale or scrapping of an asset comprises the difference between the sales price and the asset's carrying amount less direct selling expenses. Gains and losses are reported as other operating income/expense.

#### **Leased assets**

Leases are classified in the consolidated accounts as either finance leases or operating leases. For classification and recognition, see Leases on page 18.

#### **Depreciation methods**

Depreciation is performed linearly over the asset's estimated useful life. The Group applies component depreciation, which means that the components' assessed useful life forms the basis for depreciation. Real estate is divided chiefly into land and buildings. No depreciation is performed for land, the useful life of which is judged to be indeterminable.

An asset's residual value and useful life are assessed annually.

### **Intangible assets**

#### **Goodwill**

Goodwill represents the difference between the cost for the business acquisition and the actual value of acquired assets, assumed liabilities and contingent liabilities.

Goodwill is measured at cost minus any cumulative impairment losses. Goodwill is divided among cash-generating units and is tested annually for impairment.

#### **Research and development**

Expenditure on research that aims to secure new scientific or technical knowledge is reported as a cost as it occurs.

Expenditure on development, where the results of any research or other knowledge are utilised to bring about new or improved products or processes, is recognised as an asset in the balance sheet if the product or process is technically or commercially useful and the company has sufficient resources to follow up the development and then use or sell the intangible asset. The carrying amount includes all directly attributable costs, for example, for materials and services and employee remuneration. Other expenditure on development is recognised in the income statement as an expense as it occurs. During the year no development costs have been capitalised.

### **Inventories**

Inventories are valued at the lower of cost and net realisable value.

Inventories comprise a raw material portion (aluminium) and a processing portion.

The cost of the raw material portion is determined using the first in, first out method. In individual cases a fixed raw material to the customer relating to raw materials held in stock at the balance sheet date may result in a departure from the first in, first out method, as it is not possible to distinguish the customer's raw material from that which was last received. In the case cost is defined as the customer's fixed price.

For company-produced semi-finished and finished goods the cost of the processing portion is defined as direct production costs plus a reasonable portion of indirect production costs. During measurement, consideration is paid to normal capacity utilisation.

The net realisable value is the estimated sales price for the current operation after deductions for estimated costs for preparation and bringing about a sale.

### **Impairment**

The reported values of the Group's assets, with the exception of inventories and deferred tax claims, are reviewed on each closing date to assess whether there is any indication of impairment. If an impairment indicator exists, the asset's recoverable amount is calculated. The valuation of assets that are exempt as per the above is tested as per the relevant standard. For goodwill, the recoverable amount is calculated annually.

If it is not possible to establish essentially independent cash flows for an individual asset, the assets must be grouped for impairment testing at the lowest level at which it is possible to identify essentially independent cash flows (a cash-generating unit). An impairment loss is recognised when an asset or cash-generating unit's carrying amount exceeds the recoverable amount. An impairment loss burdens the profit/loss for the year.

The recoverable amount is the higher of the fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discount factor that takes into consideration risk-free interest and the risk that is associated with the specific asset.

#### **Impairment test of financial assets**

On each reporting date, the company assesses whether there is any objective indication of impairment of a financial asset or a Group of assets. Objective evidence consists partly of observable circumstances that have arisen and that have a negative impact on the ability to recover the cost, and partly of a significant or protracted decrease in the fair value of an investment in a financial investment classified as an available-for-sale financial asset.

On impairment of an equity instrument classified as an available-for-sale financial asset, cumulative changes in value previously recognised in other comprehensive income are transferred to profit/loss for the year.

The recoverable amount of assets belonging to the Held-to-maturity investments and Loans and receivables categories, which are recognised at amortised cost, is calculated as the present value of future cash flows discounted by the effective rate that applied when the asset was recognised for the first time. Assets with a short maturity are not discounted. An impairment loss burdens the profit/loss for the year.

#### **Reversal of impairment**

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the assumptions on which the calculation of the recoverable amount was based. However, goodwill impairment losses are never reversed. A reversal is only performed to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, less depreciation/amortisation where appropriate, if no impairment had been made.

Impairment of held-to-maturity investments or loans and receivables that are recognised at amortised cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurred after the impairment.

Impairment of equity instruments classified as available-for-sale financial assets, which were previously reported in profit/loss for the year, may not be reversed later through profit/loss for the year. The impaired value is the value on which subsequent revaluations are based, which are recognised directly in other comprehensive income. Impairment of interest-bearing instruments, classified as available-for-sale financial assets, is reversed through the income statement if the fair value increases and the increase can objectively be attributed to an event that occurred after impairment.

## Employee benefits

### Defined-contribution pension schemes

Obligations regarding contributions to defined-contribution pensions are reported as an expense in the income statement as they occur.

### Defined-benefit pensions

Commitments for old-age pensions and family pensions for salaried employees in Sweden are met through insurance with Alecta. In accordance with UFR 6, this is a multi-employer defined-benefit pension plan. The company has not had access to such information that makes it possible to report this pension as a defined-benefit scheme. The pension plan as per ITP that is met through insurance with Alecta is therefore reported as a defined-contribution pension.

In Norway, all employees are covered by defined-benefit pension schemes. In Sweden, some employees are covered by defined-benefit pensions; however, there are no new earned pension entitlements for these schemes.

The Group's net obligation regarding defined-benefit pensions is calculated separately for each pension scheme by estimating future benefits earned by employees through their employment during both current and earlier periods; this benefit is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is the interest rate on a risk-free investment in an active market with a maturity corresponding to the Group's pension obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits associated with a pension improve, the proportion of the increased benefit that is attributed to employees' employment during earlier periods is recognised as an expense in the profit/loss for the year on a straight-line basis over the average period until the benefits are earned completely. If the benefit is earned completely, an expense is recognised directly in profit/loss for the year.

### Remuneration following notice

A provision is reported in connection with the termination of employment of personnel only if the company is demonstrably obliged to terminate employment before the normal date or when remuneration is paid in order to encourage voluntary redundancy. In instances where the company terminates employment, a detailed plan is to be drawn up that as a minimum contains details of workplaces, positions and the approximate number of personnel affected, as well as remuneration for each personnel category or position and an implementation schedule.

## Provisions

A provision is reported in the balance sheet when the Group has an existing legal or informal obligation as a result of an event that has occurred, and it is likely that an outflow of financial resources will be required to regulate the obligation, and a reliable assessment of the amount can be made. Where the effect of the date of payment is important, provisions are calculated through discounting of the expected future cash flow at a rate of interest before tax that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

## Taxes

Income tax consists of both deferred and paid tax. Income tax is recognised in profit/loss for the year unless the underlying transaction is recognised directly in other comprehensive income, in which case the related tax effect is recognised in the same way.

Current tax is tax that must be paid or received in relation to the current year, with application of the tax rates that have been adopted or adopted in practice as of the closing date; this also includes adjustment of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences in the carrying amount of assets and liabilities and the value for tax purposes. A temporary difference that occurred during initial recognition of goodwill is not taken into consideration, and neither are temporary differences attributable to participations in subsidiaries that are not expected to be reversed within the foreseeable future. The valuation of deferred tax is based on how carrying amounts of assets or liabilities are expected to be realised or regulated.

Deferred tax is calculated with application of the tax rates and tax rules that have been adopted or adopted in practice as of the closing date. Deferred tax assets regarding deductible temporary differences and tax loss carry-forwards are recognised only to the extent it is likely these can be utilised. The value of deferred tax assets is reduced when it is assessed to be no longer likely that these can be utilised.

Any additional income tax that arises through dividends is recognised at the same time as the dividend is recognised as a liability.

### Contingent liabilities (guarantees)

A contingent liability is recognised when there is a possible obligation arising from events whose occurrence is dependent only on one or more uncertain future events, or there is a commitment that is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required.

## PARENT COMPANY'S ACCOUNTING PRINCIPLES

The parent company has drawn up its annual accounts in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities. RFR 2 means that the parent company in the annual accounts for the legal entity must apply all IFRS and amendments approved by the EU, provided this is possible within the framework of the Annual Accounts Act and with regard to the connection between accounting and taxation. The recommendation states which exemptions from and additions to IFRS are to be made.

The accounting principles mentioned below for the parent company have been applied consistently in all periods recorded in the parent company's financial statements.

### Revised accounting principles

The only change in the parent company's accounting principles which has been applied as of 2013 is the recommendation on the accounting of Group contributions contained in RFR 2. Under the change, the main rule or the alternative rule may be applied. The chosen rule must be applied consistently in all Group companies. Under the main rule, the parent company recognises Group contributions received from subsidiaries as financial income and Group contributions paid to subsidiaries as an increase in participations in Group companies. Under the alternative rule, both received and paid Group contributions are recognised in appropriations. ProfilGruppen applies the main rule in accounting for Group contributions.

### Dividends

Anticipated dividends from subsidiaries are reported in those instances where the parent company alone has the right to determine the size of the dividend, and where the parent company has made a decision on the size of the dividend before it has published its financial reports.

### Employee benefits

The parent company complies with the provisions in the Act on Safeguarding of Pension Obligations and the regulations of the Swedish Financial Supervisory Authority, as this is a condition for tax deductibility. The parent company does not have any defined-benefit pension schemes.

### Taxes

The parent company reports untaxed reserves including deferred tax liability. In the consolidated accounts, untaxed reserves are divided up into deferred tax liability and equity.

### Group contributions and shareholders' contributions for legal entities

The parent company reports Group contributions and shareholders' contributions in accordance with the statement from the Swedish Financial Reporting Board and applies its main rule.



## 2 SEGMENTS

### Information on operating segments

The Group's chief operating decision-maker, as well as the Board and management, follow the outcome of activities on a consolidated basis with no breakdown by segment or branches. The chief operating decision-maker uses the company's aggregate operating profit or loss as the basis for decisions about resource allocation and assessing performance. ProfilGruppen thus consists of only one segment. For financial information on the segment, please refer to the statement of comprehensive income and the statement of financial position, note 11 (for investments and depreciation/amortisation) and note 22 (for cash flow effects).

### Information on geographic markets

Sales mainly involve customers in Europe, where market conditions are fairly general. Goods are sold for export partly through sales staff who are integrated in the Swedish organisation and based in Sweden and partly through a small number of sales representatives who report directly to the Swedish export organisation but are employed in integrated sales companies in each export market. In the first instance, the Group's opportunities and risks are not affected by the location of our customers, but conditions do differ somewhat on the home and export markets. Information on external sales refers to geographical areas grouped according to customer location. Information on the markets' carrying amounts for assets and investments in fixed assets is grouped according to where the assets are located.

External sales by market	2013	2012
Sweden	369.4	403.5
Germany	88.1	94.9
Norway	85.8	85.4
Other exports	186.7	202.2
	<b>730.0</b>	<b>786.0</b>
<b>Assets</b>		
Sweden	442.3	438.9
Exports	8.9	9.8
	<b>451.2</b>	<b>448.7</b>
<b>Investments in fixed assets</b>		
Sweden	15.1	12.2
Exports	0.0	1.1
	<b>15.1</b>	<b>13.3</b>

No one customer accounted for more than ten per cent of revenues in 2013 (unchanged).

## 3 OTHER OPERATING REVENUE AND EXPENSES

	Group		Parent company	
Other operating revenue	2013	2012	2013	2012
Insurance payment	0.0	19.6	0.0	0.0
Compensation from disputes	0.9	9.4	0.9	9.4
Other	0.0	1.5	0.0	0.0
	<b>0.9</b>	<b>30.5</b>	<b>0.9</b>	<b>9.4</b>

## 4 EMPLOYEES AND PERSONNEL COSTS

	2013		2012	
Average number of employees	Total	Men	Total	Men
Parent company	1	1	1	1
Group companies in Sweden	328	244	347	248
Group companies outside Sweden				
Denmark, sales company	1	1	2	2
Norway, sales company	2	2	2	2
United Kingdom, sales company	0	0	1	1
Germany, sales company	1	1	2	2
	<b>4</b>	<b>4</b>	<b>7</b>	<b>7</b>
<b>Total Group</b>	<b>333</b>	<b>249</b>	<b>355</b>	<b>256</b>

### Gender distribution of the Board and management

The Board of ProfilGruppen AB (the parent company) is made up of 86 per cent (71) men. The Group's management team (including CEO) at the end of the year was made up of 86 per cent (86) men. The Group's other company boards and management teams are made up of 90 per cent (90) men.

### Salaries, other remuneration and payroll overheads

	2013		2012	
	Salaries and other remuneration (pension expenses)	Payroll overheads	Salaries and other remuneration (pension expenses)	Payroll overheads
Parent company	2.5	1.4 (0.5) <sup>1</sup>	1.6	0.8 (0.3) <sup>1</sup>
Group companies	127.0	52.7 (14.5)	128.4	50.2 (14.1)
<b>Total Group</b>	<b>129.5</b>	<b>54.1 (15.1)<sup>2</sup></b>	<b>130.0</b>	<b>51.0 (14.4)<sup>2</sup></b>

1) Of which MSEK 0.5 (0.3) relates to the Board and CEO of the parent company.

2) Of which MSEK 1.3 (1.2) relates to the Board and CEO in the Group's different companies.

### Salaries and other remuneration, divided between Board, CEO and other employees

	2013		2012	
	Board and CEO employees	Other employees	Board and CEO employees	Other employees
Parent company	2.5	0.0	1.6	0.0
Group companies in Sweden	0.0	122.8	0.0	122.4
Group companies outside Sweden				
Denmark, sales company	0.4	0.4	0.9	0.7
Norway, sales company	1.2	0.8	1.1	1.3
United Kingdom, sales company	0.3	0.0	0.5	0.0
Germany, sales company	0.0	1.1	0.0	1.5
	<b>1.9</b>	<b>2.3</b>	<b>2.5</b>	<b>3.5</b>
<b>Total Group</b>	<b>4.4</b>	<b>125.1</b>	<b>4.1</b>	<b>125.9</b>

### Profit sharing

All permanent employees are eligible for remuneration based on the consolidated profit after financial items, with the exception of employees who are covered by other variable remuneration schemes. In 2013, there was no such profit-sharing (none).

### Pensions

#### Defined-contribution plans

	Group		Parent company	
Cost of defined-contribution plans recognised in income statement	2013	2012	2013	2012
as cost of goods sold	6.7	7.2	0.0	0.0
as selling expenses	3.4	2.3	0.0	0.0
as administrative expenses	3.4	2.9	0.3	0.3
	<b>13.5</b>	<b>12.4</b>	<b>0.3</b>	<b>0.3</b>

For the coming year premiums for defined contribution pension plans are estimated at MSEK 13.8.

#### Defined-benefit pension schemes

Commitments for old-age pensions and family pensions for salaried employees in Sweden are met through insurance with Alecta. As per a statement from the Swedish Financial Reporting Board, UFR 6, this is a multi-employer defined-benefit pension plan. For the 2013 financial year, the company has not had access to such information that makes it possible to report this pension as a defined-benefit scheme. The pension plan as per ITP that is met through insurance with Alecta is therefore reported as a defined-contribution pension and is included in the amounts for defined contribution plans presented above. The annual fees for pension insurance taken up with Alecta amounted to MSEK 3.7 (2.6). Alecta's surplus can be distributed among policyholders and/or insured parties. At the end of 2013, Alecta's surplus in the form of the collective funding ratio amounted to 148 per cent (129). The collective funding ratio comprises the market value of Alecta's assets in relation to insurance commitments calculated in accordance with Alecta's actuarial assumptions, which do not correspond to IAS 19.

There are other defined-benefit pension schemes that provide benefits for retiring employees, both for employees in Sweden and for employees in Norway. There are no new earned pension entitlements for the Swedish scheme. The parent company does not have any defined-benefit plans.

As a result of the change of accounting principles previously unrecognised actuarial gains and losses are now included in net debt in respect of defined benefit pension plans in the statement of financial position.

The change in actuarial gains or losses is recognised through other comprehensive income. Due to the change of principle the comparative figures for 2012 have changed in relation to the 2012 annual report, see note 1.

	Group				
Wholly or partly funded obligations	2013	2012	2011	2010	2009
Obligation balance, 1 January	25.6	19.5	22.3	20.3	17.5
Change as at 1 January due to change of accounting principles	-	4.3	-	-	-
Change due to change of line in balance sheet for employer's contribution	2.6	1.1	-	-	-
Cost for pensions earned during the year	0.8	1.1	1.0	1.0	1.5
Interest expense	0.7	0.7	0.7	0.7	0.8
Outgoing payments	-0.8	-0.7	-0.7	-0.6	-0.5
Actuarial gains/losses	0.0	-0.7	0.3	1.4	0.3
Actuarial gains/losses recognised through other comprehensive income	-2.4	0.2	0.2	0.0	0.0
Translation differences	-0.6	0.1	0.0	-0.5	0.7
Obligation balance, 31 December of which unrecognised actuarial losses	25.9	25.6	23.8	22.3	20.3
Plan assets balance, 1 January	7.2	7.0	6.9	7.2	6.3
Expected return on plan assets	0.1	0.3	0.3	0.3	0.3
Costs	0.0	-0.1	-0.1	0.0	0.0
Incoming payments	0.6	0.2	0.1	0.5	0.4
Actuarial gains/losses	0.0	-0.3	-0.2	-0.6	-0.6
Actuarial gains/losses recognised through other comprehensive income	-1.2	0.0	0.0	0.0	0.0
Translation differences	-0.7	0.1	0.0	-0.5	0.8
Plan assets balance, 31 December	6.0	7.2	7.0	6.9	7.2
<b>Net debt recognised in the balance sheet relating to defined benefit pension plans</b>	<b>19.9</b>	<b>18.4</b>	<b>12.5</b>	<b>11.4</b>	<b>10.5</b>
Cost recognised in profit/loss for the year of which selling expenses	1.6	1.7	1.8	1.5	2.1
of which administrative expenses	1.1	0.2	0.2	1.0	1.6
of which financial expenses	0.0	1.0	1.2	0.0	0.0
Cost recognised in other comprehensive income of which caused by experienced-based adjustments	0.5	0.5	0.4	0.5	0.5
of which caused by changed assumptions	-1.3	-0.4	-	-	-
	0.2	-	-	-	-
	-1.5	-	-	-	-

The most important actuarial assumptions as of the closing date that formed the basis for calculation of defined-benefit obligations are reported below.

	Sweden		Norway	
	2013	2012	2013	2012
Discount rate	4.0%	3.5%	4.1%	2.2%
Expected return on plan assets	0.0%	0.0%	4.1%	3.6%
Future salary increases	-	-	3.8%	3.3%
Future increases in pensions	2.0%	2.0%	3.5%	3.0%
Staff turnover	-	-	-	-
Expected remaining employment period	10.60 years	11.40 years	7.0 years	7.0 years

The discount rate for the Norwegian plan is based on the market yield on mortgage bonds with a maturity corresponding to the remaining term of the obligation, 22 years. For the Swedish plan the discount rate has been based on the market yield on mortgage bonds with a maturity corresponding to the remaining term of the obligation, in this case 27 years.

A sensitivity analysis shows that if the discount rate in the actuarial calculation had been half a percentage point lower net debt would have increased by MSEK 2.0. If the rate had been half a percentage point higher net debt would have decreased by MSEK 1.9.

Plan assets only exist in the Norwegian scheme and consist chiefly of interest-bearing securities, which account for 73 per cent (71). Other assets are shares 9 per cent (9), real estate 18 per cent (18) and other 0 per cent (2).

The actual return on plan assets in the Norwegian plan in 2013 is not known (2012: 6.1 per cent). The return on the Swedish plan is not known.

Our best estimate of payments to defined benefit pension plans in 2014 is MSEK 1.1.

## Principles for remuneration for senior executives

The members of the Board receive remuneration in accordance with the decisions of the Annual General Meeting.

A Remuneration Committee, appointed by the Board, prepares proposals for guidelines for remuneration for the Group's CEO and other senior executives. The guidelines are based on the company's long-term Remuneration Policy.

The 2013 Annual General Meeting adopted a set of remuneration principles for the CEO and other members of management, a group comprising seven persons at the time of the AGM. The decision encompasses guidelines as follows. Total may consist of a fixed basic salary, variable remuneration, pension and other benefits. The variable remuneration, which can amount to a maximum of 25 per cent of the fixed salary, is linked partly to the profit after financial items (max. 15 per cent of the fixed salary) and partly to defined individual targets (max. 10 per cent of the fixed salary). Variable remuneration is conditional on a positive net result for the Group and will be retrospectively adjusted if it has been paid on apparently erroneous grounds. Agreements on pension benefits are arranged individually and the pension costs can amount to a maximum of 30 per cent of the fixed salary. Other remuneration and benefits shall be at market rates and shall help to facilitate the senior executive's opportunities to carry out their work. Employment contracts for members of management shall have a notice period of six to 12 months from the company's side and six months from the senior executive's side. The fixed salary during the notice period and severance pay combined shall not exceed 12 months' fixed salary. The Board may depart from the guidelines if there are special reasons in an individual case.

The Board of Directors proposes to the 2014 AGM that these principles remain essentially unchanged.

## Directors' fees and other remuneration to senior executives, SEK thousand

	2013	2012
Eva Färnstrand Chairman	-	250
Kåre Wetterberg Chairman	340	-
Mats Egeholm Board member	125	125
Susanna Hilleskog Board member	125	125
Bengt Stillström Board member	125	125
Thomas Widstrand Board member	125	125
<b>Total fees</b>	<b>840</b>	<b>750</b>

The Chairman of the Board received SEK 0 (210,000) in remuneration of services in addition to Board duties.

During the year, the CEO of ProfilGruppen AB has received SEK 1,653,000 (1,651,000) in fixed and variable remuneration, including benefits. Other senior executives, totalling seven people, including those who have joined and left during the period, have received SEK 5,747,000 (5,034,000) in fixed and variable remuneration, including benefits.

During the year, the cost for variable remuneration, excluding social security contributions, to executive management (seven persons) amounted to a total of SEK 0 (seven persons, SEK 107,000), of which SEK 0 (16,000) was paid out to the CEO.

## Pension benefits and pension agreements for senior executives

For the CEO a defined benefit pension provision of 30 per cent of his total salary has been made. The annual pension costs for the CEO amounted to SEK 438,000 (393,000), excluding special employer's contributions of SEK 106,000 (95,000). There are no agreements for early retirement.

Other senior executives during the year, seven people (seven), are covered by the pension plan for salaried employees in Sweden (ITP). The annual pension costs for these people amounted to SEK 1,395,000 (1,020,000), excluding employer's contributions of SEK 339,000 (247,000). The pensions are transferable and so are not conditional on future employment.

## AUDITORS' FEES AND EXPENSES

	Group		Parent company	
	2013	2012	2013	2012
<b>Ernst &amp; Young AB</b>				
Audit assignments	0.6	0.7	0.0	0.0
Other assignments	0.1	0.1	0.0	0.0
<b>Other auditors</b>				
Audit assignments	0.2	0.1	-	-

## 6 OPERATING EXPENSES DIVIDED BY TYPE OF COST

	Group	
	2013	2012
Raw materials	320.0	348.0
Personnel costs	183.6	181.0
Depreciation/amortisation	25.5	27.4
Impairment of tangible and intangible fixed assets	0.0	0.7
Other operating expenses	221.8	229.3
	<b>750.9</b>	<b>786.4</b>

Exchange rate differences attributable to trade receivables have increased revenue by MSEK 1.2 (increased by 2.6). Exchange rate differences attributable to trade payables has increased costs of goods sold by MSEK 0.2 (reduced 0.5).

Other operating expenses include lease payments for the Group of MSEK 3.6 (3.3). The total sum of future non-redeemable leasing payments amounts to MSEK 5.6, of which MSEK 2.4 is due within one year. The remaining MSEK 3.2 falls due in one to five years. Leasing costs comprise operating lease contracts concerning IT equipment and company cars. The parent company is not a lessee.

The cost of developing products and the business amounts to MSEK 7.7 (7.0) and is included in the operating expenses divided into personnel costs and other operating expenses. During the year, none of these costs have been capitalised in accordance with IAS 38.

## 7 FINANCIAL ITEMS

	Group	
	2013	2012
Interest income	0.3	0.4
<b>Financial income</b>	<b>0.3</b>	<b>0.4</b>
Interest portion of pension expenses for the year	0.5	0.5
Interest expenses, other	4.7	5.7
Other expenses	1.1	1.3
<b>Financial expenses</b>	<b>6.3</b>	<b>7.5</b>
	Parent company	
	2013	2012
Dividends from subsidiaries	80.0	0.0
Interest income, Group companies	0.1	0.3
<b>Financial income</b>	<b>80.1</b>	<b>0.3</b>
Impairment of shares in subsidiaries	49.4	0.0
Interest expenses, Group companies	1.8	3.2
Interest expenses, other	1.1	1.8
<b>Financial expenses</b>	<b>52.3</b>	<b>5.0</b>

The dividend as well as the impairment of shares in subsidiaries refer to the subsidiary company ProfilGruppen Extrusions AB.

## 8 APPROPRIATIONS AND UNTAXED RESERVES

	Appropriations		Untaxed reserves	
Parent company	2013	2012	2013	2012
<b>Accumulated depreciation above plan</b>				
<b>Allocated (+) / dissolved (-)</b>				
buildings	0.0	0.0	0.1	0.2
equipment	-0.2	-0.2	2.1	2.2
	<b>-0.2</b>	<b>-0.2</b>	<b>2.2</b>	<b>2.4</b>
<b>Tax allocation reserves</b>				
<b>Allocated (+) / dissolved (-) on assessment</b>				
2007	0.0	-4.6	0.0	0.0
2008	-5.0	0.0	0.0	5.0
2009	0.0	0.0	4.0	4.0
2010	0.0	0.0	2.7	2.7
2011	0.0	0.0	4.2	4.2
2012	0.0	5.8	5.8	5.8
2013	0.0	-	0.0	-
	<b>-5.0</b>	<b>1.2</b>	<b>16.8</b>	<b>21.7</b>
	<b>-5.2</b>	<b>1.0</b>	<b>19.0</b>	<b>24.1</b>

## TAXES

	Group		Parent company	
	2013	2012	2013	2012
<b>Reported tax expense</b>				
Current tax	0.3	10.4	4.1	4.5
Deferred tax relating to temporary differences	-5.8	-4.2	0.2	-0.2
Effect of changed tax rate on deferred tax expense	0.0	-6.2	0.0	-0.1
<b>Total reported tax expense</b>	<b>-5.5</b>	<b>0.0</b>	<b>4.3</b>	<b>4.2</b>

	Group		Parent company	
	2013	2012	2013	2012
<b>Reconciliation effective tax, per cent</b>				
Tax as per applicable tax rate for the parent company	-22	26	22	26
Effect of other tax rates for foreign subsidiaries	0	0	0	0
Effect of changed tax rate	0	-27	0	-3
Standard interest on tax allocation reserve	1	1	0	0
Other non-tax-deductible expenses and taxable income	0	0	-15	0
<b>Reported effective tax</b>	<b>-21</b>	<b>0</b>	<b>7</b>	<b>23</b>

	01-01-2013	Recognised through profit/loss for the year	Recognised through comprehensive income	31-12-2013
<b>Change in reported deferred tax liability.</b>				

Group				
Tangible fixed assets	22.0	-3.6	0.0	18.4
Pension provisions	-0.9	0.1	0.3	-0.5
Tax allocation reserves	9.9	-2.8	0.0	7.1
Items recognised in hedging reserve	-0.5	0.0	-0.3	-0.8
Other	-0.6	0.5	0.0	-0.1
	<b>29.9</b>	<b>-5.8</b>	<b>0.0</b>	<b>24.1</b>

Parent company				
Tangible fixed assets	3.0	0.2	0.0	3.2
Other	0.0	0.0	0.0	0.0
	<b>3.0</b>	<b>0.2</b>	<b>0.0</b>	<b>3.2</b>

	01-01-2012	Recognised through profit/loss for the year	Recognised through comprehensive income	31-12-2012
<b>Group</b>				
Tangible fixed assets	30.1	-8.1	0.0	22.0
Pension provisions	-1.1	-0.1	0.3	-0.9
Tax allocation reserves	12.4	-2.5	0.0	9.9
Items recognised in hedging reserve	-0.1	0.1	-0.5	-0.5
Other	-0.7	0.1	0.0	-0.6
	<b>40.6</b>	<b>-10.5</b>	<b>-0.2</b>	<b>29.9</b>

Parent company				
Tangible fixed assets	3.3	-0.3	0.0	3.0
Other	0.0	0.0	0.0	0.0
	<b>3.3</b>	<b>-0.3</b>	<b>0.0</b>	<b>3.0</b>

## 10 INTANGIBLE FIXED ASSETS

	Group	
	2013	2012
<b>Goodwill</b>		
<b>Accumulated cost</b>		
At beginning of year	12.8	12.8
New acquisitions	0.0	0.0
Sales	0.0	0.0
<b>At beginning of year</b>	<b>12.8</b>	<b>12.8</b>
<b>Acc. impairment losses</b>		
At beginning of year	2.8	2.8
Impairment losses for the year	0.0	0.0
<b>At end of year</b>	<b>2.8</b>	<b>2.8</b>
<b>Carrying amount at end of year</b>	<b>10.0</b>	<b>10.0</b>

### Impairment test for cash-generating units containing goodwill

ProfilGruppen tests the value of goodwill at least once a year and when there is an indication of impairment. The impairment test for goodwill is based on a calculation of the value in use. Goodwill is attributable to the activities of ProfilGruppen Extrusions AB, which is also the cash-generating unit tested. A cash flow statement has been used as the basis for the valuation and the first three years are based on the adopted budget and strategic plans. The margin is expected to improve as a result of increased demand and measures to improve efficiency. The cash flows forecast after the first three years are based on an annual growth rate of 2.0 per cent (3.0), which in turn is based on the expected rate of GDP growth, which the market for extrusions normally follows. The new present value of forecast cash flows has been estimated using a discount rate of 15 per cent before tax (13.9), which has been calculated using a weighted average cost of capital. A sensitivity analysis of the impairment test has been made, showing that reasonable changes in the discount rate, weighted average cost of capital, rate of growth and gross margin calculation parameters do not result in an impairment loss.

	Group		Parent company	
	2013	2012	2013	2012
<b>Machinery and equipment</b>				
<b>Accumulated cost</b>				
At beginning of year	453.0	452.1	5.2	5.1
New acquisitions	13.0	10.9	0.2	0.1
Reclassifications	2.3	8.8	0.0	0.0
Translation differences	0.0	-0.1	0.0	0.0
Sales and disposals	-5.8	-18.7	0.0	0.0
<b>At end of year</b>	<b>462.5</b>	<b>453.0</b>	<b>5.4</b>	<b>5.2</b>
<b>Acc. depreciation according to plan</b>				
At beginning of year	328.3	315.0	2.5	2.1
Sales and disposals	-4.9	-10.2	0.0	0.0
Translations differences	0.0	-0.1	0.0	0.0
Depreciation for the year according to plan	21.7	23.6	0.3	0.4
<b>At end of year</b>	<b>345.1</b>	<b>328.3</b>	<b>2.8</b>	<b>2.5</b>
<b>Acc. impairment losses</b>				
At beginning of year	13.7	13.0	0.0	0.0
Impairment losses for the year	0.0	0.7	0.0	0.0
<b>At end of year</b>	<b>13.7</b>	<b>13.7</b>	<b>0.0</b>	<b>0.0</b>
<b>Carrying amount at end of year</b>	<b>103.7</b>	<b>111.0</b>	<b>2.6</b>	<b>2.7</b>

No impairment losses were recognised during the year. In the previous year an impairment loss of MSEK 0.7 on machining equipment was recognised.

The Group possesses machinery held through finance lease contracts with a carrying amount of MSEK 6.5 (4.5).

The Group's accumulated cost includes capitalised interest of MSEK 3.1 (3.1). No interest has been capitalised during this year or the previous year. Equipment belonging to the parent company refers to land equipment and permanent equipment.

The cost of the fixed assets that are fully depreciated but are still used in the business is MSEK 228.1 (174.0).

	Group		Parent company	
	2013	2012	2013	2012
<b>Construction in progress and advance payments for tangible fixed assets</b>				
At beginning of year	2.5	12.1	0.0	3.3
Reclassifications	-2.3	-12.1	0.0	-3.3
New acquisitions	2.0	2.5	0.0	0.0
<b>Carrying amount at end of year</b>	<b>2.2</b>	<b>2.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Total carrying amount, tangible fixed assets</b>	<b>207.3</b>	<b>218.7</b>	<b>88.7</b>	<b>91.8</b>

	Group	Parent company
<b>Useful lives</b>		
<b>Buildings and land</b>		
Real estate, depending on component	30–50 years	30–50 years
Permanent equipment	10–40 years	10–40 years
Land improvements	20 years	20 years
Land equipment	10 years	10 years
<b>Machinery and equipment</b>		
Extrusion presses	20 years	Anodising
equipment and other press equipment	10–15 years	
Spare parts for machinery	10 years	
Processing and measuring machinery	7 years	
Equipment	5–10 years	
Means of transport	5 years	
IT investments	4 years	

Depreciation is on a straight-line basis, based on expected useful life.

	Group		Parent company	
	2013	2012	2013	2012
<b>Depreciation by function</b>				
Cost of good sold	25.2	26.9	3.4	3.3
Selling expenses	0.2	0.4	0.0	0.0
Administrative expenses	0.1	0.1	0.0	0.0
	<b>25.5</b>	<b>27.4</b>	<b>3.4</b>	<b>3.3</b>

## 11 TANGIBLE FIXED ASSETS

	Group		Parent company	
	2013	2012	2013	2012
<b>Buildings and land</b>				
<b>Accumulated cost</b>				
At beginning of year	160.9	160.8	129.5	126.5
New acquisitions	0.0	0.0	0.0	0.0
Reclassifications	0.0	3.1	0.0	3.0
Sales and disposals	0.0	-3.0	0.0	0.0
<b>At end of year</b>	<b>160.9</b>	<b>160.9</b>	<b>129.5</b>	<b>129.5</b>
<b>Acc. depreciation according to plan</b>				
At beginning of year	55.7	52.9	40.4	37.5
Sales and disposals	0.0	-1.0	0.0	0.0
Depreciation for the year according to plan	3.8	3.8	3.0	2.9
Impairment losses for the year	0.0	0.0	0.0	0.0
<b>At end of year</b>	<b>59.5</b>	<b>55.7</b>	<b>43.4</b>	<b>40.4</b>
<b>Carrying amount at end of year</b>	<b>101.4</b>	<b>105.2</b>	<b>86.1</b>	<b>89.1</b>
of which buildings	94.7	98.4	80.0	82.8
land	3.0	3.0	2.6	2.6
land improvements	3.7	3.8	3.5	3.7

No impairment loss on buildings and land was recognised in the year or in the previous year.

A property owned by the Group is let out under a finance lease. In the table above the property is accounted for as sold in 2012.



## 12 FINANCIAL FIXED ASSETS

Of financial fixed assets, MSEK 1.5 (2.0) refers to a lease receivable. The receivable arose in 2012 when a contract for the lease of property was concluded. The contract runs over ten years. The lessee has an option to purchase the property at any time during the term of the lease. The intention is that the property will be purchased after five years. The net present value of future lease payments is MSEK 5.2. A provision for doubtful receivables has been made and a receivable of MSEK 1.5 has been recognised in the balance sheet.

Financial lease receivables, due date	Group	
	2013	2012
Within 1 year	0.5	0.5
Between 1 and 5 years	2.3	2.3
Later than 5 years	2.4	2.9
	<b>5.2</b>	<b>5.7</b>

## 13 INVENTORIES

	Group	
	2013	2012
Raw materials and consumables	40.8	35.6
Work in progress	53.9	53.7
Finished products and goods for resale	13.0	16.7
	<b>107.7</b>	<b>106.0</b>

## 14 TRADE RECEIVABLES

Trade receivables are reported as net following deductions for doubtful receivables. Doubtful receivables are assessed individually. During the year a provision of MSEK 0.4 (0.1) for expected bad debts was made while bad debts provisions of MSEK 0.1 from previous years have been recovered.

Realised bad debts amounted to MSEK 0.3 (1.1) and arose in connection with insolvency affecting customers.

For other information on customer credits, see note 19.

## 15 EQUITY

Specification of reserves	2013	2012
Translation reserve, opening balance	0.0	0.0
Translation differences for the year	0.0	0.0
Translation reserve, closing balance	0.0	0.0
Hedging reserve, opening balance	-1.9	-0.3
Cash flow hedges	-3.4	-2.3
Reversal of cash flow hedges through profit or loss	1.9	0.3
Change due to changed tax rate in Sweden	-0.1	0.0
Tax attributable to hedges for the year	0.3	0.5
Hedging reserve, closing balance	-3.2	-1.9
<b>Total reserves</b>	<b>-3.2</b>	<b>-1.9</b>

### Share capital and votes

All shares have a fair value of SEK 5 per share. All shares are fully paid up and no shares have been issued during the year. All existing shares are series B shares and have equal rights to a share in the company's assets and profits. During the year there has been no change in the number of shares, which has remained at 4,932,517.

### First refusal and conversion

There is no pre-emption clause in the articles of association.

### Other paid-up capital

This item refers to equity that has been put up by the owners. This includes a portion of share premium reserves transferred to the statutory reserve as at 31 December 2005. Any future transfers to the share premium reserves will also be accounted for as paid-up capital.

### Translation reserve

The translation reserve includes all exchange rate differences that arise during translation of financial reports from foreign operations which have prepared their reports in a currency other than that used in the Group's financial reports. The parent company and the Group prepare their financial reports in Swedish krona.

### Hedging reserve

The hedging reserve contains the effective share of the accumulated net change in actual value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

### Own shares and repurchases

No individual shares are owned by the company itself or its subsidiaries and the repurchase of individual shares is currently not relevant. There are no programmes of convertibles or options that involve the dilution of share capital. However, the Board has the authority to decide on a new issue of shares on acquisition (see the Directors' Report).

### Dividend

After the closing date the Board has proposed that no dividend be paid for 2013. The average number of shares is 4,932,517. The dividend is subject to approval by the Annual General Meeting on 10 April 2014.

During the year no dividend was paid.

### Parent company

#### Restricted funds

Restricted funds refers to share capital and other restricted equity. Restricted funds are not available for dividend payment.

#### Non-restricted equity

The balanced profit is formed by the preceding year's non-restricted equity after any dividend has been paid. Retained earnings, together with the profit for the year, make up the total non-restricted equity, i.e. the sum available for dividends to shareholders.

## EARNINGS PER SHARE

The calculation of earnings per share is based on the consolidated profit/loss for the year, attributable to the parent company's shareholders, amounting to MSEK -20.5 (23.0) and a weighted average number of shares in 2013 amounting to 4,932,517 (4,932,517), which is calculated in accordance with IAS 33. There is no dilution.

## INTEREST-BEARING LIABILITIES

	Group			
	Long-term		Current	
Interest-bearing liabilities	2013	2012	2013	2012
Bank loans	30.4	41.3	0.0	0.0
Overdraft facility	-	-	76.5	42.3
Finance lease liabilities	5.3	1.9	1.4	2.6
	<b>35.7</b>	<b>43.2</b>	<b>77.9</b>	<b>44.9</b>

The parent company's liabilities to credit institutions comprise bank loans, of which MSEK 17.6 (17.4) are bank overdraft facilities. Of the bank loans, MSEK 0.0 (0.2) is due for payment more than five years after the closing date.

All loans, excluding bank overdraft facilities, are regarded as long-term liabilities. This is due to the fact that they build on an original maturity of more than 12 months. The intention is to refinance them in the long term and a promise of such refinancing exists.

The lender agreement contains key figures that the company must meet, see note 19.

Trade receivables of MSEK 83.7 (91.4) have been pledged as collateral for bank loans and the overdraft facility.

Interest-bearing liabilities by currency	Group		Parent company	
	2013	2012	2013	2012
SEK	95.7	66.3	24.3	33.7
EUR	13.9	18.3	0.0	0.0
DKK	2.4	2.1	0.0	0.0
NOK	0.0	0.2	0.0	0.0
GBP	1.6	1.2	0.0	0.0
USD	0.0	0.0	0.0	0.0
	<b>113.6</b>	<b>88.1</b>	<b>24.3</b>	<b>33.7</b>

Finance lease liabilities, due dates	Group	
	2013	2012
Within 1 year	1.4	2.6
Between 1 and 5 years	5.2	1.9
Later than 5 years	0.1	0.0
	<b>6.7</b>	<b>4.5</b>

The Group's finance lease payments amounted to MSEK 1.5 (1.0) during the year.

## 18 PREPAID, ACCRUED AND DEFERRED EXPENSES AND INCOME

Prepaid expenses and accrued income	Group		Parent company	
	2013	2012	2013	2012
Prepaid salaries	1.1	0.6	0.0	0.0
Other prepaid expenses	4.1	2.8	0.1	0.0
	<b>5.2</b>	<b>3.4</b>	<b>0.1</b>	<b>0.0</b>

Accrued expenses and deferred income	Group		Parent company	
	2013	2012	2013	2012
Holiday pay and other personnel expenses	34.8	36.4	0.5	0.6
Accrued Directors' fees	0.6	0.6	0.6	0.6
Other	2.8	9.4	0.6	1.3
	<b>38.2</b>	<b>46.4</b>	<b>1.7</b>	<b>2.5</b>

## 19 FINANCIAL INSTRUMENTS

The Group's financial instruments include bank loans, trade payables, finance leases and derivatives, which may constitute a liability or asset depending on the fair value of the instrument. The purpose of the liabilities is to fund the Group's operations. The Group's financial instruments also include assets in the form of trade receivables and cash and cash equivalents generated in the operations. The Group's derivatives may also constitute assets at the closing date.

As a result of its activities, the Group is exposed to various types of financial risk. Financial risk refers to fluctuations in the company's profit and cash flow as a result of changes in exchange rates, interest rates, raw material prices and refinancing and credit risks.

The company's Board of Directors examines and approves policies for handling these risks as described below. The Group's central finance department is responsible for handling financial transactions and risks in accordance with established policies.

### Currency risks

Currency risks primarily arise when the Group sells products on export. Sales in foreign currencies represent about half of all revenue. The currency in which the greatest share of export sales is done is EUR, but since raw materials are in part purchased in EUR, exposure is considerably reduced.

At ProfilGruppen contracted and forecast currency flows for a period of six to twelve months must be hedged by forward transactions. Hedge accounting is used for the forward contracts, and during the year, no (no) amounts for ineffective hedges have been recognised in the income statement. The effects of the forward contracts in the income statement can be found on the revenue line, MSEK 0.4 (3.4), and the financial expenses line, MSEK 0.2 (0.5).

Receivables in a foreign currency amounted as of 31 December to MSEK 36.9 (31.0) and liabilities in a foreign currency to MSEK 37.0 (35.1). Of the liabilities in a foreign currency MSEK 17.9 (21.8) are interest-bearing, see note 17.

The transaction exposure below is based on an estimated payment surplus 12 months ahead from 31 December 2013.

Currency	Estimated net inflow, MSEK	Hedged portion (per cent)	Average forward rate
EUR	118	70	8.73 SEK/EUR
DKK	21	50	1.17 SEK/DKK
NOK	13	50	1.10 SEK/NOK
GBP	12	63	10.36 SEK/GBP

Translation exposure associated with the Group's overseas sales companies, which consists of each company's equity and liabilities to the parent company, is marginal.

Where a flow is unsecured, changes in exchange rates affect profit before tax as per the following.

EUR	Change +/- 5%	+/- MSEK 6
DKK	Change +/- 5%	+/- MSEK 1
NOK	Change +/- 5%	+/- MSEK 1
GBP	Change +/- 5%	+/- MSEK 1

### Interest risk

Interest risk that arises through variations in the market rate is limited by the use of interest rate swaps, which aim to change the underlying interest structure of the net debt. There are interest rate swaps for 100 per cent (93) of the long-term interest-bearing liabilities. During reporting, hedge accounting is applied when there is an effective link between a hedged loan and an interest rate swap. The table below shows the time of interest fixation and the interest rate for the Group's long-term liabilities.

Fixed term year	Long-term interest-bearing liabilities, MSEK	Interest rate (per cent)
1 Jan – 30 Jun 2014	0.0	-
1 Jul – 31 Dec 2014	0.0	-
2015	0.0	-
2016	0.0	-
2017 –	35.7	3.4

Of the above, MSEK 6.7 consists of the parent company's interest-bearing liabilities at an average interest rate of 3.3 per cent.

If interest rates were to rise by one percentage point in 2014 compared with 2013 the interest expense on the company's long-term liabilities would, in the absence of interest rate hedges, increase by MSEK 0.4.

### Market risks

Market risks consist primarily of declining demand and changes in raw material prices. ProfilGruppen's production is characterised by a high proportion of fixed costs, meaning activities are highly volume-dependent. Small variations in demand thus have a relatively large impact on profit. Aluminium prices have historically shown significant mobility. The price risk that does exist is minimised by including raw material clauses in contracts with customers. The raw material policy means that raw materials are mainly purchased in proportion to orders in hand. Raw material purchases for periods longer than six months are made based on definite orders from customers. Raw materials are purchased in Swedish krona or euro. Follow-ups and checks are performed by a raw materials group made up of representatives from the purchasing, finance and marketing organisations at management level.

### Credit risks

Customer credits in ProfilGruppen must be handled in accordance with the Group's credit policy. The company's management is responsible for ensuring that the credit policy is familiar to all parties involved in the sales process and for it being adapted where necessary.

Once a customer's creditworthiness has been analysed, credit sales may be allowed in accordance with the policy's decision levels where all credits above SEK 1,000,000 require the approval of the CFO and CEO in unison. For information on the creditworthiness of the company's customers, see the following table, which shows the share of companies in each rating class (source: Dun & Bradstreet).

Credit rating	All ProfilGruppen customers	ProfilGruppen's Swedish customers	All Swedish limited companies
AAA	37%	39%	8%
AA	30%	28%	17%
A	18%	18%	39%
N	5%	4%	9%
B	7%	8%	15%
C	4%	3%	12%

Maximum exposure to credit risks as of 31 December 2013 amounts to MSEK 96.8 (97.3). The largest individual receivable amounts to 12 per cent (8) of the total credit risk. The distribution of the credit risk is shown in the following table.

Concentration of credit risk as at 31-12-2013	Number of customers	Per cent of number of customers
Exposure < MSEK 1.0	335	94%
Exposure MSEK 1.0–5.0	19	5%
Exposure > MSEK 5	2	1%
	<b>356</b>	<b>100%</b>

Of the total trade receivables, 6.3 per cent (4.5) are matured claims. 3.5 per cent (3.5) have been due for 30 days or less, while 2.7 per cent (1.0) have been due for more than 30 days.

### Liquidity risks

No significant liquidity risks are included in the company's financial instruments. In addition to the Group's cash and cash equivalents, on the closing date there were unutilised credit facilities to a value of MSEK 81.3 (103.5).

For due dates for interest-bearing liabilities, refer to note 17. The agreement with lenders contains key figures that the company is required to meet. These had been met at 31 December 2006:

### Carrying amount and fair value of financial instruments

Class	Group				Category
	Carrying amount		Fair value		
	2013	2012	2013	2012	
Financial assets	1.7	2.2	1.7	2.2	Loan receivables and trade receivables
Trade receivables	94.7	95.8	94.7	95.8	Loan receivables and trade receivables
Accrued income	0.0	0.0	0.0	0.0	Loan receivables and trade receivables
Other receivables	12.2	8.3	12.2	8.3	Loan receivables and trade receivables
of which forward contracts	0.6	0.8	0.6	0.8	Assets measured at fair value through profit or loss
Cash and cash equivalents	2.3	1.7	2.3	1.7	Available-for-sale financial assets
Interest-bearing liabilities	113.6	88.1	113.6	88.1	Other financial liabilities
Trade payables	86.4	77.3	86.4	77.3	Other financial liabilities
Accrued expenses	38.2	46.4	38.2	46.4	Other financial liabilities
Other liabilities	10.4	9.3	10.4	9.3	Other financial liabilities
of which forward contracts	2.5	0.4	2.5	0.4	Liabilities measured at fair value through profit or loss
of which interest rate swaps	2.1	2.9	2.1	2.9	Liabilities measured at fair value through profit or loss

Class	Parent company				Category
	Carrying amount		Fair value		
	2013	2012	2013	2012	
Accrued income	0.0	0.0	0.0	0.0	Loan receivables and trade receivables
Cash and cash equivalents	0.4	0.4	0.4	0.4	Available-for-sale financial assets
Interest-bearing liabilities	24.3	33.7	24.3	33.7	Other financial liabilities
Accrued expenses	1.7	2.5	1.7	2.5	Other financial liabilities
Other liabilities	0.6	1.1	0.6	1.1	Other financial liabilities

No reclassification between categories has been carried out during the year.

Forward contracts have been measured at observable market prices at the balance sheet date, i.e. in accordance with Level 2 under IFRS 13.

Valuation models or techniques for discounted cash flows are used to determine the rate for interest rate swaps. The discount rate used is a market-based rate for similar instruments on the closing date. The value thus agrees with Level 2 under IFRS 13.

### Capital administration

The main goal of the Group's capital administration is to maintain a high credit rating and a well-balanced capital structure. In order to retain or change the capital structure, the Group can adjust the dividend to the shareholders, return capital to the shareholders or conduct a new issue.

The goal for the capital structure is to have a net debt/equity ratio of 0.75–1.00 on average over one business cycle. The net debt/equity ratio is defined as interest-bearing liabilities and provisions less cash and cash equivalents in relation to equity. The debt/equity ratio at the end of the year amounted to 0.83 (0.59).

	Group	
	2013	2012
Interest-bearing liabilities	113.6	88.1
Interest-bearing provisions	19.9	18.4
Cash and cash equivalents	-2.3	-1.7
<b>Total net debt</b>	<b>131.2</b>	<b>104.8</b>
Equity	158.1	178.8
Reserves in equity	3.2	1.9
Equity to administrate	161.3	180.7
<b>Total capital to administrate</b>	<b>292.5</b>	<b>285.5</b>
<b>Net debt/equity ratio</b>	<b>0.83</b>	<b>0.59</b>

### PLEGGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
	2013	2012	2013	2012
<b>Pledged assets for own liabilities to credit institutions</b>				
Property mortgages	84.8	84.8	78.6	78.6
Floating charges	170.0	174.0	0.0	0.0
Pledged trade receivables	83.7	91.4	0.0	0.0
Shares in subsidiaries	110.7	207.7	73.9	108.8
<b>Contingent liabilities</b>				
Guarantees for Group companies	-	-	34.6	36.0
Guarantees for other companies	0.7	0.7	0.0	0.0
Guarantee commitments FPG/PRI	0.2	0.2	0.0	0.0

Company	Org.no.	No. of shares	Share per cent	Equity incl. portion of untaxed reserves	Carrying amount 2013
<b>Subsidiaries</b>					
Bergströms Utveckling AB	556568-6440	1,000	100	0.1	0.1
ProfilGruppen Extrusions AB	556206-5119	940,000	100	88.8	73.7
ProfilGruppen Manufacturing AB	556262-3990	1,000	100	1.8	0.1
					<b>73.9</b>

**Second tier subsidiaries****Subsidiary of Bergströms Utveckling AB**

ProfilGruppen Components AB	556248-8949	1 000	100		
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**Subsidiaries of ProfilGruppen Extrusions AB**

ProfilGruppen Danmark A/S, Denmark	-	500	100		
ProfilGruppen GmbH, Germany	-	-	100		
ProfilGruppen Ltd, United Kingdom	-	-	100		
ProfilGruppen Norge AS, Norway	-	100	100		

The Boards of all the Swedish companies, including the parent company, have their registered offices in Uppvidinge Municipality. No changes in ownership have occurred during the year.

Bergströms Utveckling AB and ProfilGruppen Components AB were dormant at year-end.

The parent company has associated relations which involve a decisive influence over its subsidiaries, see note 21. For information on liabilities to and receivables from subsidiaries, see the parent company balance sheet. The parent company's revenue comprises revenues for services and rents, of which 98 per cent is earned from subsidiaries. These rents are determined based on market terms.

Out of the total votes of ProfilGruppen AB the Board members Bengt Stillström and Mats Egeholm control 26.4 per cent (26.4) and 10.3 per cent (10.4), respectively. The other Board members together control 0.1 per cent (0.1) of the votes. One of the Board's deputies holds 0.7 per cent (0.7) of the votes. Senior executives control a total of 0.7 per cent (0.6) of the votes in ProfilGruppen AB.

For salaries and other remuneration, as well as costs and obligations related to pensions and similar benefits for the Board, CEO and other senior executives, see note 4.

The undersigned affirm that the Group and annual accounts have been prepared in accordance with the IFRS international accounting standards as adopted by the EU and with generally accepted accounting principles and provide a fair representation of the Group's and the company's position and profits and that the Group Directors' Report and the Directors' Report provide a fair summary of the development of the Group's and company's activities, position and profits and describe significant risks and factors of uncertainty that the companies that form part of the Group face.

ÅSEDA, 25 FEBRUARY 2014

Bengt Stillström  
Chairman of the Board

Kåre Wetterberg  
Board member  
Acting CEO

Mats Egeholm  
Board member

Susanna Hilleskog  
Board member

Kurt Nilsson  
Board member  
Employee representative

Ulf Näslund  
Board member  
Employee representative

Thomas Widstrand  
Board member

Our audit report was submitted on 26 February 2014  
**Ernst & Young AB**

Johan Thuresson, Authorised public accountant

No cash and cash equivalents other than cash and bank balances exist; therefore, the definition of cash and cash equivalents is the same in both the statement of cash flows and the balance sheet.

Adjustment for non-cash items	Group		Parent company	
	2013	2012	2013	2012
Depreciation, amortisation and impairment of assets	25.5	28.1	3.4	3.3
Capital gain/loss on sale of fixed assets	0.0	0.0	0.0	0.0
Dividends received from subsidiaries	-	-	-80.0	0.0
Impairment of shares in subsidiaries	-	-	49.4	0.0
Unrealised exchange rate differences	0.5	-0.3	0.0	0.0
Provisions for pensions	2.6	0.8	0.0	0.0
Other income and expense items not affecting liquidity	0.3	0.2	0.3	0.3
	<b>28,9</b>	<b>28,8</b>	<b>-26,9</b>	<b>3,6</b>
<b>Investments in tangible fixed assets</b>				
Capitalised in balance sheet	15,1	13,2	0,2	0,0
Acquired through finance leases	-3,3	0,0	0,0	0,0
Unpaid	-0,9	-1,0	0,0	0,0
Investments from previous years, paid this year	1,1	2,6	0,0	0,3
	<b>12,0</b>	<b>14,8</b>	<b>0,2</b>	<b>0,3</b>
<b>Translation differences in cash and cash equivalents</b>				
Exchange rate gains (+)/losses(-) in opening cash and cash equivalents	0,2	-0,5	0,0	0,0
Exchange rate gains (+)/losses (-) in change in cash and cash equivalents	-0,1	0,0	0,0	0,0
	<b>0,1</b>	<b>-0,5</b>	<b>0,0</b>	<b>0,0</b>

The sale of operations which took place in 2012 generated a cash flow of MSEK 10.0 at the time, as compensation for both fixed and current assets.

# AUDITOR'S REPORT

To the annual meeting of the shareholders of ProfilGruppen AB (publ), corporate identity number 556277-8943

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of ProfilGruppen AB (publ) for the year 2013.

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

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

### **Auditor's responsibility**

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

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

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

### **Opinions**

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated

accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of ProfilGruppen AB (publ) for the year 2013.

### **Responsibilities of the Board of Directors and the Managing Director**

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

### **Auditor's responsibility**

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

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

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

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

### **Opinions**

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

ÅSEDA, 25 FEBRUARY 2014  
Ernst & Young AB

Johan Thuresson, Authorised public accountant



# CORPORATE GOVERNANCE REPORT

## for ProfilGruppen 2013

ProfilGruppen is a Swedish public company, whose shares are listed on the Stockholm Stock Exchange on the Small Cap list. Corporate governance at ProfilGruppen is therefore based on the Swedish Corporate Governance Code (the Code), the Companies Act, the Annual Accounts Act, the rules and regulations of the Stockholm Stock Exchange, the Articles of Association, adopted formal work plans, and other applicable laws and regulations.

### DEVIATIONS FROM THE SWEDISH CORPORATE GOVERNANCE CODE

Two deviations from the Code have been made. Both relate to the Nominating Committee and are elected under "Nominating Committee" below.

#### ANNUAL GENERAL MEETING 2013

ProfilGruppen's Annual General Meeting on 11 April 2013 was attended by shareholders, personally or by proxy, representing 67.6 per cent of the total number of votes in the company. The meeting was attended by the CEO and the Group's management, the company's auditors and the Board of Directors. The Chairman of the Board, Eva Färnstrand, was appointed to chair the meeting. The minutes from the meeting have been published on the company's website. It was resolved to re-elect Mats Egeholm, Bengt Stillström, Thomas Widstrand and Susanna Hilleskog to the Board while Kåre Wetterberg was elected as a new member of the Board. Kåre Wetterberg was also elected Chairman of the Board.

#### ANNUAL GENERAL MEETING 2014

The Annual General Meeting will be held on 10 April 2014 at 3 p.m. in Folkets Hus in Åseda. Shareholders wishing to submit proposals to the Nominating Committee may contact the Nominating Committee by e-mail at [valberedningen@profilgruppen.se](mailto:valberedningen@profilgruppen.se) or by writing to Valberedningen, ProfilGruppen AB, Box 36, SE-364 21 Åseda, Sweden. Shareholders wishing to submit an issue for discussion at the the AGM may do so by writing to the Chairman of ProfilGruppen at the above address or by sending an e-mail to [styrelsen@profilgruppen.se](mailto:styrelsen@profilgruppen.se). Information about the date, place and deadline for submission of proposals to the Board was notified in connection with the interim report for the third quarter.

#### NOMINATING COMMITTEE

At the 2013 Annual General Meeting it was resolved that the Nominating Committee should consist of four members and to charge the Chairman of the Board with the task of contacting the three largest shareholders before the end of the third quarter and, in consultation with the same, appoint members who, along with with the Chairman of the Board, will constitute the Nominating Committee. The nominating committee appoints a chairman from among its members.

In accordance with decision of the Annual General Meeting, representatives of the company's largest shareholders were contacted prior to the 2014 AGM and requested to appoint one member each to the nominating committee. The composition of the nominating committee was published on the company's website on 9 October 2013.

The Nominating Committee for the 2014 Annual General Meeting comprises

Representative	Owner	Share of votes as of
		31-01-2013
Bengt Stillström	Ringvägen Venture AB	26.4%
Lars Johansson	Lars Johansson	14.6%
Mats Egeholm	Mats Egeholm	10.3%

Kåre Wetterberg  
(Chairman of the Board until 31 January 2014 inclusive)

Under the Code, a majority of the members of the Nominating Committee must be independent in relation to the company and its management. At least one of the members must be independent in relation to the shareholder, or group of shareholders acting in concert in respect of the management of the company, which holds the largest share of votes. The Chairman of the Board or another Board member should not be chairman of the Nominating Committee. The company's major shareholders have appointed the Nominating Committee and its chairman based on what they believe is appropriate and are aware that this constitutes a deviation from the Code in the sense that a majority of the members of the Nominating Committee are also Board members. The resolution of the AGM states that the Chairman of the Board should be a member of the Nominating Committee. The fact that he, due to unforeseen circumstances, has assumed the role of CEO of the company from 1 February 2014 and that the chairman of the Nominating Committee has consequently been appointed Chairman of the Board also constitutes a deviation from the Code. As this change occurred at a late date, and in view of the fact that the Nominating Committee had concluded its work, no change was deemed necessary.

Since its appointment the Nominating Committee has held three meetings at which minutes have been taken. The members of the Committee have also had contacts with each other and with the members of the Board and have studied the evaluation made by the Board.

#### BOARD COMPOSITION AND REMUNERATION

At ProfilGruppen the Board of Directors shall comprise at least three and not more than seven members elected by a general meeting of shareholders, as well as a maximum of three deputies elected by a general meeting of shareholders. At the 2013 Annual General Meeting it was decided that the number of members should be five, with no deputies. In addition, the Board comprises two members and two deputies appointed by the employees.

The composition of the Board since the Annual General Meeting 2013 is presented on page 33. All Board members were independent in relation to the company in 2013. Bengt Stillström and Mats Egeholm are major shareholders of the company. The major shareholders are independent of each other.

In accordance with decisions made at the AGM, the fee paid to Board members for the period until the next AGM amounts to a total of SEK 840,000 (750,000), including committee fees. Fees are paid only to Board members elected by a general meeting of shareholders, as shown below.

Member	Role	Remuneration
Kåre Wetterberg	Chairman	340,000
Mats Egeholm	Member	125,000
Bengt Stillström	Member	125,000
Susanna Hilleskog	Member	125,000
Thomas Widstrand	Member	125,000
<b>Total fees</b>		<b>840,000</b>

The Chairman of the Board has not received any remuneration in addition to his Directors' fees.

Kåre Wetterberg has been Acting CEO and President of Profil-Gruppen since 1 February 2014 and has therefore handed over the chairmanship to Bengt Stillström. As a result, he will relinquish his Directors' fees for the last two months of the period. The fees payable to the Chairman for these two months will instead be paid to Bengt Stillström.

#### THE WORK OF THE BOARD OF DIRECTORS

Following the election of its members, the Board of Directors holds an inaugural Board meeting. At this meeting, members are elected to the Board's committees and a formal work plan for the coming year is established. The Board's mandate to the CEO is formulated in a set of instructions for the CEO.

Since the 2013 Annual General Meeting, the Board has met on twelve occasions. Attendance at these is shown in the table below. Key issues at these meetings are drawn from the formal work plan. The following items have been dealt with during the year:

April	inaugural meeting
April	interim report for the first quarter, review of investments and market conditions
June, extra meeting	commercial situation and structural issues
July, extra meeting	commercial situation and structural issues
July	interim report for the second quarter, forecast and structural issues
August, extra meeting	structural issues
September	strategy review
October	interim report for the third quarter, evaluation of the work of the Board, structural issues, report from the Audit Committee
November, extra meeting	action programme and forecast for 2014
December, extra meeting	adoption of budget, action programme and investments
January 2014	recruitment of CEO
February	closing of the books, year-end report, annual report, reports from the Board committees and the auditors' report

The company's CEO and CFO, who is also the Board's secretary, were present at these meetings.

Members of the Board of Directors receive monthly reports from the management team on the company's current financial and operational development. A procedure for annual evaluation of the work of the Board exists. In 2013 all Board members completed written questionnaires covering the work of the Board in general, their own performance and the work of the Board Chairman. The Chairman has not been involved either in preparing or compiling the questionnaires concerning his work. The evaluation serves as a

basis for an action plan for improvements and contributes to the work of the Nominating Committee.

#### Board member attendance and number of meetings

Board	Board meetings	Audit Committee	Remuneration Committee
Kåre Wetterberg	12	1**	1**
Mats Egeholm	12	1	-
Susanna Hilleskog	11	-	2
Thomas Widstrand	12	1*	2
Bengt Stillström	12	2	1*
Ulf Näslund <sup>1</sup>	12	-	-
Kurt Nilsson <sup>1</sup>	12	-	-
Tage Johansson <sup>2</sup>	11	-	-
Emelie Bergström <sup>2</sup>	12	-	-
<b>Total number of meetings since 2013 AGM</b>	<b>12</b>	<b>2</b>	<b>2</b>

1) Appointed by the employees, ordinary 2) Appointed by the employees, deputy

\* Member of the committee since 1 February 2014

\*\* Steps down from the committee on 1 February 2014

#### REMUNERATION COMMITTEE

Guidelines for remuneration for senior executives are determined by the AGM. The Remuneration Committee is responsible for preparing proposals for these guidelines and determining remuneration levels for management. Issues that concern the CEO's other employment conditions are prepared by the Remuneration Committee and decided by the Board. The conditions are reviewed annually. The committee also prepares matters concerning the supply of skills for the Board. Salary for management in 2013 consisted of one fixed element and one variable element. The amount of variable remuneration was linked to the Group's profit after financial items and defined personal targets. For 2003, no variable remuneration has been paid.

The committee comprised Kåre Wetterberg, who is its chairman, Thomas Widstrand and Susanna Hilleskog. The CEO and the HR Manager are invited to attend meetings when their presence is appropriate. Minutes were taken at all meetings and submitted to the Board.

#### AUDIT COMMITTEE

The Audit Committee is responsible for preparing the Board's work on guaranteeing the quality of the company's financial reporting, liaising with the auditors, evaluating the audit, and ensuring that the company has a satisfactory system in place for internal control and related matters. During the year the committee held two meetings, both of which were attended by the auditors. The work of the external auditors has been evaluated and the committee has made a recommendation to the Nominating Committee ahead of the appointment of auditors at the 2014 Annual General Meeting. The Audit Committee during the year consisted of Mats Egeholm, who is its chairman, Bengt Stillström and Kåre Wetterberg. As representatives of the management the CEO, the CFO and the Head of Accounting have participated in the committee's meetings. Minutes were taken at all meetings and submitted to the Board.

#### CEO AND SENIOR MANAGEMENT

The senior management team of ProfilGruppen comprises the CEO and six different function managers. Senior management is responsible for planning, managing and following up on day-to-day operations. The CEO runs the business in accordance with the framework established by the Board, which includes a set of work instructions. The CEO is responsible for keeping the Board informed on operations and for ensuring that the Board has the necessary data for decisions.

The senior management team holds regular management meetings. These meetings focus on the Group's strategic and operational progress and on assessments of results.

In January 2014 the company's President and CEO, Anders Frisinger, handed in his notice for family reasons. As of 1 February 2014 Kåre Wetterberg has assumed the role of Acting CEO in his stead. The process of recruiting a new CEO has been initiated.

#### AUDITORS

At the 2013 Annual General Meeting the registered accountancy Ernst & Young was appointed auditors for the period until 2014. At the same meeting Johan Thuresson was appointed chief auditor.

For the purpose of examining the Board of Directors' management of the company and meeting the Board's need for information, the auditors have since the 2013 AGM participated in meetings with the Board and Audit Committee. Apart from the audit and consultancy tasks on auditing and tax issues, the auditors have no other tasks at the ProfilGruppen group. Information on remuneration for the auditors can be found in note 5.

#### ARTICLES OF ASSOCIATION

The Articles of Association are available on the company's website and can only be amended by a resolution of a general shareholders' meeting.

#### THE SHARE

Each share in ProfilGruppen corresponds to one vote. Information on major shareholders and the authorisation of the Board to decide on the issuance of new shares is provided in the Directors' Report.

#### THE BOARD'S REPORT ON INTERNAL CONTROL FOR 2013

The Board is responsible for the company having satisfactory internal control. Responsibility for maintaining an effective control environment and the ongoing work on internal control and risk management has been delegated to the Group's management team. The five main activities included in ProfilGruppen's work on internal control are creation of a control environment, risk assessment, control activities, information and communication, and follow-up.

#### CONTROL ENVIRONMENT

An important element of the Board's work is creating a relevant and effective control environment. The Board's formal work plan and instructions for its committees and the company's CEO aim to ensure clear allocation of roles and division of responsibility, which promotes effective management of the operation's risks. The Board has also established a number of governing documents that are important for internal control. Examples of such documents include policies for the granting of credit, raw material purchases, currency hedging, remuneration and information security.

The Board evaluates the company's operational performance and results through monthly reports submitted by management, assessing economic outcomes and key performance indicators against targets.

ProfilGruppen has a simple legal and operational structure, which facilitates clarification of division of responsibility and swift action in the event of changed conditions. All decisions concerning, for example, the overall strategy, acquisitions, major investments and general financial issues are prepared by management and made by the Board.

#### RISK ASSESSMENT

The company's CFO is responsible for annually assessing the risks in the financial reporting presented to the Board's Audit Committee. The assessment and management of the most significant risks for ProfilGruppen are described in greater detail in the annual report.

#### CONTROL ACTIVITIES

The principal means of control are the detailed financial follow-up reports that are compiled each month. Work to prepare these includes analysis of deviations from, among other things, set goals and budgets. In addition to these general quality checks, there are daily checks of authorisations, access rights for IT systems and similar.

#### INFORMATION AND COMMUNICATION

The governing documents are distributed via the intranet, internal meetings, etc.

There are guidelines for external communication which ensure that ProfilGruppen meets the stringent requirements concerning provision of accurate information to the financial markets.

#### FOLLOW-UP

The Audit Committee has the task of evaluating how the company's internal control system functions, as well as keeping up to date on important evaluations and assessments that provide the basis for the financial statements. The company's CFO is responsible for regular follow-up of the internal control and reports to the Board's Audit Committee. Financial management and control are the responsibility of the company's finance department.

At least once a year the Audit Committee meets with the external auditors to discuss the auditors' assessment of the company's internal control. The auditors report their findings to the Audit Committee through regular reviews and a year-end audit of the third quarter's interim report and the annual accounts. In view of the above the Board has determined that there is currently no need for a separate internal audit or review function.

*Åseda, 25 February 2014  
The Board of ProfilGruppen AB*

## Auditor's statement on the corporate governance report

To the Annual General Meeting of ProfilGruppen AB, corp. ID no. 556277-8943

#### ASSIGNMENT AND ALLOCATION OF RESPONSIBILITY

We have audited the corporate governance report for 2013 on pages 30–32. The Board of Directors is responsible for the corporate governance report and for this being prepared in accordance with the Annual Accounts Act. Our responsibility is to express an opinion on the corporate governance report based on our audit.

#### FOCUS AND SCOPE OF THE AUDIT

The audit has been conducted in accordance with the auditing standard RevU 16, The auditor's examination of the corporate governance report.

This standard requires that we plan and perform the audit to obtain reasonable assurance that the corporate governance report is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the information included in the corporate governance report. We believe that our audit procedures provide a reasonable basis for our opinion set out below.

#### STATEMENT

In our opinion, the corporate governance report has been prepared and is consistent with the annual accounts and the consolidated accounts.

ÅSEDA, 26 FEBRUARY 2014  
Ernst & Young AB  
Johan Thuresson, Authorised public accountant

# BOARD OF DIRECTORS



## 1. Ulf Näslund<sup>1</sup>

Born 1952  
Employed at ProfilGruppen since 1990  
Employee representative  
Board member since 2006  
Shareholding in ProfilGruppen: 0

## 2. Susanna Hilleskog<sup>3</sup>

Born 1963  
B.Sc.Econ.  
CEO of Trelleborg Wheel Systems Nordic AB  
Board member since 2009  
Other directorships: Director of Trelleborg Wheel Systems Nordic AB and of Svensk Däckåtervinning AB.  
Shareholding in ProfilGruppen: 500

## 3. Tage Johansson<sup>1</sup>

Born 1951  
Employed at ProfilGruppen since 1981  
Employee representative  
Deputy since 2001  
Shareholding in ProfilGruppen: 32,958

## 4. Kåre Wetterberg<sup>1</sup>

Born 1949  
M.Sc.Eng  
Acting CEO of ProfilGruppen AB  
Board member since 2013  
Other directorships/positions: Consultant in the international aluminium industry and industrial advisor in the venture capital industry.  
Shareholding in ProfilGruppen: 0

## 5. Bengt Stillström<sup>2</sup>

Born 1943  
M.Sc.Eng  
Formerly CEO and founder of AB Traction, currently Chairman of the same company.  
Board member since 2012  
Other directorships/principal positions: Chairman of Switchcore AB, Board member of Empire AB, Hifab Group AB, Ringvägen Venture AB and Feelgood AB  
Shareholding in ProfilGruppen: 1,303,604

## 6. Thomas Widstrand<sup>3</sup>

Born 1957  
B.Sc.Econ.  
President and CEO of Troax Group AB, Hillerstorp  
Board member since 2012  
Other directorships/positions: Board member of Bellman & Symfon AB  
Shareholding in ProfilGruppen: 0

## 7. Kurt Nilsson<sup>1</sup>

Born 1956  
Employed at ProfilGruppen since 1981  
Employee representative  
Board member since 2006  
Shareholding in ProfilGruppen: 0

## 8. Emelie Bergström<sup>1</sup>

Born 1982  
Employee of ProfilGruppen since 2002  
Appointed by the employees  
Deputy since 2012  
Shareholding in ProfilGruppen: 0

## 9. Mats Egeholm<sup>2</sup>

Born 1945  
B.Sc.Econ.  
Former CFO of ProfilGruppen (1980-2004)  
Board member since 2010  
Other directorships: Chairman of Veg Tech AB (publ)  
Other directorships: CEO of Östers Support AB (publ)  
Shareholding in ProfilGruppen: 510,361

1) According to the Swedish Code of Corporate Governance, the Board member is to be regarded as dependent in relation to the company and management.

2) This Board member is a major shareholder of the company.

3) Independent in relation to the company and its management, and in relation to major shareholders of the company.

The shareholdings include any indirect holdings through companies or related parties.



## SENIOR MANAGEMENT



### 1. Peter Schön

CFO  
Born 1969  
Employed since 2006  
Shareholding in ProfilGruppen: 4,900

### 2. Per Owe Isacsson

Head of Marketing and Sales  
Born 1956  
Employed since 2013  
Shareholding in ProfilGruppen: 1,800

### 3. Kåre Wetterberg

Acting CEO and President  
Born 1949  
Employed since 2014  
Shareholding in ProfilGruppen: 0

### 4. Ulrika Svensson

Finance and HR Manager  
Born 1974  
Employed since 2000  
Shareholding in ProfilGruppen: 0

### 5. Samuel Sandkvist

Production Manager  
Born 1962  
Employed since 2011  
Shareholding in ProfilGruppen: 1,500

### 6. Anders Månsson

Purchasing Manager  
Born 1968  
Employed since 2005  
Shareholding in ProfilGruppen: 1,000

### 7. Andreas Helmersson

Head of Technical Sales  
Born 1972  
Employed since 2001  
Shareholding in ProfilGruppen: 0



## FINANCIAL TERMS

<b>Proportion of risk-bearing capital</b>	Equity and deferred tax expressed as a percentage of the balance sheet total
<b>Return on equity</b>	Profit/loss for the year expressed as a percentage of average equity
<b>Return on capital employed</b>	Profit/loss after financial items plus financial expenses as a percentage of average capital employed
<b>Balance sheet total</b>	The value of all assets, such as property, plant and equipment, inventories, trade receivables, and cash and cash equivalents
<b>Yield</b>	Dividend as a percentage of the share price at year-end
<b>Capital turnover rate</b>	Revenue divided by average capital employed
<b>Cash flow from current operations</b>	Cash flow from day-to-day activities, i.e. excludes financing and investments
<b>Cash flow per share</b>	Cash flow from current operations divided by average number of shares
<b>Liquidity reserves</b>	Cash and bank balances and non-utilised credit commitments from banks at end of period
<b>Net debt</b>	Interest-bearing liabilities and interest-bearing provisions (provisions for pensions) less cash and cash equivalents
<b>Net debt/equity ratio</b>	Net debt divided by equity
<b>P/E ratio</b>	Share price at year-end divided by earnings per share
<b>Profit/loss before depreciation/amortisation</b>	Operating profit/loss plus depreciation according to plan and impairment losses
<b>Earnings per share</b>	Profit/loss for the year divided by the average number of shares
<b>Profit margin</b>	Profit/loss after financial items expressed as a percentage of revenue
<b>Interest coverage ratio</b>	Profit/loss after financial items plus financial expenses divided by financial expenses
<b>Operating margin</b>	Operating profit/loss as a percentage of revenue
<b>Equity ratio</b>	Equity expressed as a percentage of the balance sheet total
<b>Spread</b>	Specifies the difference between the buying and selling price of shares in relation to the average buying and selling price
<b>Capital employed</b>	Balance sheet total minus non-interest-bearing liabilities and deferred tax
<b>Payout ratio</b>	Dividend expressed as a percentage of profit/loss for the year

## GLOSSARY

<b>Alutin</b>	Trademark for a surface treatment method similar to anodisation that also produces a conductive and decorative surface
<b>Anodisation</b>	Electrolytic surface treatment process that produces an insulating and decorative surface
<b>Machining</b>	Generic term for a variety of processes that further refine the aluminium extrusion, for example, bending, milling or surface treatment.
<b>Extrusion</b>	See Power-pressing
<b>Processing</b>	See Machining
<b>Power pressing</b>	Manufacturing extrusions by pressing an aluminium ingot through a die

## FINANCIAL CALENDAR

Annual General Meeting 2014	10 April 2014
Interim report, first quarter	23 April 2014, 8 a.m.
Interim report, second quarter	30 July 2014, 8 a.m.
Interim report, third quarter	28 October 2014, 8 a.m.
Year-end report 2014	February 2015

## CONTACTS



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## OTHER INFORMATION

The relevant information is always available on our website  
[www.profilgruppen.se](http://www.profilgruppen.se)  
The website is also available in English.

Graphic design and photography: ProfilGruppen, Giv Akt.  
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## FACTS ABOUT ALUMINIUM

Aluminium is a recyclable metal that can be re-used again and again without deterioration of the material's properties. Bauxite, which is the main raw material in aluminium production, is also replenished quickly in the Earth's crust. Aluminium is thus particularly suitable for recycling.

Recycling aluminium consumes 95 per cent less energy than the primary production process, with a high recovery rate, too. The low weight of the material combined with its high strength makes it possible to produce lightweight structures, which also helps to reduce fuel consumption during transport. As demands for environmental awareness and life-cycle assessments increase, so does the popularity of aluminium.

minsta profiler. Profilen  
er två andra profiler  
gjärnsfunktion.

profilkonstruktion närmar sig  
a yttre gränsen i pressöppningen.  
ngulära profil används till en  
matur.

öger är en i raden av avance-  
ler tillverkade av ProfilGruppen.  
profilen avancerad är bland  
ora antalet flänsar, profilens  
ungförhållandet" dvs flänsens  
ande till flänsens bredd. Denna  
kräver bred kompetens från  
ns sida, från konstruktion,  
ch design, till verktygsproduk-  
ilpressning.

**ProfilGruppen is a supplier  
of turnkey customised aluminium  
extrusions and components.**

**ProfilGruppen AB**

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INNOVATIVE ALUMINIUM SOLUTIONS