


ANNUAL REPORT 2012

Profil Gruppen.





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THE YEAR IN BRIEF

NEW CEO WITH INDUSTRY EXPERIENCE

Anders Frisinger became CEO and Group Manager in the autumn of 2012, taking over from Peter Schön, CFO of ProfilGruppen who had been acting CEO since 2011. Anders Frisinger was most recently the CEO of Raufoss Technology AS, a manufacturer of aluminium safety components for passenger vehicles, and a key customer of ProfilGruppen. Anders has many years' experience as CEO for a subcontractor to the automotive industry.



EARNINGS AFFECTED BY ONE-OFF ITEMS

Operating profit in 2012 amounted to MSEK 30.1 (17.7) and was affected by one-off items to a total of MSEK 27.2. These items consisted of MSEK 19.5 in insurance compensation for the fire that hit the company in 2011, MSEK 9.4 in compensation for disputes, and a cost of MSEK 1.7 for restructuring the market organisation. The previous year was affected by positive one-off items amounting to MSEK 1.9. Operating profit excluding one-off items amounted to MSEK 2.9 (15.8). This decrease in profit primarily relates to the second half of the year, as delivery volumes were down on the previous year by 7%, and the strengthening of the Swedish krona negatively affected competitiveness and profit.

REDUCTION IN WORKING HOURS

In order to meet the drop in demand, ProfilGruppen made an agreement with the trade unions to reduce working hours for all employees by 10%, including laying off part-time employees.

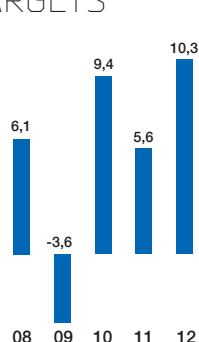
SALE OF BUSINESS OPERATIONS

The unit for short-length anodisation was divested in the autumn. The objective of this divestment was to focus processing operations in the profile manufacturing factory area, thereby creating a streamlined workflow. The company that purchased the business operations is one of ProfilGruppen's subcontractors.

CHANGE IN COMPETITION

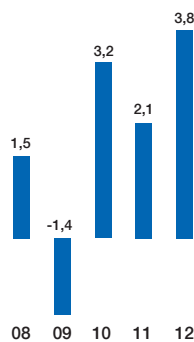
Autumn saw the announcement of the merger of the two giants in our market, Sapa and Hydro. This significantly changes our competitor situation, and ProfilGruppen aims to take advantage of the opportunities which will arise in the market.

FINANCIAL TARGETS



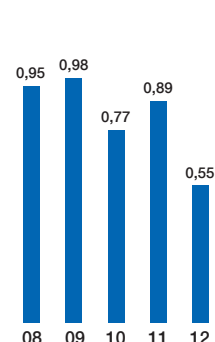
Return on capital employed, %

Outcome for the year	10.3
Five-year average	5.6
Target	15



Operating margin, %

Outcome for the year	3.8
Five-year average	1.9
Target	6



Net debt equity ratio

Outcome for the year	0.55
Five-year average	0.83
Target	0.75-1.00

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.

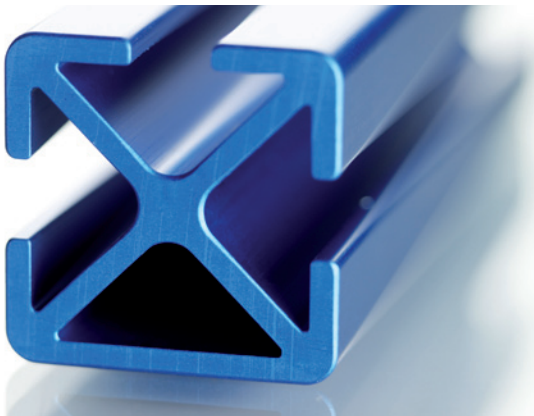


DESIGN

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

The majority of profiles are surface treated by anodising, in order to strengthen the surface or change their appearance. As well as colouring and strengthening the surface of the profile, anodising can modify its electrical properties – usually, anodising produces electrically insulating surfaces.

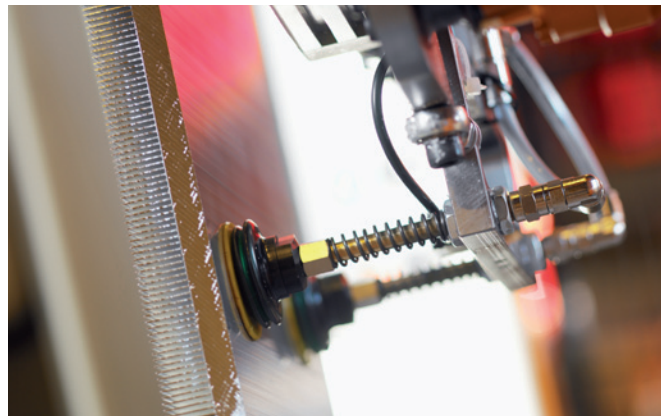


EXTRUSION

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.



...and these are OUR CUSTOMERS

Our customer-tailored products are in demand from all directions. In 2012, over a third of turnover went to the transport industry, a significantly higher proportion than the European average for the industry.

36%



ONE HALF SOLD ON EXPORT

Half of ProfilGruppen's turnover comes from export; the other half from sales to Swedish customers. Germany and Norway are our most important export countries and account for 12% and 11% of turnover respectively. Norway was the market that showed the strongest development in 2012.

17%



16%



15%



8%



8%



Transportation

The low weight of the material means that manufacturers of passenger cars, trucks, buses and trains use significant volumes of aluminium components.

Electrical engineering

This segment includes companies within telecoms, electrical power and renewable energy, mainly solar and wind energy.

Building and construction

The building and construction sector uses aluminium profiles for numerous applications, including windows, doors, balconies, facades and awnings.

General engineering

Machine builders and manufacturers of conveyor belts and roof tracks for automated production are examples of customer companies within this segment.

Domestic and office equipment

The interior segment includes customers that manufacture furniture, kitchen and bathroom fittings, etc.

Other industries

Other industries include customers with varying production, such as snow shovels, Braille printers and petrol pumps. Hospital equipment, including patient lifts, are also part of this segment.

A challenging year

– WITH SOME HIGHLIGHTS

A challenging year – that's a brief description of 2012 at ProfilGruppen. It really was a business year with two faces. The year started really well, with a satisfactory operating profit in the first quarter, as the staffing reduction – decided in autumn 2011 – began to have a positive impact on earnings. Turnover was at a reasonable level, and the crisis widely reported in southern Europe had not spread to Sweden.

NEGATIVE SIGNALS IN EARLY SUMMER

The second quarter gave us some optimism, up until the holiday period. Order levels dropped slightly earlier than usual, but we interpreted this as customers wanting to avoid keeping stock over the summer. Not least considering that we began to see the signs of a weaker economy, also in Sweden. Given the circumstances, our customers' buying patterns were not hugely different. With hindsight, we can see that the decline in order intake was the starting point for a tumble in the economy which, as we can now see, did not level out until November.

PRICE WAR AND A STRONG KRONA

Parallel to the economy slowing, it was apparent to us that an unusually strong price war had arisen on the Swedish market in spring. We were surprised by the aggressive pricing that suddenly broke out, and lost some business because of it.

At the same time, ProfilGruppen was hit both by the significant recession and the strong krona, meaning that Swedish exports generally struggled for the majority of 2012. Our relative competitiveness on the export markets weakened, and conversely, foreign companies had pricing advantages on our home market.

SAME PATTERN AS IN 2008

When the order intake continued to drop rapidly after the holidays, we could see that the development almost exactly followed the same pattern as the previous recession in 2008. If it is possible to talk about advantages in this context, we understood that we had to act immediately. We had just carried out a large staff reduc-

tion and were now looking for an alternative solution. A good understanding with staff and trade unions enabled us to agree on a model for reducing working hours by 10% for both office and production employees, until February 2013, in order to retain proficiency within the company prior to a change in the economy.

THE TREND BROKE IN DECEMBER

The negative trend in orders received stopped at the end of November/beginning of December. There is no reason to sound the all clear just yet, but we do see that we need to gradually increase capacity. This led us to revoke the reduction on working hours for some of the production employees in December, and others in January. For office employees, a return to normal working hours was expected in March 2013.

MERGER AFFECTS THE MARKET

During the strained autumn, two of the largest companies in the industry, Sapa and Hydro, announced their intention of a merger. If this is achieved – and there is nothing to indicate otherwise – market positions will be changed, primarily on the Nordic market.

As early as late autumn, we were receiving demands which can largely be explained by the movements on the market. We also noticed that several of our larger customers – Raufoss, Bosch, Thule, Scania and Volvo – were sending us some exciting requests. If we play our cards right, this could have a positive impact on our turnover, but the time from a request to mass production can be up to a year. Our marketing work has therefore already been intensified, in order for ProfilGruppen to quickly increase its deliveries.

INCREASED IN-HOUSE PROCESSING

It is not just the volumes that determine our ability to make money. Just as important is the mix of base production, more advanced profile manufacture and last but not least the amount of processing. For base production, the price pressure is tough, but important in order to achieve full use of capacity. The margins are often considerably better in the processing phase. Over a number



of years, Profilgruppen has created a well-developed cooperation with a number of local subcontractors, specialised in various processing operations. The short-length anodising at Profilgruppen Components in Klavreström has been sold to Klarvik, but we have also made a decision on investments to increase capacity and to modernise our processing machinery.

Profilgruppen is currently conducting around 40% of the processing, and the rest is purchased from our subcontractors. Our aim is to increase the proportion of processing carried out in-house.

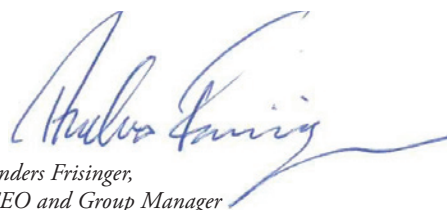
FROM CUSTOMER TO SUPPLIER

Personally, I feel that the job to lead Profilgruppen is a huge yet positive challenge. I have, of course, come from the opposite side of the tracks at Raufoss Technology, which is one of Profilgruppen's largest customers. In my role as customer, I got to know Profilgruppen as a company primarily characterised by high quality, good delivery service and awareness of customer require-

ments. Simply excellent conditions for a successful company, and ones to which I will do my best to contribute.

My ambitions for 2013 are that we will hopefully be able to report our success on the market and that, later in the year, we can reach a supply volume which contributes to a positive earnings trend.

Åseda, February 2013


Anders Frisinger,
CEO and Group Manager

Leading supplier OF INNOVATIVE SOLUTIONS

“Our vision is that ProfilGruppen should have a strong presence on the European market and be viewed by our customers as one of the leading suppliers of innovative aluminium solutions.”

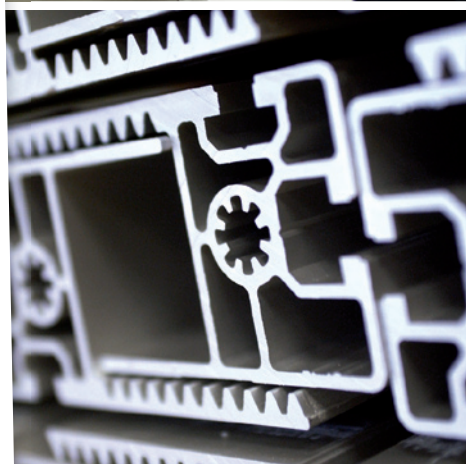
ProfilGruppen is a Swedish company that markets, develops and manufactures customised profiles and components in aluminium. ProfilGruppen is a turnkey supplier, i.e. we offer solutions which include both skilled extrusion of aluminium profiles and a wide range of processing options. Processing is done both in-house and in collaboration with a network of external local subcontractors. We work consciously to increase the proportion of processed products, as this allows for both greater profitability and a larger end-use market. We aim to gradually increase our own volumes of processing.

FOCUS ON CUSTOMER REQUIREMENTS

With over 30 years of market presence and experience, we have developed significant design skills, which are increasingly a central feature when we – often in project form with the customer – develop customer unique solutions. In different ways, these will meet the changing customer requirements such as lower weight, more functions built into the profile, improved performance, surface finish, improved design or other requests. Our knowledge of aluminium means that we are a sought-after partner to develop the use of new aluminium alloys which can also pass very stringent quality tolerances. We are also strengthening our competitiveness by developing new logistic solutions to help customers achieve maximum efficiency in their supply chain.

PROFITABLE ORGANIC GROWTH

ProfilGruppen's overall strategy involves focusing on profitable organic growth, but is also open to acquisitions along the value chain. Sales work aims at strengthening the position on the Swedish market at the same time as we intensify our presence on prioritised export markets.



SEVERAL TRENDS

govern demand for aluminium

Aluminium is a metal of the future. Its excellent properties meet a number of varying needs within industrial production. In addition, it has great recycling potential, making the metal a forward-focused alternative from an environmental perspective.

SIGNIFICANT VARIATION IN USE OF ALUMINIUM PROFILES

Many industries use aluminium profiles. The construction sector is the biggest consumer and accounts for around 40% of Europe's total volume. The next largest is the transportation industry with around 20% of the total market, and uses aluminium profiles for road and rail transport applications, as well as applications for aviation, marine and off-shore usage.

The general engineering segment uses around 10% and the electrical engineering segment and domestic and office equipment segment account for around 5% each. The remaining sections of the market consist of wholesalers of standardised profiles for customers within the construction and transport sectors.

TREND OF REPLACING MATERIALS WITH ALUMINIUM

The transport segment has come a long way in terms of replacing other materials with aluminium. The automotive industry was an early starter on the trend, and aluminium is already a predominant material used for powertrain, heat exchangers and rims. The use of aluminium is now increasing for applications such as bumpers, doors, bonnets, interiors and suspension components. There is a considerable potential for using aluminium profiles in the body in white structure itself, plus the option to combine aluminium and composite materials.

TRUCKS, BUSES AND TRAINS

Aluminium is increasingly also used in the heavy goods vehicles industry. In particular, this is about increasing payload. Bodies are a typical area of use, particularly for bulk transport vehicles. Potential future requirements for crash management and future regulations for vehicle weight may be key in the demand for aluminium.

Buses and trains already use aluminium extensively. In city driving and start-stop commuter traffic, the energy saving is substantial. Public transport is expected to increase in the future, which in turn will increase demand for aluminium components.

TELECOMS AND ELECTRICAL ENERGY

The telecommunications market has grown significantly over a number of years, and there is no sign of slowing of its demand for profiles, despite the trend for miniaturisation and competition from aluminium castings. Demand from the solar energy segment is also continuing to grow; however much of the profile manufacture for this segment is done in Asia.

In the power transmission sector the increase in demand is driven by a general material substitution from copper to aluminium, as well as the requirement for an upgraded electricity grid.

The demand for exciting aluminium and glass facades is on the rise. The picture shows one of Skandinaviska Glassystem's projects on which Profilgruppen collaborated.

ENERGY-EFFICIENT BUILDINGS

The key areas of use for aluminium in the construction segment are for facades and windows. Popularity is increasing in line with higher energy efficiency requirements being introduced.

A good example is the demand for aluminium-clad wooden windows in Scandinavia, which has grown rapidly in the last decade and this type of window currently holds a dominating position on the market.

In offices and public buildings, the practical and environmental properties of aluminium are key considerations; but customers' aesthetic preferences are also beneficial for the prevalence of aluminium profiles.



MARKET DEVELOPMENT

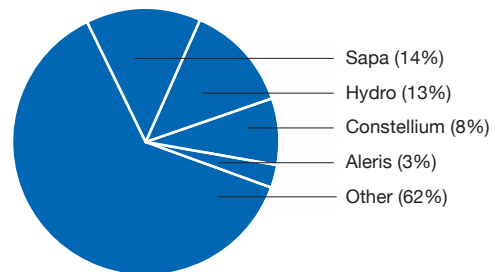
The market for aluminium profiles in Europe dropped by a total of around 9% in 2012. ProfilGruppen's total delivery volumes also reduced by around 2%. The competition has changed drastically with the joining of the market's two biggest presences.

CHANGE IN COMPETITION SITUATION

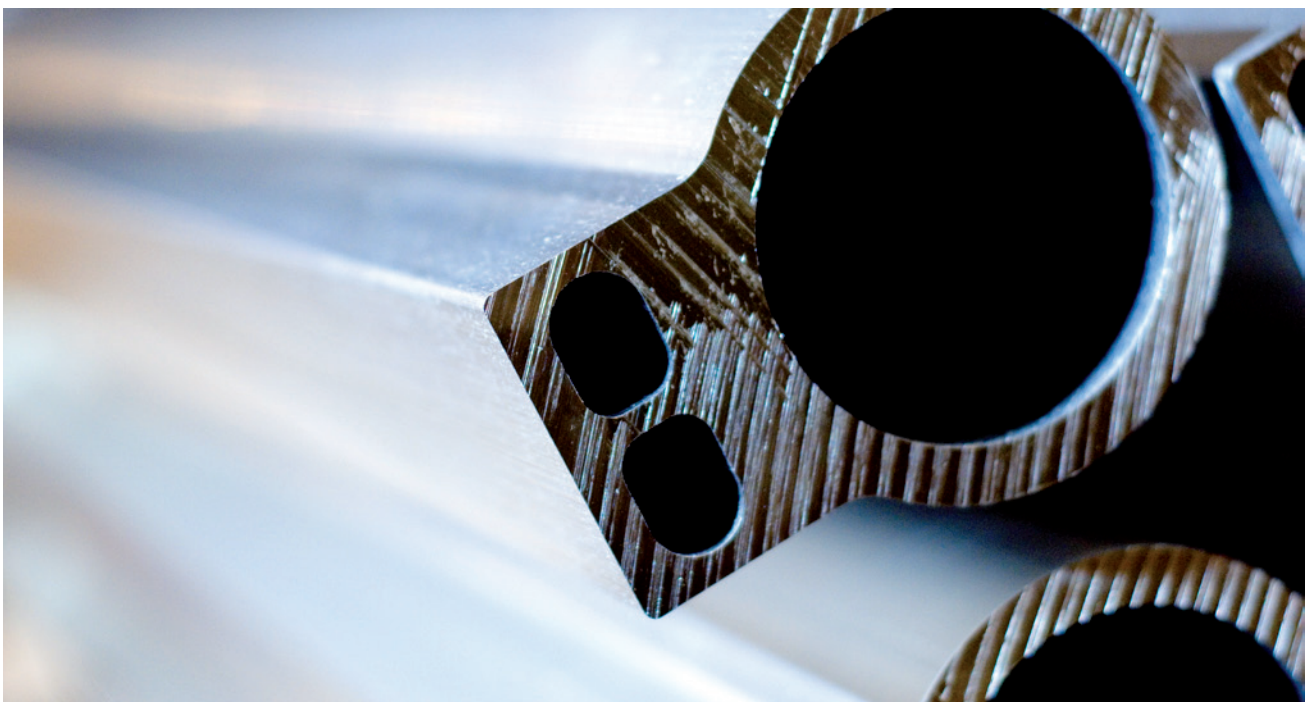
The European market has a total of over 140 manufacturers of aluminium profiles. Through a series of mergers and acquisitions in recent years, however, four major players with a global presence have emerged. In autumn, the two biggest market players, Sapa and Hydro Aluminium, announced a merger of their profile businesses. Their businesses are relatively similar in size, and the merger will create one giant business, with in total over a quarter of the European market and a considerably higher share in the Nordic countries. The effects on competition from this merger remain to be seen.

Other sizeable competitors on the European market are Constellium and Aleris. These four companies combined have an estimated 40% of the European aluminium profile market.

Estimated European market share



The market shares are estimates and refer to EU27+EFTA.





VOLUME REDUCTION ON EUROPEAN MARKET

Despite the general market being characterised by a drop in demand in 2012, specifically over the summer, individual segments – primarily the automotive segment – have partly continued to show positive development. Thanks to the mix shift towards premium manufacturers and comprehensive material substitution to the benefit of aluminium, the reduction in vehicle manufacturing as such, has not fully hit the demand for aluminium profiles.

The building and construction segment has shown positive signs on several key markets, but the sector's total contribution to the volume development is negative. This is primarily the case in Southern Europe, where the oversupply of residential and commercial properties, combined with fiscal austerity, hitting infrastructure investments and incentive programs for renovations, has meant

that all the sub-segments show a decline.

Significant exposure to the construction sector has meant that the southern European markets, which already showed a clear downward trend in 2011, also developed weakly in 2012 and generally show a larger relative drop than Europe as a whole.

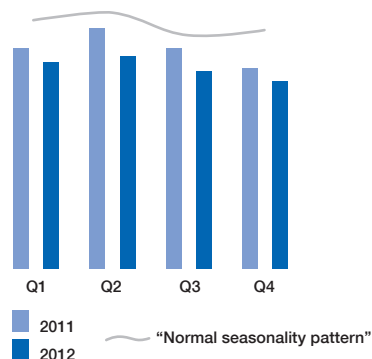
In total, the demand for aluminium profiles in Europe has been considerably lower in 2012 compared to 2011, but with a relative improvement towards the end of the year. In the latest forecast from the European Aluminium Association (EAA), the market for aluminium extrusions is assessed to have decreased by approximately nine percent for the full year of 2012 compared to 2011.

SMALL INCREASE IN PRICE OF ALUMINIUM

The price of aluminium on the London Metal Exchange fluctuated somewhat in 2012, but all in all shows a small increase from around USD 2,000 per tonne at the beginning of the year, to around USD 2,100 per tonne at the end of the year. However, the regional premium for supply to Europe has risen substantially, increasing the total cost for the raw material.

Total European market

(EU27 + EFTA), tonnes of aluminium profiles



Demand in 2012 showed slightly smaller seasonal variations and a less-accented year-end effect than in 2011. In total, the market volume has dropped by around 9% compared to 2011.

Price trend for aluminium in 2012

USD per tonne





PROFILGRUPPEN DEVELOPMENT 2012

ProfilGruppen's delivery volumes decreased by 2% in 2012 compared to 2011. Revenue also decreased at the same time, by around 6%.

Earnings from the Swedish market dropped by 5% in 2012 compared with the previous year. The construction and transportation segment, plus the general engineering segment, were positive exceptions with increases of 3%, 2% and 1% respectively. The electrical engineering segment showed a reduction of just over 17%.

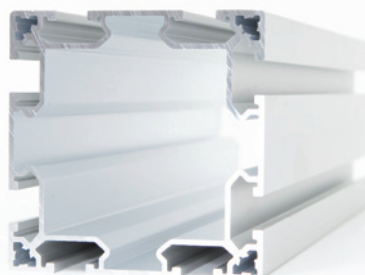
Income from the export markets showed a reduction over the entire year by just over 7% compared with the previous year. Norway showed an increase of just over 42%, in relation to the transportation segment. Otherwise, all markets experienced contraction. Great Britain showed the worst decline – just over 41% – primarily due to the phasing-out of a previous customer.

ProfilGruppens delivery volumes
aluminium extrusions (tonnes)



Revenue per country	2012 MSEK	2011 MSEK	2012 %
Sweden	403.5	424.1	51
Germany	94.9	112.1	12
Norway	85.4	60.1	11
Poland	66.5	80.9	8
Denmark	32.5	33.3	4
United Kingdom	26.6	45.3	3
Other countries	76.6	80.9	10
Total	786.0	836.7	100

Revenue per industry	2012 MSEK	2011 MSEK	2012 %
Electrical engineering	134.7	162.8	17
Transportation	281.4	288.8	36
Building and construction	128.5	122.8	16
Domestic and office equipment	64.0	76.2	8
General engineering	116.2	121.2	15
Other industries	61.2	64.9	8
Total	786.0	836.7	100





Smart media solutions TO MEET MARKET TASTES

With less than 20 employees, SMS Smart Media Solutions in Stockholm has successfully gained a position on the audio-visual market as one of the world's leading companies. The company focus is on design and function, and the company enjoys very good profitability. ProfilGruppen contributes to product development and supplies the company with profiles.

SMS Smart Media Solutions offers high-quality tripods, mounts and enclosures for monitors, projectors and other media devices. All the products are designed for clear user needs, and are available for training, offices, conference facilities, shops, trade fairs, hotels and more.

SUCCESSFUL DESIGN

"We've had remarkable success with excellent profits over a number of years, in an industry that is otherwise characterised by generic products. Our main focus is the professional AV market, which is where around 95% of our products end up," says Managing Director Dan Berglund.

What makes SMS Smart Media Solutions different from its competitors?

"It's our design. Our motto is to ensure that an SMS product is recognised even from a distance. Easy fitting, use, flexibility and interactivity, plus integration with technology and existing fittings – that's what characterises

our products. Thanks to our focus on value-added functions and pure design, we have successfully retained market interest for high-quality tripods. This is also what makes us different from our competitors."

SHAPE, FUNCTIONS AND FINISH

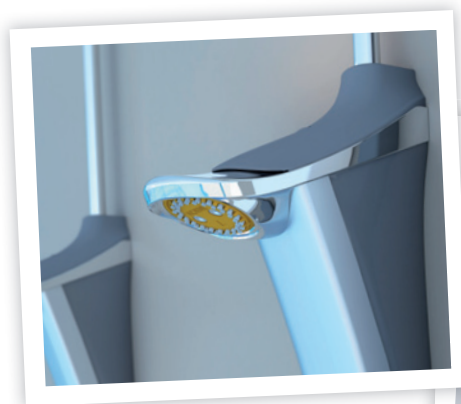
ProfilGruppen has had the pleasure of being supplier to SMS Smart Media Solutions for almost 10 years on their successful journey.

"The more complex products in respect of functional design or shape/design, the fewer alternatives to aluminium. The combination of shape, surface finish and the option to include several functions in one detail – these are the main reasons why we chose extruded aluminium. However, we also use a lot of steel plate, as it's quick to process and is cost-efficient in small to medium quantities," explains Dan Berglund.

APPRECIATING EXPERTISE AND FEEDBACK

Dan Berglund explains how ProfilGruppen is helping SMS Smart Media Solutions to advance its market position:

"Primarily through the fact that they have their own design engineers who are involved throughout the entire product development. In addition, ProfilGruppen's sales team act professionally and provide prompt feedback with concrete information and advice for various enquiries. This is what we appreciate."



ALUMINIUM

replaces stainless steel in British showers

The Internet can certainly open doors to new business! In 2011 when the British company Horne Engineering Ltd. – specialists in thermostat mixers and shower panels – was looking for a new supplier, it found one online in the form of ProfilGruppen. They took a strong liking to each other and today ProfilGruppen plays an important role in Horne's product development.

Horne Engineering is a company of fine old traditions that has been around for more than 100 years. The company's products are distinguished by their extremely high quality, both in terms of mixers and shower panels, which ProfilGruppen has been chosen to supply.

"We often hear from our customers that our products are 'the Rolls-Royce of the industry', and I usually agree – assuming they are referring to their aircraft engines," says CEO Angus Horne with a smile.

COMPLETE PANELS IN ALUMINIUM

An important and growing feature in Horne Engineering's business activities is complete shower panels, which are sold to and installed in hospitals, schools, sports facilities and other public environments.

"We previously manufactured panels in stainless steel, but decided to change to aluminium a few years ago. All of our panels are now manufactured in aluminium."

"It was for that reason we got in touch with ProfilGruppen, which developed into a great partnership. Likewise, we are very pleased with the components, lead times and excellent information we are given. We have quite a complicated chain of suppliers from various parts of the world, which makes the need for lead times and delivery precision even more important," says Angus Horne.

Horne Engineering explains the transition from stainless steel to aluminium is due to aluminium being both easier and more versatile to work with.

"Worked in the right way, aluminium offers the same degree of stability and durability as stainless steel."

STRICT TOLERANCES AND ENVIRONMENTAL REQUIREMENTS

Ulf Storbjörk explains the shower panel products that ProfilGruppen developed for Horne Engineering:

"It involves the outer casings and fastenings inside the casings as well as end caps. Aluminium and water are normally not a good combination, but with anodising and powder coating we can produce panels that both withstand chlorine and retain their newness over time."

"With shower panels being used in public environments particular requirements as to which type of powder coating we can use have been set, but we have been able to resolve this thanks to previous specifications from Horne Engineering."

As I said, a strong bond has grown between the top British manufacturer and ProfilGruppen." "Or," as Angus Horne puts it,

"finding the right manufacturer of aluminium profiles was essential to our product development. ProfilGruppen is an important supplier of a new product that will be launched shortly. This is going to redefine and greatly improve our brand!"



BILLION-KRONA CONTRACT for ProfilGruppen customer

Raufoss Technology in Norway is one of ProfilGruppen's largest customers. The company successfully develops lightweight, innovative aluminium solutions for the automotive industry. In 2012, Raufoss received key confirmation of their abilities in the shape of a ten-year contract with Volvo, worth NOK 2.5 billion.

Raufoss Technology will supply six different parts for the front suspension in Volvo's new platform. It is primarily the details for the suspension which are the greatest area of cooperation between Raufoss Technology and ProfilGruppen.

"The largest supplies from ProfilGruppen are forge rods – aluminium, various dimensions – that we forge and process through a number of stages for the front suspension units.

We are primarily aiming at premium customers, and supply Volvo Cars, Mercedes and KIA/Hyundai amongst others. We are also collaborating with BMW and Jaguar. We've supplied Volvo since 2008," explains Sven Jemblie, Global Purchasing Director at Raufoss Technology.

A LONG AND POSITIVE RELATIONSHIP

Raufoss Technology and ProfilGruppen have been collaborating for over 10 years.

"We do have several suppliers of aluminium profiles, but we're very happy with ProfilGruppen, both the Norwegian company and the head office in Åseda.

The quality aspects are incredibly important for us, both the fact that we manufacture extremely critical components and that we have end clients who have very high expectations. We also appreciate ProfilGruppen's delivery assurance. Openness and commitment are key for cooperation, and the geographical location is a plus," says Sven.

20 MILLION, NO COMPLAINTS

Raufoss Technology's strong market position in terms of supplying suspension solutions appears to be well-deserved.

"We've supplied over 20 million suspension parts over the years – and not one complaint," Sven explains.



Low weight weighs heavy on the road

When you see a fully-loaded timber truck on the roads, it's quite likely that the load is held in place by struts and resting on bunks from Laxo Mekan. And it is equally likely that the struts and bunks were supplied by ProfilGruppen.

Heavily-loaded timber trucks are perhaps not what you would immediately associate with aluminium, but the fact is that with the right alloy, aluminium can be extremely strong. Laxo Mekan and ProfilGruppen know this fact, after having worked together for almost 20 years. Laxo Mekan is among the market leaders in equipment for timber trucks.

"Transportation is by and large a question of finances, with very narrow margins. Each kilogram of weight we can reduce means a considerable financial saving in the long run. Not least when you think that equipment such as timber trucks will travel around 1,000,000 miles in their lifetime," explains Tomas Himberg, CEO of Laxo Mekan.

ALUMINIUM BUNKS

The struts are turnable, are three metres long and weigh around 30 kg each. Even the bunks, on which the timber rests during transport, are made of aluminium. It is considerably lighter than equivalent equipment made from steel, which is still dominant outside Scandinavia.

"Together with ProfilGruppen, we developed a new bunk in 2012, which is the strongest on the market. And we still managed to reduce the weight by eight kilograms.

This is a great example of the continuous product development that



we conduct together. Using the market's best solution, we are clearly strengthening both Laxo Mekan's brand and our competitiveness," says Tomas.

"The fact that we also ask ProfilGruppen to do the surface treatment – i.e. to anodise – the struts and bunks, means that we can supply equipment for smart timber rigs, that will stay looking good over time."

Shared expertise FORMS THE BASIS for better business

ProfilGruppen has outstanding expertise in aluminium design solutions. Each year, the company shares its expertise with 'Design Days' – both in Åseda and at customer premises.

In 2012, one of these sessions was held at Skandinaviska Glassystem, collaboration partner with ProfilGruppen for a number of years. Skandinaviska Glassystem is known for its design solutions for large construction projects where glass surfaces are a significant part of the design. Projects such as Swedbank's new head offices in Sundbyberg, Bella Hotel in Copenhagen and Victoria Tower in Kista are just a few examples where the combination of glass and aluminium profiles is a celebration of design triumph.

APPRECIATED INITIATIVE

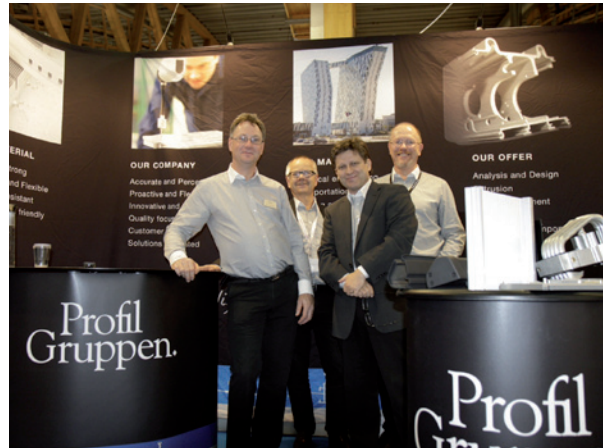
There was considerable interest among the Skandinaviska Glassystem employees, and around 25 participants – designers, project managers, planners and analysis engineers – learned more about aluminium and aluminium profiles.

"It is just as unusual as it is appreciated – that our partner holds this type of training session for our employees. It's a great day, and we all learn a huge amount of fantastic information," believes Peter Sjöberg, Design Manager, Design & Engineering at Skandinaviska Glassystem.

"We have really close contact with ProfilGruppen. It works really well, and we particularly appreciate the company's flexibility and promptness. A day like this really strengthens the relationship," thinks Peter.

BUILD IN FUNCTIONS

"With our Design Days, we mostly want to open our customers' eyes to what we can offer with our design work. First and foremost we can of course build a number of functions directly into the extruded profile, which both improves and simplifies the assembly stage. In conjunction with the customer, we can also clarify how we both design smart solutions and at the same time know what the best solution is, purely from a production and financial point of view. The earlier we are involved in the process, the better. Our Design Days provide us with personal contact, a valuable asset in future joint projects," says Andreas Helmersson, Design Engineer Manager at ProfilGruppen.



ProfilGruppen's representatives at the trade fair can proudly showcase the company's broad range of processing services.

Focus on processing AT THE ELMIA TRADE FAIR

Elmia Subcontractor is Sweden's leading trade fair for subcontractors in the industry. ProfilGruppen had a stand there in 2012 with the main theme of further processing.

With around 1,200 exhibitors and around 14,000 visitors, Elmia Subcontractor has more or less become an institution for subcontractors. ProfilGruppen's stand was rather popular. Our ambition to find future collaboration shows how we can contribute to the entire value chain – from design to the finished product – with an emphasis on further processing.

"Previously, a fair amount of business was done directly at the trade fair, but now it's more about showing up; partly for existing customers, but also of course for the new customers. Our participation at the Elmia Subcontractor fair helps strengthen our brand.

Over the year, we also participated in a number of fairs in Norway which were more specifically aimed at aluminium," explains Johan Anicic, Export Manager.

HEATSINKS – now hotter

They come from "all" industries – customers wanting ProfilGruppen's help to design and create heatsinks. One of these customers is Laird Technologies, specialising in thermoelectrical modules, found in everything from coffee dispensing machines to medical equipment.

Laird Technologies specialises in thermoelectrical cooling, a method that is garnering interest within a number of customer segments.

"Currently the majority of our customers are in food, medical technology, automotive and telecommunications. They often require solutions which can maintain a constant temperature. This is applicable to drinks machines, medical analysis instruments, car interior components, equipment cabinets for base stations and much, much more.

"Generally speaking, electrical installations are becoming increasingly

compact and the function of the heatsink to draw away unwanted heat is becoming more important. We're also seeing that electric and hybrid vehicles are increasing the need for active cooling," says Jakob Dahlgren, Sourcing Engineer at Laird Technologies.

STRATEGICALLY SELECTED SUPPLIERS

"We have collaborated with ProfilGruppen for a long time, and are assisted throughout the value chain, including design, construction, support in thermic calculations, plus extruding and processing the heatsinks. ProfilGruppen is our strategically selected supplier, as well as the main supplier of our components in this category.

"Laird Technologies has around 50 employees and a turnover of around SEK 140 million. The company is at the forefront of the European market, both in terms of market share and technical expertise," says Jakob.

MOBILE PHONE USED AS A WALLET

– scanning in an aluminium environment

The trend is as clear as it is strong – more and more transactions will be carried out using mobile phones. Mobill Scandinavia recognised this at an early stage, and has gained a market-leading position in Sweden. The framework for the company's new specially-developed scanner – to validate digital receipts in mobile phones – consists of highly advanced processed aluminium profiles from ProfilGruppen.

Swedish consumers will likely encounter this scanner in a variety of transportation environments, such as the underground, overground, buses, ferries and more. There is good cause for it to have an impact internationally, as both the technology and the shape are patented.

“What’s unique about the solution is that it works for everyone, regardless of whether you’re technologically-minded or what type of phone you have. The system is not dependent on a high-capacity data connection, but also works excellently on low bandwidth. Thanks to Mobill’s unique M code, linked to the ticket itself, the entire transaction is secure. It is comparable to the EAN codes scanned at the supermarket, with the difference that this is considerably more sophisticated technology and is entirely mobile,” says Joakim Nilén at Mobill Scandinavia.

DESIGN FIRM SHOWED THE WAY

“Our industry design firm Ingenjörprojekt and our technology partner Sveg Design Center both had considerable experience and recommended ProfilGruppen. In the development work, we also collaborated with Växjö company JLT Mobile Computers, with their specialist knowledge in computer solutions in tough environments, e.g. extreme temperatures, vibrations and poor lighting conditions.

We’re responsible for the design and technical content, and ProfilGruppen provided an attractive framework for this unique scanner,” Joakim explains.

CONTACTLESS SOCIETY

The interest in mobile payment solutions is growing rapidly. Everyone would rather avoid using cash. Trade companies welcome new innovations, where notes and coins are replaced with transactions between accounts.

“Sweden is a great advanced market on which to test new payment



solutions, even if by and large there has been more progress in Asia and – surprisingly – in southern parts of Africa, where mobile phones have long been used in a variety of different ways to what we are used to.

“We are considered to be market leaders here in Sweden, but our ambitions are much higher than that, and Mobill Scandinavia is standing on the threshold of internationalisation,” says Joakim.

than ever

MANY CHALLENGES – GREAT OPPORTUNITIES

Heatsinks is a strategically important product area for ProfilGruppen.

It has been around 10 years since the company seriously entered into this market. Heatsinks are complicated to produce – often the customer has a specific idea of what the profile should look like and what it should create. ProfilGruppen’s task is to design a profile as close to the design brief as possible.

Heatsinks – with thin and tall fins – are often significant technical production challenges, with extreme stresses during the actual extrusion process. Everything has to work together – the perfect tools, the right raw material, the right temperature, and the equipment has to be in tip-top condition. Ten consecutive years of increasing expertise has made ProfilGruppen one of Sweden’s leading companies within this niche industry.



Environmental work on several fronts

ProfilGruppen considers it important to contribute to a long-term sustainable society, which is why the company aims to manufacture its products for minimum impact on the environment. Lower energy usage, reduced waste and recycling are all key words in this context.

The company's environmental ambitions also reach outside the company, and we prefer working with suppliers who share our views on the importance of a long-term sustainable society. ProfilGruppen is certified in accordance with environmental management system ISO 14001 – where recertification will take place in 2013 – as are a number of our suppliers. ProfilGruppen's employees receive constant training and information on environmental issues, as a natural part of our work in the field.

WORKING WITH ENERGY EFFICIENCY

ProfilGruppen has signed up to the Programme for Improving Energy Efficiency in Energy Intensive Industries (PEE) from the Swedish Energy Agency. The programme is aimed at energy-intensive companies that want to voluntarily work in a structured way on energy issues and implement efficiency measures. The project's positive balance is not just the opportunity to obtain tax relief on electricity used in manufacturing, but the fact that it will primarily lead to reduced energy usage, a positive step for the environment, plus reduced costs.

In 2012, ProfilGruppen mapped out electricity usage in the company's facilities, and in 2013, the manufacturing processes will be similarly charted.

BENCHMARKING IN THE INDUSTRY

Together with colleagues in the industry organisation Sven Aluminium, over the year, ProfilGruppen has participated in a benchmarking project. The project mapped both energy usage and the proportion of scrap in production. Experience and ideas were shared between colleagues. For ProfilGruppen's part, the collaboration has resulted in a number of improvement projects. The projects are supported financially by the Swedish Energy Agency.

INTERNAL "SCRAP HUNT" BROKE THE TREND

Even if the recycling of scrap in production is at a relatively high level, there are both financial and environmental reasons to reduce the amount of scrap. Over the year, ProfilGruppen has actively worked with the "Scrap Hunt" project, which encouragingly enough resulted in the trend of recent years for increased levels of scrap being broken in 2012. The project has provided new insights which will hopefully result in a continued reduction in scrap levels in production.

ELECTRICITY USAGE ALSO REDUCED

Similarly to the proportion of scrap, ProfilGruppen's electricity usage developed positively in 2012, reducing from 1.36 kWh to 1.31 kWh per kilogram of manufactured profile. One of the areas in focus for electrical energy usage over the year is the anodising that is carried out at the main factory at Åseda. Here, improvements have been achieved by making motor drives more efficient.

The process also uses LPG, which noted an increase in consumption. The combined use of electricity and LPG ended up largely at the same level per kg of profile as in 2011.

ENVIRONMENTAL WORK OUTSIDE THE GATES

For some time now, there has been environmental work happening outside the factory gates. ProfilGruppen actually supplies its surplus production energy to the communal district heating network in Åseda. The amount of recycled energy in 2012 was around the same level as 2011, which in practice means that ProfilGruppen's surplus energy is sufficient to heat around one hundred local homes.

REDUCED LEVELS OF CARBON DIOXIDE

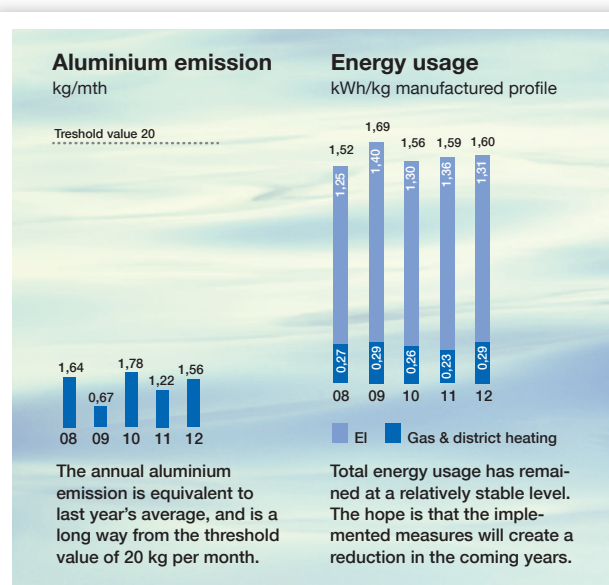
Recycling aluminium scrap and waste is a central pillar of the environmental work, as remelting saves up to 95% of the energy used in producing an equivalent volume from primary source.

Recycling does have another environmental impact, in the form of carbon dioxide when transporting the scrap. Remelting was previously done on the continent, but when ProfilGruppen chose a local smelting works and increased the volume in each truck, the carbon dioxide emissions were reduced by around 300 tonnes annually. We estimate that this level of saving has remained intact for 2012.

Now the transportation of the raw materials is also changing, to reduce emissions even further.

A LONG WAY BELOW THE THRESHOLD

ProfilGruppen's emission of aluminium increased over the year – from 1.22 to 1.56 kilograms/month. This is equivalent to an average of the previous five years' emission levels and is sufficiently far from the threshold value of 20 kilograms per month.





Swimming pool and children's pool at Hälsans Hus in Åseda, a fitness centre for ProfilGruppen employees and the public.

For the benefit of the community

Since ProfilGruppen began just over 30 years ago, the company has worked to improve the attractiveness of the community of Åseda, a Småland village of around 2,000 inhabitants. The company is making various efforts to entice employees to enjoy living in the area, attract new employees to move there and to strengthen the recruitment base.

A great example of ProfilGruppen's commitment to the area is Hälsans Hus. This is a fitness facility with a gym, swimming pools and areas for team training, which is partly due to ProfilGruppen's initiative and contribution to financing. Hälsans Hus is a natural meeting place for the local residents and ProfilGruppen employees can use the facilities for free. The company's efforts are therefore a natural part of its healthcare work.

Another example is the area's ice hockey union and arena, to which the company has also contributed financially. The arena also now bears ProfilGruppen's name.

PROFILGRUPPEN IN THE TOP DIVISION

ProfilGruppen also contributes to the development of local trade through various sponsorship initiatives, prioritising team sports. The resort's attractiveness also includes high level sporting events. Nearby Växjö, around 30 miles from Åseda, has the ice hockey elite team the Växjö Lakers – and the first league football team, Östers IF. ProfilGruppen is the sponsor for both these teams. In addition to the countrywide exposure of the brand, ProfilGruppen use its sponsorship for customer and staff activities to help foster good

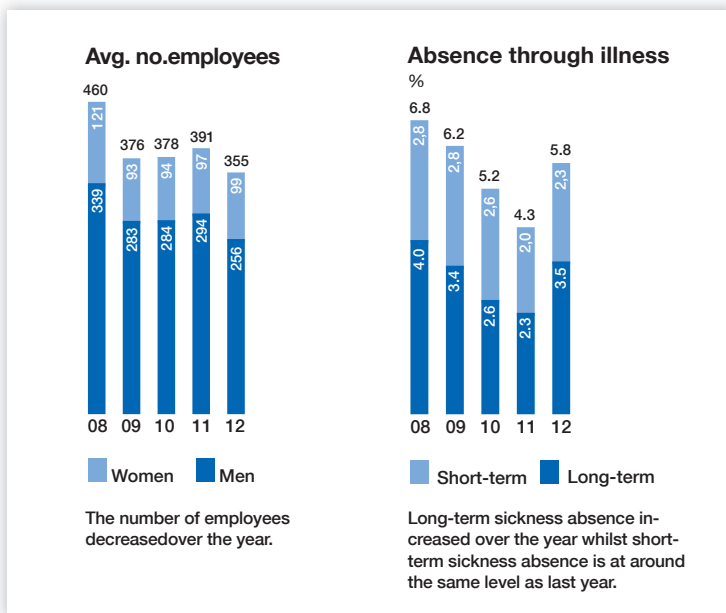
relationships. The elite series players have also made very popular visits to staff activities.

YOUTH TECHNOLOGY COLLEGE

The involvement at a local level also includes stimulating the opportunities for training and education. This also enables ProfilGruppen to secure a future recruitment base. We are involved in an in-depth collaboration between schools, industry and commerce. The aim of this collaboration is to awaken young people's interest in technology as early as possible. On a purely practical level, this is done through the company visits to primary and secondary schools. Thanks to other companies in the area, ProfilGruppen has also taken the initiative to enable various schools to be certified as Technology Colleges.

ProfilGruppen generally has an open and welcoming attitude towards young people wishing to undertake work placements at the company, in addition to study visits at primary school level.

Our cooperation with high schools and universities is beneficial for us. This includes internships, thesis work and commercial collaboration in process and product development.



TRAINING

in health and safety work

Employee skill and commitment is key to ProfilGruppen's success. A common set of values is supplemented by training in a number of areas to improve expertise. In 2012, the training focused on health and safety work.

Short-term sickness absence in the company is still at a low level. A new focus on the rehabilitation process should hopefully reduce long-term sickness absence again. There were two workplace accidents during the year.

LOW LEVEL OF SHORT-TERM SICKNESS ABSENCE

Total sickness absence increased over the year to amount to 5.8% (4.3) for the entire year. ProfilGruppen's aim is to keep short-term sickness absence under 3% per year, to be achieved by a good margin. However, long-term sickness absence increased from 2.3 to 3.5%.

In the autumn of 2012, ProfilGruppen introduced new routines primarily for managers on how they should manage the rehabilitation process to be able to help those employees involved to get back to work sooner.

TWO WORKPLACE ACCIDENTS

There were two workplace accidents during the year. The accidents caused a total of 25 days' absence. ProfilGruppen's aim of 'zero

tolerance' still applies, the company conducts systematic work to eliminate the risk of accidents. Safety inspections, risk assessments and deviation reporting are all applied to enable early identification of risks and action to be taken. In 2012 new working environment groups were also established, where departments with similar operations can meet to discuss risks and make use of each others' experiences.

Another new part of the environmental work is to study the risks from a wider perspective, starting with the interplay between employees, technology and the organisation.

EVACUATION EXERCISES

Employees at ProfilGruppen are continuously trained both in accident prevention and in what to do if an accident occurs.

The preventative work in 2012 included special chemicals training for those employees working with thermosetting plastics. CPR training continues alongside First Aid training. Fire protection is another focus area for training. In 2012, evacuation exercises were carried out in all company premises.

ProfilGruppen's values

ProfilGruppen's workday is characterised by four key words, describing how employees should act: Committed – Innovative – Professional – Available. The values are guiding principles for everyone in each employee's work situation.

COMMITTED

We are involved, proactive and we care. We show great interest in our customers and our work. We don't wait for solutions, but seek them out ourselves, and show energy. Providing an opportunity for participation and creating commitment is a key leadership issue. Participation is also created by the fact that we work in an integrated manner.



Dilek Tanyildiz, Quality Project Manager:
"I'm really passionate about my work – to be able to contribute to ProfilGruppen's characteristic high levels of quality! Quality gives us competitive advantages. At the same time, we avoid expenses that are a consequence of bad quality. I feel that my **commitment** is shared by many in the company. As Project Manager, it's up to me to constantly communicate with the employees, document and discuss how to take the next step towards even better quality. It motivates me."

INNOVATIVE

We do things in a new way. It's natural for us to look for new, improved working methods. We create innovative solutions for our customers by investing in skills and application development.



Andreas Front, Production Engineer:
"My training is in **innovative** production development, and is structured to my personality. Structure and patience are always important "tools" in various types of improvement work. My experience is also that the best results are achieved in groups. I therefore often involve colleagues with different skills when we have problems to solve. In 2012 I was myself rewarded by the company for an improvement proposal, which was both surprising and stimulating!"

AVAILABLE

We are available for the customer and for each other. We are open to dialogue, and nobody waits for a response from us. If we cannot give an immediate answer, we will say when we expect the answer. We are open with our customers and with each other.



Martina Engdahl, Sales Support:
"For those of us working in sales support, I maintain that our very **availability** is essential. We work for a lot of the time with customer contacts, on the principle that none of ProfilGruppen's customers should ever feel forgotten. This means that we have to be proactive and even contact the customer if, for example, a delivery is delayed. We live for the customers, and in my work, I often find the answer in my own head – how would I want to be treated if I were buying something from us?"

PROFESSIONAL

We are business-like and maintain high quality in all we do. We think what is best for the company whilst also understanding that the customer is thinking the same for themselves. We always make the effort to do a good, high-quality job.



Mikael Rosander, Shift Manager:
"Put simply, our profiles have to work – that's all there is to it! My and my colleagues' job is to visually inspect the profiles straight after extrusion, before ageing and while they are still malleable. Aluminium is a living material, and there are many parts that need to link together for a perfect result. If something goes wrong, our **professionalism** comes into play. Bent profiles must be straightened, any errors in angles corrected, etc. We do everything we can to ensure faultless delivery!"

Risks and risk management

All of ProfilGruppen's business operations are exposed to risks, which can have a large or small impact on the group's objectives. Risks can be categorised as operational and financial. Operational risks occur in daily business, such as responsibility or raw material risks. Financial risks – such as currency, liquidity, interest, credit and financing risks – are checked and managed centrally.

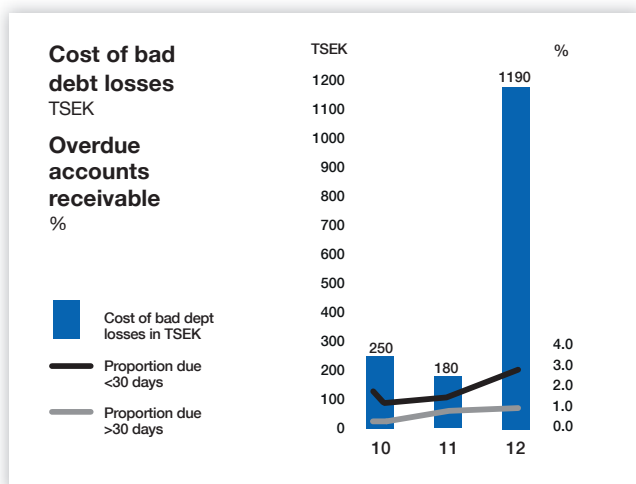
ProfilGruppen's Board of Directors has ultimate responsibility for risk management. The CEO is responsible for ongoing risk management as per the Board's guidelines. There are a number of Group-wide policies, such as the Finance Policy and Raw Materials Policy as support tools.

OPERATIONAL RISKS

CUSTOMER-DEPENDENT

It is desirable to have a customer base without any dominating customers, as this reduces the dependence on individual customers. In 2012, no customer accounted for more than 10% of the invoicing. The Group sells to a large number of customers, which inevitably means that some of them may occasionally have payment problems. The customer credit risk is managed by giving each customer a basic limit, based on business scope and content, their rating with Dun & Bradstreet plus a credit check by the Group's credit manager. In 2012, 87% (85) of the company's customers had a credit rating of between AAA and A.

The cost of losses and matured receivables arranged by age for 2012 is shown in the accompanying diagram.



SUPPLIERS

In its value chain, ProfilGruppen is dependent on a large number of suppliers. The loss of a significant supplier can cause additional expenses and issues with delivery to the customer. In order to reduce the risks, we have signed supply agreements with strategic and key suppliers. For virtually all key input goods we have also established contacts with alternative suppliers.

ProfilGruppen continually evaluates its strategic suppliers to ensure that they live up to our customers' requirements in respect of quality, delivery security, financial stability, environmental and cost efficiency, etc.

ECONOMIC AND SEASONAL VARIATIONS

Our customers are from a number of northern European industries. This spread across the industries is a conscious strategy to reduce sensitivity to economic and seasonal variations. The majority of the larger customers are global, which means the Group is also involved in the international economic fluctuations.

In a general weakening of the economy, ProfilGruppen is affected early on, and vice versa in an economic recovery.

LIABILITY

Increased exposure in, for example, the automotive industry, increases the risk of liability. ProfilGruppen has complete liability towards the customer, even for components processed by subcontractors. Future risk is covered by separate agreements and insurance. The Group works together with external advisors on insurance and risk issues, including observation of global product and withdrawal liability.

In order to prevent working environment-related injuries, the Group has an internal reporting system for hazardous conditions.

PRODUCTION DISRUPTION

ProfilGruppen works continually on injury prevention in accordance with established guidelines, with the aim of minimising future production disruption. In the event of disruption to production, the Group has insurance to cover the loss of contributions margins for a maximum of 24 months.

ENVIRONMENTAL RISKS

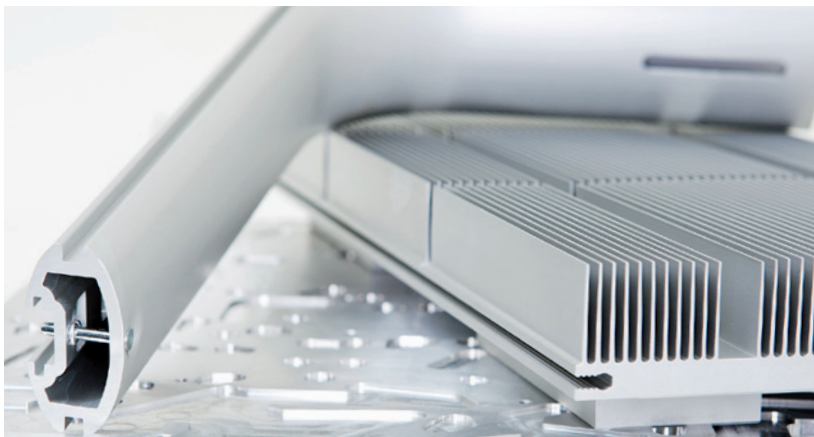
This risk refers to damage caused by the Group's activities to the water, soil, air and biological processes, which also includes the costs of complying with new, stricter environmental directives. The aim of the margin is to remain within the framework stated by the legislation. All manufacturing companies within the Group are certified in accordance with ISO 14001. The Group environmental manager is responsible for monitoring the Group's environmental work.

COMPETENCE

The development of competence is done through internal and external training programmes and through further developing ProfilGruppen into a more attractive workplace to retain staff and facilitate new recruitment.

IT

IT is an increasingly important component in all company processes, increasing the need for its availability. Downtime can lead to losses in production, sales or reduced efficiency in various areas of operations. Monitoring of the IT infrastructure is carried out by an external cooperation partner to ensure competence and continuity. Redundancy is aimed for in all parts of the IT infrastructure, which, together with the continuous development of the business continuity plan, is designed to minimise downtime. Internal competence is focused on business-critical applications.



CAPACITY RISK

The Group currently has a long way to go until it reaches full capacity in profile manufacturing. An external supplier network is used in further processing, which in 2012 amounted to 60% (40) of the total further processing. The company's own facilities primarily deal with processing, with the potential for a high degree of automation.

RAW MATERIALS

ProfilGruppen's main raw material, alloyed aluminium ingots, are priced in USD on the London Metal Exchange, LME. The purchase of raw materials in 2012 amounted to 43% (42) of operating expenses. The company purchases of raw materials are made in SEK and EUR to match the contract currency with the customers and reduce the currency risk. ProfilGruppen applies raw material clauses in its customer contracts, which limits the company's sensitivity to fluctuations in raw material prices.

The purchase of raw materials is governed by the Group's raw materials policy. Purchases are made in proportion to expected customer orders. Raw material purchases for periods longer than six months are made on the basis of firm orders from customers. ProfilGruppen's raw materials advisory board meets once a week to check that the policy is being followed. The Group is supplied by its main contractor Hydro, plus Alcoa and Rusal. With its global presence, ProfilGruppen assures its supply of raw materials, even if European usage were to exceed the production of aluminium in Europe.

Pricing development for aluminium 2008–2012



The price of aluminium is particularly volatile, and ProfilGruppen therefore has raw materials clauses in most of its customer contracts.

ENERGY PRICES

ProfilGruppen uses around 30 GWh of electricity per year. In total, this energy accounts for around 2% of operating expenses. At the end of the year, the Group had assured the price for the majority of 2013's usage.

FINANCIAL RISKS

CURRENCY RISKS

A currency risk is a variation in exchange rates that negatively affects the Group's earnings, cash flow or balance sheet.

The foreign subsidiaries have limited business operations and therefore a limited balance sheet, meaning that the Group only assure themselves against transaction risks in respect of currency exposure. The Group has a net capital inflow in all currencies. The company usually assures 50–70% of the flow within 6–12 months. This is primarily achieved through forward contracts. Fluctuations in USD affect ProfilGruppen's customer pricing, as aluminium as a raw material is priced in USD. Raw materials clauses in the main section of all contracts mean that exposure is minimised.

If the exchange rate changes between SEK and the most common currencies, it may, under the condition that no hedging activities are taken, have the following effect on operating profit.

Effect on currency

The impact on operating profit of exchange rate fluctuations equivalent to 10% excluding hedging activity.

	2012	2011
EUR	+/- MSEK 10	+/- MSEK 7
DKK	+/- MSEK 3	+/- MSEK 3
NOK	+/- MSEK 2	+/- MSEK 2
GBP	+/- MSEK 1	+/- MSEK 2

INTEREST RATE RISKS

Interest risk is the risk of an effect on consolidated profit as a consequence of changes in the market interest rates. ProfilGruppen works with interest swaps to minimise the risks of such a risk, with short-term impact. According to the finance policy, the fixed-rate period is limited to 60 months and at least 30% of the Group's loans should have a floating interest rate.

CREDIT RISKS

ProfilGruppen's credit risks occur due to investment in financial instruments. To minimise this risk, trade must only be conducted with a few counter parties, as approved by the Board of Directors.

REFINANCING RISK

The company has a constant need to finance the business' capital requirements. The company secures its financing needs through bank loans. The current agreement is for a duration of 12 months. The agreement requires certain financial covenants to be reached.

ProfilGruppen's share

Since 19 June 1997, ProfilGruppen's share has been listed on Nasdaq OMX Stockholm and is included in the Small Cap segment. Over the year, the share has dropped by 17.8%. Over the same period, the Stockholm Stock Exchange wide index OMX Stockholm PI rose by 12%.

At the end of 2012, ProfilGruppen's share was listed at SEK 30.00 on the Nasdaq OMX Stockholm. This corresponded to a market value of SEK 148 million (180 million). The highest price paid over the year was SEK 40, and the lowest was SEK 27.50.

FIVE OWN 54 PERCENT

In 2012 the number of shareholders dropped by 92 to an end of year total of 1,548 (1,640).

At the end of the year, Ringvågen Venture AB was the largest shareholder in the company with a 26.4% (17.6) share. The five largest individual shareholders represent 54.3% (51.0) of the share capital.

Significant changes in ownership over the year include Ringvågen Venture AB's increase by 435,671 shares to a total of 26.4% of shares, plus Idea, Prior & Nilsson, Fond och Kapitalförvaltning's disposal of all their 430,137 shares.

REDUCED TRANSACTION VOLUME

Trade in ProfilGruppen's share decreased in 2012. A total of 0.3 (0.5) million shares were traded at a combined value of SEK 9 (22) million. The share turnover rate was 5% (10). Days with closed transactions dropped to 67% (82). In Q4, days with closed transactions were at 82%. The number of closed transactions in 2012 totalled 517 (1,042).

A cooperation with Remium Securities as liquidity guarantee is expected to lead to an increased share liquidity.

DIVIDEND AND YIELD

The Board's established dividend policy means that 40–50% of profit after tax, calculated over a business cycle, is distributed to the owners. For proposed dividends, the Board first gives consideration to the company's investment requirements, financial position, earnings trend and prospects for the coming years. For 2012, the Board proposes to the annual general meeting a dividend of SEK 0.00 (0.00) per share. ProfilGruppen's total yield (total of proposed dividend and movements in market prices) for 2012 was -18% (-34). Over the most recent three-year period, the average annual total yield for ProfilGruppen's share has been -10% (6).

FORECASTS AND PROJECTIONS

Our interim reports comment on our prospects in accordance with the applicable regulations. ProfilGruppen does not submit earnings forecasts, as the industry's order book, which is normally only a few weeks, is considered to be too short to provide a reliable basis for forecasts beyond one month.

SHAREHOLDER INFORMATION ON THE WEBSITE

ProfilGruppen's website, www.profilgruppen.com, provides updated information about ProfilGruppen, the development of ProfilGruppen's share, financial reports and contact details.

Share information

		2008	2009	2010	2011	2012
No. of shares, as at 31 December	thousands	4,933	4,933	4,933	4,933	4,933
Average number of shares	thousands	4,933	4,933	4,933	4,933	4,933
Earnings per share	SEK	1.88	-2.77	3.17	1.51	4.66
Cash flow per share	SEK	-0.93	5.76	3.74	4.38	10.38
Equity per share	SEK	28.85	28.86	33.92	32.72	37.05
Net asset value per share	SEK	28.85	28.86	33.92	32.72	37.05
Share price, 31 December	SEK	31.90	42.80	55.00	36.50	30.00
Highest price during the year	SEK	76.00	56.00	58.50	56.00	40.00
Lowest price during the year	SEK	31.00	31.90	42.40	32.30	27.50
Price change during the year	%	-57.0	34.0	28.5	-33.6	-17.8
Dividend per share ¹⁾	SEK	1.00	0.00	1.50	0.00	0.00
P/E ratio	SEK	17	-15	12	24	6
Price/equity per share		1.1	1.5	1.6	1.1	0.8
Yield	%	3.1	0.0	2.7	0.0	0.0
Payout ratio share	%	53	0	31	0	0
Average spread	%	1.95	2.64	2.17	2.80	2.50
No. of days with completed trades/ No. of stock market days	%	63	66	87	82	67
Total no. of completed trades		590	756	1,773	1,042	517
Avg. no. of completed trades per day		2	3	7	4	2
No. of shares traded, full year thousands		543	636	748	478	271
No. of shares traded per day (average)		2,154	2,536	2,956	1,889	1,082
Stock market value of listed shares	MSEK	157	211	271	180	148
Total turnover of shares	MSEK	31	27	37	22	9
Avg. turnover per day	TSEK	123	106	144	85	36
No. of shareholders at year end		1,780	1,793	1,790	1,640	1,548

1) For 2012, the board's proposed dividend applies.

The ten largest shareholders

Shareholder	No. of shares	Holding % 2012	Holding % 2011
Ringvågen Venture AB	13,03,604	26.4	17.6
Lars Johansson	709,227	14.4	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	153,900	3.1	3.1
Rickard Behm	105,543	2.1	2.1
Svenska Handelsbanken Markets	100,000	2.0	2.1
Avanza Pension insurance company	96,830	2.0	1.6
Mats Jonson	87,036	1.8	1.7
10 largest shareholders	3,224,301	65.4	56.1
Other	17,08,216	34.6	43.9
Total	49,32,517		100.0

Distribution of share capital

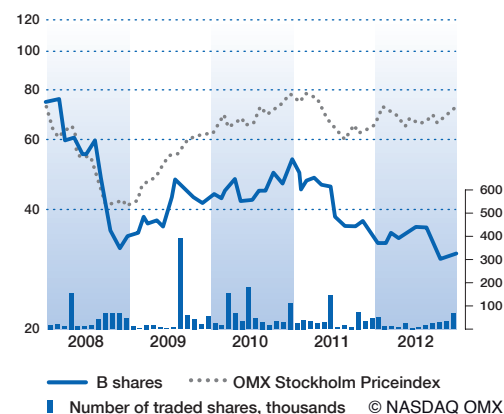
Holding no. of shares	No. of owners	Proportion of owners as %	Share as % of equity
1-500	1172	75.7	4.3
501-1,000	195	12.6	3.2
1,001-10,000	139	9.0	8.6
10,001-100,000	35	2.3	24.2
100,001-	7	0.5	59.7
Total	1,548	100.0	100.0

Ownership categories

	No. of shares	Share as % of equity
Financial companies	162,570	3.3
Social security funds	13,244	0.3
Associated organisations	3,450	0.1
Other Swedish legal entities	1,387,786	28.1
Uncategorised legal entities	100,693	2.0
Foreign owners	1,048,611	21.3
Swedish physical persons	2,216,163	44.9
Total	4,932,517	100.0

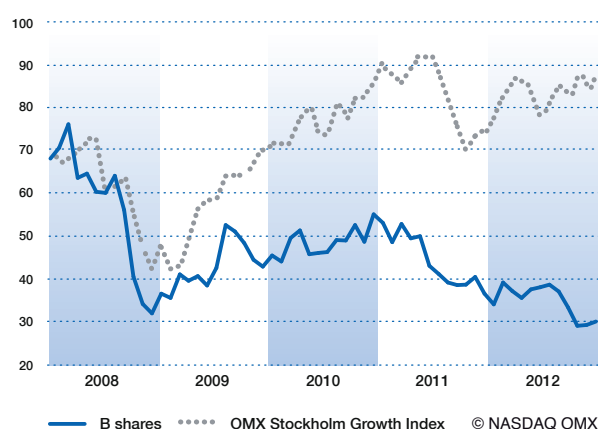
ProfilGruppen's share on Stockholm Stock Exchange

Share price trend and turnover for the period
1 January 2008 to 31 December 2012



ProfilGruppen AB was registered on the Stockholm Stock Exchange on 19 June 1997.

ProfilGruppen's total yield



The graph shows ProfilGruppen share's total yield compared with the OMX Stockholm Growth Index in the last five years.

DIRECTORS' REPORT

The Board of Directors and Managing Director of Profilgruppen AB (publ), Corporate Identity Number 556277-8943, hereby submits the annual report and consolidated accounts for 1 January – 31 December 2012, which is Profilgruppen's thirty-second year of operation.

Profilgruppen conducts its business operations as a Limited Company (publ) and is domiciled in Uppvidinge municipality, in the county of Kronoberg. The company address is: Box 36, SE-364 21 Åseda, Sweden.

THE GROUP

Profilgruppen AB (publ) is the parent company in the Profilgruppen Group which markets, develops and manufactures customised aluminium extrusions and components. Sales are made through the sales organisation at the head office in Åseda, plus through wholly-owned sales companies in Denmark, England, Norway and Germany.

Design, product development, the manufacture of profiles and processing are all carried out at ProfilgruppenExtrusions AB. Processing is also carried out in close collaboration with a number of independent companies.

Revenue and profit

Profilgruppen's revenue amounted to MSEK 786.0 in 2012, a decrease of 6% compared to the previous year. Delivery volume totalled 18,700 tonnes (19,000) of aluminium profiles, a decrease of 2% compared to the previous year. The export share amounted to 49 percent (50) by volume and 48 percent (49) of revenue.

The Group's operating profit amounted to MSEK 30.1 (17.7). The profit is equivalent to an operating margin of 3.8% (2.1%).

The target is to achieve an operating margin of 6% over a business cycle. Profit was affected by one-off items totalling MSEK 27.2. These items consisted of MSEK 19.5 in insurance compensation for the fire that hit the company in 2011, MSEK 9.4 in compensation for disputes, and a cost of MSEK 1.7 for restructuring the market organisation. The above is affected by positive one-off items of MSEK 1.9 due to an accrual effect in respect of reinvestments following the fire of MSEK 16.0 and expenses for laying off staff of MSEK 14.1. Operating profit excluding one-off items amounted to MSEK 2.9 (15.8).

This decrease in profit primarily relates to the second half of the year, as delivery volumes were down by 7% compared to the previous year, and the strengthening of the Swedish krona negatively affected competitiveness and profit. In order to safeguard the profit, the company and the trade unions agreed to reduce working hours by 10% from 1 October. In addition to reducing costs, the aim of the agreement was to retain all competence within the company. Staff streamlining took place in autumn 2011, decreasing the organisation by 42 jobs, of which 20 were in administration and sales.

Profit before tax amounted to MSEK 23.0 (10.6). Profit after tax amounted to MSEK 23.0 (7.5).

Profit per share amounted to SEK 4.66 (1.51). The average number of shares in thousands amounted to 4,933 (4,933).

Investments, depreciation and divestments

Investments amounted to MSEK 13.3 (31.2). The previous year the production unit damaged by the fire was rebuilt, which affected investments to a total of MSEK 18.1. Total depreciation for the year amounted to MSEK 27.4 (28.2).

During the year, write-down of machining equipment totalled MSEK 0.7. The previous years' write-down of MSEK 2.7 referred to fire-damaged production facilities.

When the short-length anodisation production unit was sold, the company entered into an agreement with the purchaser in respect of renting the current premises. The rental agreement is a financial lease type contract - for more information, see Note 12.

Financial position and cash flow

Profilgruppen's net debt/equity ratio decreased over the year to 0.55 (0.89). The target is to maintain the net debt/equity ratio within the range 0.75–1.00. Return on capital employed amounted to 10.3% (5.6). The profitability target for capital employed is set at 15%. The Group's profitability target refers to an average over a business cycle.

The equity ratio amounted to 40.7% (31.5) at year end. Liquid assets amounted to MSEK 1.7 (1.9) at year end, and the Group's unutilised credit facilities, in addition to liquid assets, amounted to MSEK 103.5 (66.1).

Cash flow from current operations was MSEK 51.2 (21.6) and after investment activities MSEK 44.8 (-7.8). The stated one-off items, together with the divestment of business operations, affected cash flow from operations by MSEK 33.9 (-18.8) and cash flow after investment activities by MSEK 43.9 (-18.8).

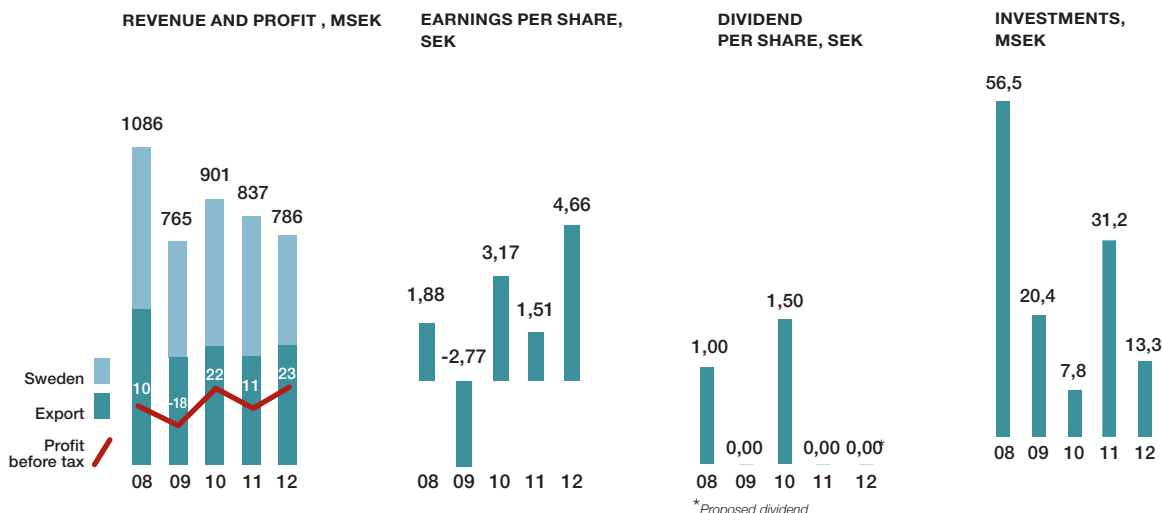
The balance sheet total as of 31 December 2012 amounted to MSEK 448.7, compared with MSEK 513.1 as of 31 December 2011.

Market

In the latest forecast from the European Aluminium Association (EAA), the market for aluminium extrusions is assessed to have decreased by approximately nine percent for the full year of 2012 compared to 2011.

The demand for aluminium profiles in Europe has been substantially weaker in 2012 compared to 2011, but with a relative improvement towards the end of the year. Individual markets, primarily the automotive segment, have partly continued to show positive demand development. Total revenue from the Swedish market decreased by 5% in 2012 compared with the previous year. The building and construction segment and the transportation and the general engineering segments, were positive exceptions with increases of 3%, 2% and 1% respectively. The electrical engineering segment showed a decrease of just over 17%.

Income from the export markets showed a decrease over the entire year by just over 7% compared with the previous year. Norway showed an increase of just over 42%, related to the transportation segment. Apart from Norway, all markets showed a decline. United Kingdom showed the worst decline - just over 41% - primarily due to the phasing-out of a previous customer.



Manufacturing

The cornerstone of the Group's manufacturing is the extrusion of aluminium profiles. The company has three presses for profile manufacturing. The Group's production of aluminium profiles in 2012 amounted to 18,900 tonnes (18,800).

The profiles are processed in advanced machining equipment, primarily for cutting, processing and bending.

During the year, the Group sold its short-length anodisation production unit. It was located distant from other production units and was sold to one of the Group's most important subcontractors. The objective of the sale was to focus the processing operations to the factory area for profile manufacture and thus create a more efficient work flow.

Development work

Constant improvements to processes and products are an important part of ProfilGruppen's operations. The Group creates new products and designs on a daily basis, commissioned by existing or potential customers. The Group's close customer cooperation means excellent knowledge of the customer's products is cultivated and thereby encourages constructive ideas in terms of improving the products' properties and qualities. During the design and creation phase, the Group has good opportunities to adapt the products' environmental impact, lifecycle economy and recyclability.

Process development work is carried out in conjunction with customers, suppliers of raw materials, and tooling and machinery manufacturers.

The expenses for this work are not normally of the type that meet the criteria for reporting as assets, but are recognised as Cost of goods sold and Selling expenses in the Group's income statement, see Note 6. However, each development project is assessed as to whether or not the expenses are to be capitalised. During the year no development costs have been capitalised.

Quality

In 1991, ProfilGruppen Extrusions AB was certified in accordance with ISO 9002. In 1999 ProfilGruppen, as the first Nordic company in its field, was certified in accordance with the automotive industry's quality system at that time, QS-9000. This standard was later replaced by ISO/TS 16949 and ProfilGruppen has been certified in accordance with this standard since 2006. A renewed certification for ISO 9001 and ISO/TS 16949 was obtained in 2011.

ProfilGruppen has also been approved in accordance with the environmental management system ISO 14001 since 1998.

Environmental information

ProfilGruppen contributes to positive environmental development, by offering its customers profiles made of aluminium, a beneficial material in terms of its lifecycle, enabling products and processes with higher environmental impact to be replaced.

The Group conducts business operations subject to the Swedish Environmental Protection Agency's permit and notification duty. The Group has

facilities for the production of aluminium profiles, plus processing through surface treatment and machining. These business activities impact the external environment chiefly through discharge to waterways and noise levels. All discharge water from business activities is cleaned prior to discharge.

In 2011, ProfilGruppen submitted a permit application in accordance with the Swedish Environmental Code to expand operations within extrusion and surface treatment of aluminium profiles.

Follow-up of the Group's environmental objectives as presented other than in the annual report. The environmental policy can be viewed on the website: www.profilgruppen.se.

Risks

ProfilGruppen's operations, like any business activities, are exposed to certain risks, as described in more detail in Note 19 and on pages 18–19.

Personnel

The average number of employees in the Group was 355 (391).

The sale of the surface treatment unit in Klavreström meant that the number of employees was reduced by 17 in November 2012.

Staff streamlining was implemented in autumn 2011, meaning that the number of jobs was reduced by 42. Of these, 20 were closed in 2011, with the remainder going in 2012. Following the 2012 vacation period, demand turned, and ProfilGruppen chose to meet this by letting go of part-time employees and negotiating a general reduction in working hours for all employees. The agreement with the trade unions regarding the reduction in working hours - the aim of which was to retain the competence - came into force on 1 October 2012 and will cease on 1 March 2013.

Of the employees in the Group, 28% (25) were women. Employee turnover over the year amounted to 18.9% (6.9). Wages expenses amounted to MSEK 130.0 (154.0).

Guidelines for remuneration to senior management

A remuneration committee, appointed by the board of directors, draws up proposals for remuneration to the Group's CEO and other senior management. The proposal is based on the company's long-term Remuneration Policy. The board proposes that the principles established at the 2012 annual general meeting should, essentially, remain in place for 2013. For further description, see Note 4.

Company management

Work in the board of directors of ProfilGruppen AB is governed by the rules of procedure which are determined annually at the statutory board meeting. Issues in respect of auditing and internal control are prepared by the board's audit committee and remuneration issues are dealt with by the remuneration committee. Prior to the 2013 annual general meeting, the Nomination Committee has the task of proposing board members, auditors plus directors' fees, committee fees and audit fees. More information on the work of the board of directors at ProfilGruppen is available in the Corporate Governance report on pages 44–47 and at www.profilgruppen.se.

Shares and share ownership

The share capital in ProfilGruppen is comprised of 4,932,517 shares. Each share in the company is equivalent to one vote.

The ownership shares which exceed 10% are Ringvågen Venture AB's 26.4%, Lars Johansson's 14.4% and Mats & Kerstin Egeholm's 10.3%.

Other disclosures in respect of share-related information submitted in the directors' report for listed companies in accordance with the Swedish Annual Accounts Act can be found in Note 15.

Authority of the board of directors to decide on new share issues

In order to finance potential company acquisitions with own shares, at the 2012 annual general meeting, the board was granted for the period up to the next annual shareholders' meeting to adopt decisions, whether on one or more occasions, to issue new shares to a maximum of 400,000 shares, representing a total of about eight per cent of the share capital as at the date of issue of the notice of the 2012 annual general meeting. The decision on new share issue may contain regulations stating that issued shares may be paid in kind, by offset or as otherwise determined in the terms & conditions in accordance with Chapter 13 Section 5, first paragraph, Section 6 of the Swedish Companies Act. The board is also authorised in other respects to determine the terms & conditions for the new issue of shares.

Outlook for 2013

The outlook for 2013 are characterised by macroeconomic uncertainty.

PARENT COMPANY

Income in the parent company ProfilGruppen AB consists to 99.6% of rental and remuneration for services from companies in the Group. The parent company has not made any purchases.

The parent company has one (1) employee.

Dividend

Due to the company's operating result, the Board proposes that no dividend shall be paid for the fiscal year 2012.

The board and CEO recommends that the funds available for disposition, SEK 27,869,225, be appropriated as follows:

Dividend to shareholders	SEK 0
To be carried forward	SEK 27,869,225
Total earnings as per balance sheet	SEK 27,869,225

Annual report

The information in this annual report is the information that ProfilGruppen AB is required to disclose under the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication through the annual report published on ProfilGruppen's website in March 2013.

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 2012 will be submitted for approval at the annual general meeting on 11 April 2013.

FIVE-YEAR OVERVIEW

		2008	2009	2010	2011	2012
Revenue	MSEK	1,086.1	764.3	901.4	836.7	786.0
Profit before depreciation, amortisation and impairment	MSEK	48.3	21.7	62.2	48.6	58.2
Operating profit	MSEK	16.5	-10.5	29.2	17.7	30.1
Operating margin	%	1.5	-1.4	3.2	2.1	3.8
Profit before tax	MSEK	10.0	-17.8	21.9	10.6	23.0
Profit margin	%	0.9	-2.3	2.4	1.3	2.9
Return on equity	%	5.9	-9.6	10.1	4.5	13.4
Return on capital employed	%	6.1	-3.6	9.4	5.6	10.3
Cash flow from current operations	MSEK	-4.6	28.4	18.4	21.6	51.2
Investments	MSEK	56.5	20.4	7.8	31.2	13.3
Liquidity reserves	MSEK	133.7	157.9	105.2	68.0	105.2
Net debt	MSEK	135.8	140.0	128.2	144.1	99.8
Interest-bearing liabilities and interest-bearing provisions	MSEK	142.4	144.1	171.3	146.0	101.5
Net debt/equity ratio		0.95	0.98	0.77	0.89	0.55
Balance sheet total	MSEK	563.6	499.3	545.2	513.1	448.7
Equity ratio	%	25.2	28.5	30.7	31.5	40.7
Capital turnover rate		3.9	2.7	2.9	2.6	2.7
Proportion of risk-bearing capital	%	32.5	37.2	39.2	39.6	47.6
Interest coverage ratio		2.4	-1.4	3.9	2.4	4.0
Employees						
Average number of employees		460	376	378	391	355
Number of positions at year end		436	353	386	371	308
Staff turnover	%	3.7	3.8	1.9	6.9	18.9
Average age		42	43	44	45	46
Salary costs including social security contributions	MSEK	228.2	184.8	204.8	213.5	181.0
Net sales per employee (average)	SEK 000's	2,359	2,034	2,385	2,140	2,214
Profit before tax per employee (average)	SEK 000's	22	-47	58	27	65
Per share						
Average number of shares ¹	thousands	4,933	4,933	4,933	4,933	4,933
Earnings per share	SEK	1.88	-2.77	3.17	1.51	4.66
Cash flow per share	SEK	-0.93	5.76	3.74	4.38	10.38
Net asset value per share	SEK	28.85	28.86	33.92	32.72	37.05
Dividend per share ²	SEK	1.00	0.00	1.50	0.00	0.00

1) There is no dilution. 2) For 2012, the board's proposed dividend applies.

For quarterly data, see www.profilgruppen.se.

Definitions of financial terms are given on the back fold of the cover.

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Consolidated statement of comprehensive income

(MSEK)	Note	2012	2011
Revenue	2	786.0	836.7
Cost of goods sold		-716.5	-754.6
Gross profit/loss		69.5	82.1
Other operating income	3	30.5	58.2
Selling expenses		-40.5	-54.6
Administrative expenses		-29.4	-44.4
Other operating expenses	3	0.0	-23.6
Operating profit	4, 5, 6	30.1	17.7
Financial income	7	0.4	0.3
Financial expenses	7	-7.5	-7.4
Net financial income/expense		-7.1	-7.1
Profit before tax		23.0	10.6
Tax	9	0.0	-3.1
Profit/loss for the year		23.0	7.5
Other comprehensive income			
Changes in cash flow hedges		-1.5	-6.0
Changes in translation reserve		-0.2	0.0
Miscellaneous		0.0	0.0
Comprehensive income for the year		21.3	1.5
Earnings per share, before and after dilution, SEK	16	4.66	1.51

Consolidated statement of financial position

(MSEK)	Note	31.12.2012	31.12.2011
Assets			
Intangible fixed assets	10	10.0	10.0
Tangible fixed assets	11	218.7	244.1
Financial fixed assets: Other shares and participations	12	2.2	0.2
Total fixed assets		230.9	254.3
Inventories	13	106.0	115.6
Trade receivables	14	95.8	103.7
Prepaid expenses and accrued income	18	3.4	6.1
Current tax assets		2.6	1.2
Other receivables		8.3	30.3
Liquid assets	22	1.7	1.9
Total current assets		217.8	258.8
Total assets	2	448.7	513.1
Equity			
Share capital		24.7	24.7
Other paid-up capital		1.4	1.4
Reserves		-1.9	-0.3
Profit brought forward including profit/loss for the year		158.5	135.6
Total equity	15	182.7	161.4
Liabilities			
Long-term interest-bearing liabilities	17, 19	43.2	55.4
Provisions for pensions	4	13.4	12.5
Deferred income tax liabilities	9	31.0	42.0
Total long-term liabilities		87.6	109.9
Short-term interest-bearing liabilities	17, 19	44.9	78.1
Trade payables		77.3	102.4
Current income tax liabilities		0.5	0.8
Other liabilities		9.3	8.4
Accrued expenses and deferred income	18	46.4	52.1
Total short-term liabilities		178.4	241.8
Total liabilities		266.0	351.7
Total equity and liabilities		448.7	513.1

For pledged securities and contingent liabilities, see Note 20.

Consolidated statement of changes in equity

Group equity (MSEK)	Share capital	Other deferred capital	Translation reserve	Hedging reserve	Profit brought fwd incl profit for the yr equity	Total
Equity 01.01.2011	24.7	1.4	0.0	5.6	135.6	167.3
Profit/loss for the year					7.5	7.5
Other comprehensive income			0.0	-6.0	0.0	-6.0
Dividend at SEK 1.50/share					-7.4	-7.4
Closing equity 31.12.2011	24.7	1.4	0.0	-0.4	135.7	161.4
Equity 01.01.2012	24.7	1.4	0.0	-0.4	135.7	161.4
Profit/loss for the year					23.0	23.0
Other comprehensive income			-0.2	-1.5	0.0	-1.7
Dividend					0.0	0.0
Closing equity 31.12.2012	24.7	1.4	-0.2	-1.9	158.7	182.7

Consolidated statement of cash flow

(MSEK)	Note	2012	2011
Current operations	22		
Profit after financial items		23.0	10.6
Adjustment for items not included in the cash flow		28.8	31.7
Income tax paid		-12.2	-6.3
Cash flow from current operations before changes to working capital		39.6	36.0
Cash flow from changes in working capital			
Inventories ¹		9.6	-15.0
Current receivables ¹		30.7	1.4
Current liabilities ²		-28.7	-0.8
Cash flow from current operations		51.2	21.6
Investment activities			
Acquisition of tangible fixed assets		-14.8	-29.5
Sale of tangible fixed assets		8.4	0.1
Cash flow from investment activities		-6.4	-29.4
Financing activities			
Dividend paid		0.0	-7.4
Loans raised ³		-32.4	-14.0
Amortisation of loans		-11.0	-10.8
Amortisation of leasing liabilities		-1.1	-1.2
Cash flow from financing activities		-44.5	-33.4
Cash flow for the year		0.3	-41.2
Liquid assets at beginning of year		1.9	43.2
Exchange rate difference in liquid assets		-0.5	-0.1
Liquid assets at year end		1.7	1.9
Interest paid and dividends received			
Interest paid		-7.6	-7.3
Interest received		0.4	0.3
Dividend		0.0	0.0

1) increase - / reduction+

2) increase + / reduction -

3) including changes to utilised bank advances

Parent company income statement¹

(MSEK)	Note	2012	2011
Revenue		23.0	24.3
Cost of goods sold		-3.6	-4.8
Gross profit/loss		19.4	19.5
Administrative expenses		-5.1	-8.4
Other operating income	3	9.4	2.8
Other operating expenses		0.0	0.0
Operating profit	4, 5	23.7	13.9
Income from participations in subsidiaries	7	0.0	4.0
Interest income and similar items	7	0.3	0.0
Interest expenses and similar items	7	-5.0	-5.2
Profit after financial items		19.0	12.7
Appropriations	8	-1.0	1.7
Profit before tax		18.0	14.4
Tax	9	-4.2	-3.9
Profit/loss for the year		13.8	10.5

1) The parent company income statement also constitutes its statement of comprehensive income. The parent company income consists 99.6% of premises leasing and remuneration for services from Swedish companies in the Group. For dividends per share, see Note 16.

Parent company balance sheet

(MSEK)	Note	31.12.2012	31.12.2011
Assets			
Tangible fixed assets	11	91.8	95.3
Financial fixed assets: Appropriations in Group companies	21	108.9	108.9
Total fixed assets		200.7	204.2
Receivables from Group companies		0.8	0.7
Prepaid expenses and accrued income	18	0.0	0.1
Other receivables		0.2	0.6
Current tax receivables		0.0	0.0
Total short-term liabilities		1.0	1.4
Cash and bank balances	22	0.4	0.4
Total current assets		1.4	1.8
Total assets		202.1	206.0
Equity and liabilities			
Restricted equity			
Share capital		24.7	24.7
Statutory reserve		1.3	1.3
Non-restricted equity			
Earnings brought forward		14.0	3.5
Profit/loss for the year		13.8	10.5
Total equity	15	53.8	40.0
Untaxed reserves	8	24.1	23.1
Provisions for taxes	9	3.0	3.3
Long-term interest-bearing liabilities to credit institutions	17, 19	16.3	25.8
Interest-bearing liabilities to credit institutions	17, 19	17.4	17.5
Non-interest-bearing liabilities			
Trade payables		0.4	1.3
Liabilities to group companies		82.6	90.8
Other liabilities		1.1	0.0
Accrued expenses and deferred income	18	2.5	4.1
Current income tax liabilities		0.9	0.1
Total short-term liabilities		104.9	113.8
Total equity and liabilities		202.1	206.0
Pledged securities for liabilities to credit institutions	20		
Property mortgage		78.6	78.6
Shares in subsidiaries		108.8	108.8
Contingent liabilities			
Guarantees on behalf of Group companies		36.0	37.4

Changes in the parent company's equity

(MSEK)	Restricted equity		Non-restricted equity	Total equity
	Share capital	Statutory reserve		
Equity 01.01.2011	24.7	1.3	10.9	36.9
Group contributions received/paid			0.0	0.0
Total changes in capital reported directly against equity, excluding transactions with owners	0.0	0.0	0.0	0.0
Profit/loss for the year			10.5	10.5
Total changes in capital, excluding transactions with owners	0.0	0.0	10.5	10.5
Dividend at SEK 1.50/share			-7.4	-7.4
Closing equity 31.12.2011	24.7	1.3	14.0	40.0
Equity 31.12.2011	24.7	1.3	14.0	40.0
Group contributions received/paid			0.0	0.0
Total changes in capital reported directly against equity, excluding transactions with owners	0.0	0.0	0.0	0.0
Profit/loss for the year			13.8	13.8
Total changes in capital, excluding transactions with owners	0.0	0.0	13.8	13.8
Dividend			0.0	0.0
Closing equity 31.12.2012	24.7	1.3	27.8	53.8
Proposed dividend for financial year 2012			0.0	0.0

Parent company statement of cash flow

(MSEK)	Note	2012	2011
Current operations	22		
Profit after financial items		19.0	12.7
Adjustment for items not included in the cash flow		3.6	4.8
Income tax paid		-4.0	-2.4
Cash flow from current operations before changes to working capital		18.6	15.1
Cash flow from changes in working capital			
Current receivables ¹		0.4	0.4
Current liabilities ²		-9.1	6.1
Cash flow from current operations		9.9	21.6
Investment activities			
Acquisition of tangible fixed assets		-0.3	-4.9
Cash flow from investment activities		-0.3	-4.9
Financing activities			
Dividend paid		0.0	-7.4
Loans raised ³		-0.1	0.2
Loan repayments		-9.5	-9.5
Cash flow from financing activities		-9.6	-16.7
Cash flow for the year		0.0	0.0
Liquid assets at beginning of year		0.4	0.4
Liquid assets at year end		0.4	0.4
Interest paid and dividend received			
Interest paid		-8.0	-5.1
Interest received		0.0	0.0
Dividend		0.0	4.0

1) increase - / reduction +

2) increase + / reduction -

3) including change in bank overdraft facility utilised

1 ACCOUNTING PRINCIPLES

Compliance with standards and legislation

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretation guidelines issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for application within the EU. In addition, the RFR 1 Standard "Supplementary Accounting Rules for Groups" is applied.

Unless otherwise stated under the heading "Parent Company Accounting Principles", the parent company shall apply the same principles as the Group. The discrepancies arising are caused by limitations in the opportunities to apply IFRS in the parent company as a consequence of the Swedish Annual Accounts Act (AAA) and the Swedish Pension Obligations Vesting Act ("Tryggandelagen"), and in some cases, for tax purposes.

Prerequisites for preparing the parent company and consolidated financial statements

The parent company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the parent company and the Group. The financial statements are therefore presented in SEK. All amounts, unless otherwise stated, are rounded off to MSEK. Assets and liabilities are reported at acquisition value, with the exception of certain financial assets and liabilities valued at fair value. Financial assets and liabilities valued at fair value consist of derivative instruments or financial assets which can be sold.

The following accounting principles for the Group have been applied consistently to the periods presented in the consolidated financial statements, unless otherwise stated below. The Group accounting principles have been applied consistently to the accounting and consolidation of subsidiaries.

Revised accounting principles

The applied accounting principles are consistent with those applied last year, with the exceptions stated below.

This year, the Group introduced the following standards, amendments and interpretations which came into force in 2012, which are approved by the EU and considered to be relevant to the Group.

- IFRS 7 Financial instruments: Disclosures – Amendments. If a transfer of financial assets does not result in its complete removal from the balance sheet, qualitative and quantitative information should be provided on the matter. Likewise, if the company retains an obligation for the removed assets, the company should make this known.
- IAS 12 Income tax – Amendments. Amendments affect the value of real estate at fair value; the company does not currently have any.

In 2012, the Group has not applied any standard, amendment or interpretation with the option of early adoption. The following standards, amendments and interpretations shall apply from 1 January 2013 or thereafter and are expected to have an impact on the Group's results or financial position.

- IFRS 9 Financial instruments: Recognition and Measurement. This standard is a part of the revision of the current standard IAS 39 and means that the valuation categories for financial instruments will change. If approved by the EU, the standard will be applied from 2015. Pending completion of all sections of the standard, Profilgruppen has not yet evaluated its effects.
- IFRS 7 Financial instruments: Disclosures – Amendments. The amendment will be applied for the financial year beginning 1 January 2013 or later, in case it is approved by the EU. The report on financial position must state any financial assets and liabilities that have been offset and that are possible to be offset, regardless of whether it has been carried out. Profilgruppen will provide this information for any offset items occurring.

- IAS 32 Financial Instruments – Amendments. The amendment shall apply to the financial year beginning 1 January 2014 or later. The amendment entails clarification on which items can be offset.
- IFRS 13 Fair Value Measurement. The standard will be applied to the financial year beginning 1 January 2013 or later. The standard is currently expected not to have any impact on how the Group calculates fair value, but may affect disclosure in respect of financial instruments.
- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments. The amendment will be applied to the financial year beginning 1 July 2012 or later. The application will imply changes to the format for other comprehensive income without changing the actual content of other comprehensive income.
- IAS 19 Employee Benefits – Amendments. The amendment shall apply to the financial year beginning 1 January 2013 or later. The proposal means that the "corridor method" of accounting for defined benefit pensions is eliminated and actuarial profits/losses must instead be reported in Other comprehensive income. For Profilgruppen this means that, at the beginning of 2013, there was a total of MSEK 4.1 in unreported actuarial losses which should have been included in Other comprehensive income, as per the stated amendment.

The following new standards, amendments and interpretations will be applied by the Group, but are not currently expected to have any effect on the consolidated accounts.

- IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements. This standard will be applied to the financial year beginning 1 January 2013 or later, and when a controlling interest is deemed to exist, but is not considered to affect which company is to be consolidated by Profilgruppen.
- IFRS 11 Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures. This amendment will apply to the financial year beginning 1 January 2013 or later. Profilgruppen does not own any shares in business operations which fall under the definition of Joint Arrangements and therefore this does not affect the accounting records.
- IFRS 12 Disclosure of Interests in Other Entities. This will apply to the financial year beginning 1 January 2013 or later. Profilgruppen does not currently own shares covered by the disclosure requirements.
- IFRS 9 Reporting tax on returns. The application should begin at the same time as the amendment to IAS 19. Tax on allocations in the balance sheet must be continuously reported as an expense in earnings for the period to which the tax refers and not included in the calculations for liabilities in respect of defined benefit pension plans. The amendment is not expected to have any impact on Profilgruppen's accounting.

Important estimations and assessments

Preparing the financial statements in accordance with IFRS requires company management to make assessments, estimations and assumptions which affect the application of accounting principles and the reported amounts. The estimations and assumptions are based on historical experience and various other factors that under current circumstances seem reasonable. The result of these estimations and assessments are then used to assess the reported values of assets and liabilities which otherwise are not clear from other sources. The fair value can differ from these estimations and assessments.

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

Inventories

Inventories are valued at the lowest of either acquisition value or net realisable value, which is usually acquisition value. The net realisable value is to some extent an assessment based on forecasts from customers, but also from historical data.

Doubtful trade receivables

Each balance sheet date, the company makes an assessment to determine the requirement for provisions for credit risks. The assessment is made individually for each customer, primarily in conjunction with the customer sales manager and the Group's credit manager.

In cases where the customer's financial situation means it is likely they cannot make payment, assessment is also made for the possibility of obtaining payment by credit insurance or through bankruptcy. Following the best assessment, an amount is set aside corresponding to the debt that may be lost.

Goodwill impairment test

When calculating cash-generating units' recoverable value for the potential write-down requirement of goodwill, several assumptions about future conditions and estimates of parameters have been made, see Note 10.

Exposure to foreign currency

Changes in foreign currency can have a relatively large impact on the Group's earnings. Note 19 provides more information on the Group's exposure to foreign currencies and what measures are taken to reduce the risk of this exposure.

Pension obligations

Senior management have made an assessment on an expected return on managed assets in Norway which exceed the discount rate by 1.5 percentage points, as it is this type of additional return that is expected by The Norwegian Accounting Standards Board for this type of investment. If the actual earnings in 2013 exceed the long-term expected value, the Group's unreported actuarial profits will increase, which may mean the unreported actuarial profits fall outside the corridor, and that a share of these will need to be reported in addition to the income statement and balance sheet. In the same way, the liability for pension obligations is based on an expected interest rate. If the actual rate differs from the expected rate, actuarial profits or losses may arise. Significant negative deviations may mean that actuarial losses need to be reported.

Classification

Fixed assets and long-term liabilities essentially consist of amounts which are expected to be recovered or paid after more than 12 months, calculated from balance sheet date.

Current assets and short-term liabilities essentially consist of amounts which are expected to be recovered or paid within 12 months, calculated from the balance sheet date.

Each balance sheet item which includes amounts expected to be recovered or paid both within or after 12 months from the balance sheet date, must be disclosed as a note to the relevant balance sheet item.

Consolidation principles Subsidiaries

Subsidiaries are companies in which the parent company has a controlling influence. Controlling influence means a direct or indirect right to formulate a company's financial and operative strategies with the aim of achieving financial benefits. When assessing whether a controlling influence exists, consideration must be given to potential voting rights that can immediately be exercised or converted.

Subsidiaries are reported according to the acquisition accounting method. This method means that the acquisition of a subsidiary is regarded as a transaction where the Group indirectly acquires the subsidiary's assets and takes on their liabilities and contingent liabilities. The Group-wide acquisition value is established through an acquisition analysis in connection with the acquisition. The analysis establishes partly the acquisition value for the shares or business, and partly the fair value at acquisition date of acquired identifiable assets, plus adopted liabilities and contingent liabilities. The acquisition value for subsidiary shares or business is comprised of fair values on the date of transfer of assets, liabilities incurred or assumed, and equity instruments issued as compensation in exchange for the net assets acquired. For business acquisitions where the cost exceeds the net value of the assets acquired and liabilities and contingent liabilities, the difference

is reported as goodwill. When the difference is negative, this is reported directly in the income statement.

The subsidiary's financial reports are included in the consolidated accounts from the date of acquisition until the date when the controlling interest ceases.

Elimination in consolidation

Group-internal receivables and liabilities, income or expenses and unrealised profits and losses arising from internal transactions between Group companies, are eliminated in their entirety during preparation of the consolidated accounts.

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional value is the value in the primary economic environment in which the Group company operates. Monetary assets and liabilities in foreign currencies are calculated to the functional currency at closing date. Exchange rate differences arising during conversion are reported in the income statement. Non-monetary assets and liabilities reported at historical acquisitions value are converted at the exchange rate at the time of the transaction. Non-monetary assets and liabilities reported at fair value are converted to the functional currency at the rate at the date of valuation at fair value, whereby the exchange rate change is reported together with other changes in value of the asset or liability.

Foreign entities' financial statements

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values are converted to SEK at the closing rate. Income and expenditure in a foreign entity is converted to SEK at an average exchange rate as an approximation of the rates at the time of each transaction. Translation differences arising in currency conversion for foreign entities is reported directly as Other comprehensive income.

Revenue

The Group's income is primarily from the sale of goods. Income from the sale of goods is only reported as income once the Group has transferred the significant risks and rewards of ownership of the goods upon sale, and no longer exercises any real control over the goods sold. Revenue is reported at the fair value of what has been received or will be received, with deductions for any applied discounts. Revenue is not reported if it is likely that the financial advantages will not benefit the Group.

Operating expenses and financial income and expenses Lease agreement

A lease where the Group assumes or transfers all significant risks and benefits of fixed assets is classified as financial lease. When the Group is the lessee, the asset is capitalised and an equivalent interest-bearing short or long-term liability is reported in the accounts for financial position. The capitalised value is depreciated according to plan in the same way as purchased assets. When the Group is the lessor, the tangible fixed assets are reduced by the value of the leased fixed assets and an equivalent liability is reported in the accounts for financial position.

Leasing of assets where the Group does not take on all significant risks and rewards are classified as operational leases, and are not capitalised, but lease payments are reported as a current expense.

Financial income and expenses

Financial income and expenses comprise interest income on bank funds and receivables and interest expense on loans, dividend income, exchange rate differences, unrealised and realised gains on financial investments and derivative instruments used in financing activities.

Dividend income is reported once the right to receive payment is established.

Loan fees, directly attributable to the acquisition, construction or production of an eligible asset which requires considerable time to be ready for use or sale, is capitalised as part of acquisition costs. Other loan fees are included in the period in which they occur.

Financial instruments

Financial instruments shown in the account for financial position on the asset side include liquid assets, accounts receivable-trade, financial placements and derivatives. Liabilities and equity includes accounts payable-trade, loans and derivatives.

A financial asset or liability is shown in the accounts when the company becomes party to the terms and conditions of the instrument. Accounts receivable-trade is shown in the balance sheet once the invoice has been sent. Liabilities are recognised once the counter-party has delivered and the contractual obligation to pay exists, even if an invoice has not been received. Accounts payable-trade is recognised once an invoice has been received.

A financial asset is removed from the balance sheet once the rights in the agreement have been realised, expire or if the company loses control over them. The same applies for some of the financial assets. A financial liability is removed from the balance sheet once the agreed commitment has been fulfilled or otherwise completed. The same applies for some of the financial liabilities. Acquisition and disposal of financial assets is reported on the day of trade; the day that the company commits to acquire or dispose of the asset, except in the cases where the company acquires or disposes of listed securities, when settlement date accounting is applied.

Financial instruments are initially reported at acquisition value equivalent to the instrument's fair value. Reporting is then done depending on how they have been classified below.

Fair value of financial assets is calculated based on the hierarchy described in IFRS 7. The majority of the financial assets and liabilities in ProfilGruppen are valued according to Level 2 in this hierarchy, i.e. based on observable input data such as market prices. For further information, see Note 19.

At each reporting occasion, the company evaluates whether there are objective indications that a financial asset or group of financial assets require writing-off.

IAS 39 classifies financial instruments into categories. The classification depends on the purpose of the acquisition of the financial instrument. Senior management determine the classification at the original date of acquisition.

The categories in the Group are as follows:

Loans and accounts receivable-trade

Loans and accounts receivable-trade are financial assets which are not derivatives, with fixed or fixable payments, and which are not listed on an active market. Receivables arise when the company provides money, goods or services directly to the debtor with no intention of trading the receivables. Assets in this category are valued at accrued acquisition value. Accrued acquisition value is determined from the effective interest rate calculated at the time of acquisition.

Financial assets which can be sold

This category includes financial assets which are not classified in any other category or financial assets which the company initially chose to classify in this category. Holdings of shares and participations not reported as subsidiaries, associated companies or joint ventures are reported here. Assets in this category are constantly valued at fair value with changes reported in Other comprehensive income, except those dependent on write-offs, interest on debt instruments, dividend income plus the exchange difference on monetary items, which are reported as profit/loss for the year. When the investments are removed from the balance sheet, previously reported cumulative gain or loss in equity is transferred to profit/loss for the year.

Other financial liabilities

Financial liabilities not held for trading are valued at accrued acquisition value. The accrued acquisition value is determined from the effective interest rate calculated when the liability was incurred. This means that the surplus and deficit values, as well as direct financing and issue expenses are distributed over the lifetime of the liability.

Assets and liabilities valued at fair value in the profit/loss for the year

All derivatives are reported at fair value in the balance sheet. Changes in value are reported in the profit/loss for the year when the fair value is hedged. For cash flow hedging, changes in value are reported under Comprehensive income pending the hedged item being reported in the profit/loss for the year. Hedging accounting is described in more detail below.

Liquid assets

Liquid assets consist of cash funds and immediately available balances at

banks and other similar institutions, plus short-term liquid investments with a duration from the time of acquisition less than three months, which are only subject to an insignificant risk of value fluctuations.

Accounts receivable-trade

Trade debts are classified as loans and accounts receivable - trade. The expected duration of a trade debt is short, which is why the value is reported without discounting. Trade debts are reported at the expected amount after deduction for doubtful debts assessed individually. Depreciation of trade debts is reported under business expenditure. Trade debt in foreign currencies is converted to the functional value at balance sheet date.

Other receivables

These receivables are in the category of Loans and Accounts receivable - trade.

Liabilities

Liabilities are categorised as other financial liabilities. Long-term liabilities have an expected duration of longer than a year, whilst short-term liabilities have a duration of shorter than a year.

Accounts payable-trade

Trade creditors are classified under Other financial liabilities. Trade creditors have a short expected duration and are valued without discounting.

Derivatives and hedging accounting

The Group's derivative instruments have been acquired in order to secure the risks for interest rate and currency fluctuations to which the Group is exposed. An embedded derivative is disclosed if it is not closely related to the value contract. Derivatives are initially reported at fair value, meaning that transaction costs are charged to profit/loss for the year. Following the initial reporting, the derivative instruments are reported at fair value, and changes in value are reported as described below.

In order to meet the hedging accounting requirements as per IAS 39, there must be an unambiguous connection to the hedged item. It is also required that the hedging effectively secures the hedged item, that the hedging documentation is prepared and that the effectiveness can be measured. Profits and losses relating to hedging are reported in the profit/loss for the year at the same time as profit and loss is reported for the items that are secured.

In cases where the conditions for hedge accounting are no longer met, the derivative is reported at fair value with changes in value shown through profit/loss for the year.

Transaction exposure – cash flow hedging

Currency exposure in respect of future forecast flow is secured through currency futures. Currency forwards that secure the forecast cash flow are reported at fair value. Changes in value are reported directly against Other comprehensive income until the hedged flow reaches profit/loss for the year, with the accumulated value changes transferred to profit/loss for the year to meet and match the earnings effects of the hedged transaction. The hedged flows can be both contracted and forecast transactions.

When the hedged future cash flow refers to a transaction that is capitalised in the balance sheet, the hedging reserve is shown when the hedged item is reported in the balance sheet.

When a hedging instrument expires or is sold, liquidated or redeemed, or the company revokes designation of the hedging relationship before the hedged transaction occurs and the forecast transaction is still expected to occur, the reported accumulated profit or loss is still in the hedging reserve in equity and is reported in the same way as 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 accumulated profit/loss is immediately cancelled against the profit/loss for the year in accordance with the principles described above on derivative instruments.

Hedging the Group's fixed interest – cash flow hedging

Interest swaps are used to hedge fixed interest. Interest swaps are valued at fair value in the balance sheet. Interest coupons are reported continuously as interest income or interest expense in the annual accounts, and other value changes to interest swaps are reported in Other comprehensive income as long as the criteria for hedging accounting and effectiveness are met.

Tangible fixed assets

Assets owned

Tangible fixed assets are reported as assets in the balance sheet if it is likely

that there will be future financial benefits to the company, and the acquisition value of the asset can be reliably calculated. Tangible fixed assets are reported in the Group at acquisition value following deductions for accumulated amortisation and any write-downs. The acquisition value includes the purchase price plus costs directly attributable to the asset in order to get it into the right place and condition to be utilised in accordance with the aim of the acquisition. The principles for write-downs are dealt with below.

The acquisition value for the company's own-produced fixed assets include expenditure for materials, remuneration to employees and, where applicable, manufacturing costs considered to be directly attributable to the fixed asset plus estimated costs for disassembly and removal of the assets, plus restoration of the location or area.

Tangible fixed assets which consist of parts with different utilisation periods are considered as separate components of tangible fixed assets. The reported value of a tangible fixed asset is removed from the balance sheet in the event of disposal or sale or when no future economic benefit is expected from its utilisation or its disposal/sale. Profit or loss arising from disposal or sale of an asset comprises the difference between the sale price and the asset's reported value, with a deduction for direct selling expenses. Profit and loss are reported as other operating income/expense.

Leased assets

Leasing is classified in the annual accounts either as financial or operational leasing. For classification and reporting, see under the headline Lease agreements on page 31.

Depreciation methods

Depreciation takes place in a straight line over the estimated useful lifetime of the asset. The Group applies component depreciation, which means that the components' estimated useful lifetime is used as the basis for the depreciation. Property is split mainly into buildings and land. The component land is not depreciated, as its useful lifetime is regarded as being indeterminable.

Assessment of an asset's residual value and useful lifetime is made on an annual basis.

Intangible assets

Goodwill

Goodwill represents the difference between the acquisition value of the operating acquisition and the actual value of acquired assets, taken over liabilities and any contingent liabilities.

Goodwill is assessed at acquisition value less any accumulated depreciation. Goodwill is allocated to cash-generating units and tested annually for its depreciation need.

Research and development

Expenditure on research that has the intention of providing new scientific or technical knowledge is reported as expenditure as it is incurred.

Development costs, in which research results or other knowledge is applied in order to achieve new or improved products or processes, are reported as assets in the Balance Sheet, if the product or process is technically and commercially viable and the company possesses sufficient resources to complete the development and subsequently use or sell the intangible asset. The reported value includes all directly attributable costs, e.g. for materials and services, and remuneration to employees. Other development costs are reported in the Profit and Loss Statement as costs as they are incurred. There has been no capitalisation of development expenditure over the year.

Inventories

Inventories are assessed at the lower of acquisition value and net realisable value. The acquisition value consists of an aluminium component, which is assessed according to the FIFO method, as well as a processing component that is assessed at the weighted average costs. The same method is used for all products of a similar type. In company-produced semi-manufactured and manufactured goods, the acquisition value consists of direct manufacturing costs and an appropriate share of indirect manufacturing costs. Assessment takes into account normal exploitation of capacity.

The net realisable value is the estimated sales price of the ongoing activity, following deduction of estimated costs of completion and making it saleable.

Depreciations

The reported values of the Group's assets, with the exception of inventories and deferred tax assets are tested as at each accounting year-end in order to assess whether there is a need for write-downs. If a write-down is indicated, the recovery value of the asset is estimated. In order to exclude assets as per the above the appraisal is tested against the respective stan-

dards. The recovery value of goodwill is calculated annually.

If it is not possible to establish a significant independent cash flow to an individual asset it must, when testing the write-down requirement, be grouped at the lowest level at which it is possible to identify a significant independent cash flow (a so-called cash-generating unit). A depreciation is reported when an asset's or a cash-generating unit's reported value exceeds the recovery value. Depreciation is posted against the profit for the year.

The recovery value is the higher of the true value less the sales costs and useful value. When calculating the useful value, the future cash flow is discounted using a discount factor that takes into account risk-free interest and the risk that is associated with the specific asset.

Impairment testing for financial assets

At each reporting occasion, the company evaluates whether there are objective indications that a financial asset or group of financial assets require writing-off. Objective evidence is made up partly of observable conditions that have occurred, and that have a negative impact on the potential for recovering the acquisition value, and partly of significant or drawn-out reduction of the fair value for an investment in a financial investment that is classified as a financial asset that can be sold.

When writing down a separate capital instrument that is classified as a financial asset that can be sold, the previously reported accumulated change in value in the other total result is changed to the miscellaneous profit/loss for the year.

The recovery value of assets sorted under the categories investments that are held until maturity and loan receivables and accounts receivable that are reported at the accrued acquisition value is calculated as the current value of the future cash flow, discounted with the effective interest rate that applied when the asset was first reported. Assets with short terms are not discounted. Depreciation is posted against the profit for the year.

Write-back of depreciation

A depreciation is reversed if there is both an indication that the write-down requirement is no longer present, and there has been a change in the assumptions that were applied to the calculation of the recovery value. Depreciation of goodwill is, however, never reversed. A reversal is only made to the extent that an asset's accounting value after the reversal does not exceed the accounting value that should have been reported, with deduction for the depreciation that would have been applicable if no depreciation had been made.

Depreciation of investments that are held until maturity, or loan receivables and accounts receivable that are reported at the accrued acquisition value are reversed if a subsequent increase of the recovery value can be associated with an event that occurred after the depreciation took place.

Depreciation of separate capital instruments that are classified as financial assets that can be sold, that have previously been reported in the profit/loss for the year are not subsequently reversed via the profit/loss for the year. The depreciated value is the value from which subsequent revaluations are made, and they are reported directly against the miscellaneous total result. Depreciation of interest-bearing instruments, classified as financial assets that can be sold, are reversed in the Profit and Loss Statement if the fair value increases and the increase objectively can be associated with an event that occurred after the depreciation took place.

Salaries to employees

Defined contribution pension schemes

Commitments relating to defined contribution pension schemes are reported as a cost in the P/L Statement as they occur.

Defined benefit pension schemes

The commitment for old-age pension and family pension is secured for employees in Sweden by an insurance scheme from Alecta. Under UFR 6 this is a defined benefit scheme that encompasses several employers. The Company has not had access to such information that makes it possible to report this scheme as a defined benefit scheme. The ITP pension scheme that is secured by the Alecta insurance is therefore reported as a defined contribution scheme.

In Norway, all employees are covered by defined benefit pension schemes. In Sweden, certain employees are covered by defined benefit schemes, but there is no new earning of pension rights in these schemes.

The Group's net commitments concerning defined benefit schemes are calculated separately for each scheme through an estimation of future payments that the employees earn through their engagement in both the current and previous periods; this remuneration is discounted to a current value and the fair value of any managed assets are deducted. The discount rate is the

interest at financial year-end on a first class corporate note with a duration that is equivalent to the Group's pension commitments. When there is not an active market for such corporate notes, the market rate for government bonds with an equivalent duration is used. The calculation is performed by a qualified actuary using the so-called projected unit credit method.

When the calculation leads to an asset for the Group, the reported value of the asset is limited to the net of the unreported actuarial losses and the unreported costs of service during earlier periods and the current value of future repayments from the scheme or reduced future payments into the scheme.

When the payments in a scheme improve, the share of increased payments that refer to the employee's service in previous periods is reported as a cost in the profit for the year, divided in a straight line over the average period until the payments have been completely earned. If the payments have not been fully earned, a cost is reported in the profit/loss for the year directly.

The corridor rule is applied, so that the part of the accumulated actuarial gain and losses that exceed ten percent of the greater of the commitments' current value and the managed assets' fair value is reported in the profit/loss for the year over the expected average remaining period of service for those employees who are covered by the scheme. When there is a difference between how the pension cost is set in the legal entity and the Group, an allocation or receivable for a special employer's contribution is reported, based on this difference. The current value of the allocation or receivable is not calculated.

Redundancy payments

An allocation is only reported in connection with redundancy of personnel if the company is obviously obliged to terminate an engagement before the normal point in time, or when compensation is offered in order to encourage voluntary redundancy. In the event of the company making personnel redundant, a detailed plan is drawn up that contains, at minimum, the workplace, positions and approximate number of persons involved, as well as the compensation for each personnel category or position and the time of implementation of the plan.

Allocations

An allocation is reported in the Balance Sheet when the Group has an existing legal or informal obligation as a result of an event that has occur-

red, and it is probable that a flow of financial resources will be required and a credible estimation of the amount can be made. Where the effect of the payment time is significant, the allocation is calculated by discounting the expected future cash flow at an interest rate before tax that reflects actual market assessments of the funds' time value and, if applicable, the risks that are associated with the liability.

Taxes

Income taxes are made up of current tax and deferred tax. Income taxes are reported in the profit/loss for the year apart from when the underlying transaction is reported directly against the miscellaneous total result, in which case the associated tax effect is reported in the same way.

Current tax is tax that must be paid or received for each year, with the application of the tax rates that have been decided, or in practice decided at the accounting year-end, to which also belongs the adjustment of the current tax pertaining to previous periods.

Deferred tax is calculated according to the Balance Sheet method, based on temporary differences between reported and fiscal values of assets and liabilities. Temporary differences that occurred on the first reporting of goodwill are not observed, and nor are temporary differences pertaining to participations in subsidiaries that are not expected to be reversed in the near future. Assessment of deferred tax is based on how the reported value of assets or liabilities is expected to be realised or settled. Deferred tax is calculated by application of the tax rates and tax regulations that have been decided, or in practice decided, as at financial year-end.

Deferred tax assets concerning deductible temporary differences and deficit reduction are only reported to the extent that it is probable that it will be possible to utilise them. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

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

Contingent liabilities (guarantees)

Contingent liabilities are reported when there is a possible engagement that originates from events that have occurred, whose existence is only confirmed by one or more uncertain future events, or when there is an engagement that is not reported as a liability or an allocation because it is not probable that an outflow of resources will be required.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the recommendations of the Swedish Financial Reporting Board (RFR), RFR 2 Reporting for legal entities. The Board's statements regarding listed companies are also applied. RFR 2 means that the parent company in the annual accounts for the legal entity must apply all EU-approved standards, interpretations and amendments as far as possible within the framework of the Annual Accounts Act, and taking into account the relationship between accounting and taxation. The recommendations state which exceptions from, and additions to, the IFRS should be applied.

The following accounting principles for the parent company have been applied consistently for all periods that are presented in the parent company's financial reports.

Amended accounting principles

No changes that would have an impact on the parent company's accounting principles for 2012 have taken place in the course of the year. The changes to RFR 2 that were introduced in 2012 have not had any impact on the parent company's accounts.

Income

Rental income

Rental is notified in advance and is accrued so that only that part of the rental that is received during the period is reported as income.

Dividends

Anticipated dividends from subsidiaries are reported in the event that the

parent company alone has the right to decide the size of the dividend and the parent company has made a decision as to the size of the dividend before the parent company published its financial statements.

Fixed assets

Tangible fixed assets in the parent company (also applies to rented out assets) are reported at acquisition value following deduction of accumulated amortisation and any depreciation in the same way as for the Group, but with the addition of any write-ups. There are no leased or intangible assets.

Salaries to employees

The parent company complies with the provisions of the Pension Obligations Vesting Act and Finansinspektionen's regulations, as this is a precondition for the right to make tax deductions. There are no defined benefit pension schemes in the parent company.

Taxes

Untaxed reserves are reported in the parent company, including deferred tax liabilities. In the consolidated accounts, however, the untaxed reserves are split 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 Financial Reporting Board.

2 SEGMENTS

Information about the operating segment

The Group's most senior company officers have, both in the Board and in senior management followed the company's results at the consolidated level without breakdown in segments or industry segments. As documentation for the decision about allocation of resources and evaluation of performance, the company officers have applied the company's aggregated operating profit. ProfilGruppen thus consists of a single segment. For financial information about the segment, we therefore refer to the reports about the total results and financial position, note 11 (regarding investment and depreciation) and note 22 (regarding cash flow effects).

Information about geographic markets

Sales are mainly made to customers in Europe, where there are uniform market conditions. Export sales take place through our own integrated sales companies in the respective markets. The group's opportunities and risks are not primarily influenced by the location of the customers, but to a certain extent there is divergence between the conditions in the domestic and export markets. Information about external sales refers to geographic areas, grouped according to the location of the customers. Data about the markets' reported value of assets and investment in fixed assets is grouped according to the location of the assets.

External sales per market	2012	2011
Sweden	403.5	424.1
Germany	94.9	112.1
Norway	85.4	60.1
Other export	202.2	240.4
	786.0	836.7
Assets		
Sweden	438.9	503.4
Export	9.8	9.7
	448.7	513.1
Investment in fixed assets		
Sweden	12.2	31.2
Export	1.1	0.0
	13.3	31.2

No customer was responsible for more than ten percent of sales during 2012 (none).

3 OTHER OPERATING REVENUE AND EXPENSES

	Group		Parent company	
Other operating revenue	2012	2011	2012	2011
Insurance compensation	19.6	57.3	0.0	2.8
Compensation for disputes	9.4	0.0	9.4	0.0
Miscellaneous	1.5	0.9	0.0	0.0
	30.5	58.2	9.4	2.8
Other operating expenses				
Costs of restoration after the fire	0.0	23.6	0.0	0.0

4 EMPLOYEES AND PERSONNEL COSTS

	2012		2011	
Average number of employees	Total	Men	Total	Men
Parent company	1	1	1	1
Group companies in Sweden	347	248	382	287
Group companies outside Sweden				
Denmark, sales company	2	2	2	2
Norway, sales company	2	2	3	2
Great Britain, sales company	1	1	1	1
Germany, sales company	2	2	2	2
	7	7	8	7
Group total	355	256	391	295

Gender distribution in the Board and Senior Management

The Board of ProfilGruppen AB (parent company) consists of 71 percent (71) men. At year-end, the Group's senior management group (including the CEO) consisted of 86 percent (86) men. The Group's other company Boards and management consisted of 90 percent (85) men.

Payroll, other remuneration and social security costs

	2012		2011	
	Payroll and other remuneration	Social Security costs (of which pension costs)	Payroll and other remuneration	Social Security costs (of which pension costs)
Parent company	1.6	0.8 (0.3) ¹	2.4	1.4 (0.6) ¹
Group companies	128.4	50.2 (14.1)	151.6	58.1 (16.2)
Group total	130.0	51.0 (14.4)²	154.0	59.5 (16.2)²

1) Of which SEK 0.3 million (0.6) relates to Board and CEO in parent company.

2) Of which SEK 1.2 million (1.6) relates to Board and MDs in various companies.

Wages, salaries and other remuneration, broken down by Board and CEO, as well as other employees	2012		2011	
	Board and MD	Other employees	Board and MD	Other employees
Parent company	1.6	0.0	2.4	0.0
Group companies in Sweden	0.0	122.4	0.0	145.4
Group companies outside Sweden				
Denmark, sales company	0.9	0.7	0.8	0.7
Norway, sales company	1.1	1.3	1.2	1.2
Great Britain, sales company	0.5	0.0	0.6	0.0
Germany, sales company	0.0	1.5	0.0	1.7
	2.5	3.5	2.6	3.6
Group total	4.1	125.9	5.0	149.0

Profit-sharing

All permanently employed staff can be paid remuneration based on the Group's results after financial items. Excepted from this are employees who are part of other schemes for variable remuneration. In 2012, no such profit sharing was paid (none).

Pensions

Defined contribution schemes

The commitment for old-age pension and family pension is secured for employees in Sweden by an insurance scheme from Alecta. According to the statement from the Swedish Financial Reporting Board, UFR 6 this is a defined benefit scheme that encompasses several employers. For the 2012 financial year, the Company has not had access to such information that makes it possible to report this scheme as a defined benefit scheme. The ITP pension scheme that is secured by the Alecta insurance is therefore reported as a defined contribution scheme. The year's premiums for pension insurances that are purchased from Alecta amounted to SEK 1.8 million (2.5). Alecta's profits can be distributed to the insurance owners and/or the policyholders. At the end of 2012, Alecta's profit in the form of the collective consolidation level amounted to 129 percent (113). The collective consolidation level is made up of the market value of Alecta's assets in relation to the insurance commitments, calculated in accordance with Alecta's technical insurance assumptions, which do not agree with IAS 19.

	Group		Parent company	
Costs of defined contribution schemes reported in the Profit and Loss Statement	2012	2011	2012	2011
as cost of goods sold	7.2	6.1	0.0	0.0
as selling expenses	2.3	4.3	0.0	0.0
as administrative expenses	2.9	4.5	0.3	0.6
	12.4	14.9	0.3	0.6

Defined benefit schemes

Defined benefit pension schemes that provide income for employees when they retire are partly found for employees in Sweden, partly for employees in Norway. There is no new earning of pension rights in the Swedish scheme. There are no defined benefit pension schemes in the parent company.

Wholly or partially funded liabilities	The Group				
	2012	2011	2010	2009	2008
Balance of liabilities as of 1 January	23.8	22.3	20.3	17.5	16.7
earned during the year	1.1	1.0	1.0	1.5	0.3
Interest costs	0.7	0.7	0.7	0.8	0.8
Disbursement	-0.7	-0.7	-0.6	-0.5	-0.4
Actuarial profits/losses	-0.6	0.3	1.4	0.3	0.5
Actuarial profits/losses entered onto the profit for the year	0.2	0.2	0.0	0.0	0.0
Translation differences	0.1	0.0	-0.5	0.7	-0.4
Balance liabilities as of 31 December	24.6	23.8	22.3	20.3	17.5
Balance liabilities as of 1 January	7.0	6.9	7.2	6.3	6.7
Expected return on managed assets	0.3	0.3	0.3	0.3	0.4
Overhead costs	-0.1	-0.1	0.0	0.0	0.0
Payments	0.2	0.1	0.5	0.4	0.5
Actuarial profits/losses	-0.3	-0.2	-0.6	-0.6	-0.8
Translation difference	0.1	0.0	-0.5	0.8	-0.5
Balance liabilities as of 31 December	7.2	7.0	6.9	7.2	6.3
Unreported actuarial profits and losses	-4.0	-4.3	-4.0	-2.6	-2.2
Net liabilities reported on the Balance Sheet regarding defined benefit pension schemes	13.4	12.5	11.4	10.5	9.0
Costs reported in the Profit and Loss Statement					
as selling expenses	1.7	1.8	1.5	2.1	1.0
as administrative expenses	0.2	0.2	1.0	1.6	0.5
as financial expenses	1.0	1.2	0.0	0.0	0.0
	0.5	0.4	0.5	0.5	0.5

The most significant actuarial assumptions at financial year-end that formed the basis for calculation of the defined benefit commitments are reported below.

	Sweden		Norway	
	2012	2011	2012	2011
Discount rate	3.5%	3.5%	2.2%	3.3%
Expected return on managed assets	0.0%	0.0%	3.6%	4.8%
Future wage increases	-	-	3.3%	4.0%
increased pensions	2.0%	2.0%	3.0%	3.8%
Employee turnover	-	-	-	-
Expected remaining period of service	11.4 years	11.3 years	7.0 years	7.8 years

The discount rate for the Norwegian scheme is based on a ten-year government bond interest rate that is adjusted in order for the commitment to have an average duration of 25 years. For the Swedish scheme, the discount rate is based on a thirty-year government bond interest rate.

The managed assets are only found in the Norwegian scheme and mainly consist of interest-bearing securities, 71 percent (62). Other assets are shares 9 percent (19), property 18 percent (18) and other 2 percent (1).

Actual return on managed assets in the Norwegian scheme during 2012 is not known (2011: 3.6 percent), return in the Swedish scheme is not known.

Our best estimate of payments to defined benefit pension schemes during 2013 is SEK 1.4 million.

Remuneration principles for senior management

Remuneration to Board members is based on the decision of the Annual General Meeting.

A remuneration committee, appointed by the Board, draws up a proposal for principles for remuneration for the Group's CEO and other members of senior management. The principles are based on the company's long-term Salary policy.

Remuneration principles for the CEO and, at the time of the AGM, six other members of senior management were adopted at the 2012 Annual General Meeting. The decision includes principles as follows. The total remuneration must be able to be made up of a fixed basic salary, variable remuneration, pension and other benefits. The variable remuneration, which can amount to a maximum of 25 percent of the fixed salary, is partly linked to the Group's results after financial items (max 15 percent of the fixed salary) partly to defined individual targets (max 10 percent of the fixed salary). The variable remuneration is conditional upon a positive net result for the Group and must be adjusted in arrears if it is paid on clearly erroneous

grounds. Agreements on pension benefits are met individually and the pension costs can amount to a maximum of 30 percent of the regular and variable pay. Other remuneration and benefits must be in line with market levels and contribute to facilitating company officers' opportunities to complete their working tasks. Employment contracts for members of company management must contain a period of notice of six to 12 months on the part of the company, and six months on the part of the employee. Regular salary during the period of notice, and redundancy payments must not in total exceed 12 months' regular salary. The Board may waive the guidelines if there should be particular grounds to do so in a specific situation.

To the 2013 AGM the Board proposes that these principles in essence will remain in force.

Board remuneration and other remuneration to senior management, KSEK

		2012	2011
Eva Färnstrand	Board chair	250	315
	chair remuneration committee	-	50
	member audit committee	-	25
Mats Egeholm	Board member	125	140
	member remuneration committee	-	25
Susanna Hilleskog	Board member	125	140
	member remuneration committee	-	25
Ulf Granstrand	Board member	-	140
	member audit committee	-	25
Bengt Stillström	Board member	125	-
Kjell Svensson	Board member	-	140
	chair audit committee	-	50
Thomas Widstrand	Board member	125	-
Employee representatives	total of 4 persons	-	59
Total remuneration		750	1 134

The Chairman of the Board has, over and above this, during the year, received SEK 210 thousand (240) in remuneration for services in addition to her Board tasks.

The CEO of ProfilGruppen AB has, during the year, received SEK 882 thousand for his work from July and the acting CEO for the period until June received SEK 769 thousand (in 2011 the CEO received SEK 1,376 thousand until August and the acting CEO for the subsequent period received SEK 515 thousand). These figures include fixed and variable remuneration, including benefits. Other members of senior management, a total of seven persons, including those who have been appointed and those who have left during the year, have received SEK 5,034 thousand (nine persons SEK 7,532 thousand) in fixed and variable remuneration, including benefits.

During the year, the costs of variable remuneration, excluding social security payments to senior management (seven persons) to a total of SEK 107 thousand, (nine persons, SEK 0 thousand), of which SEK 16 thousand (0) to the CEO and SEK 22 thousand to the acting CEO (0).

Retirement benefits and retirement benefit schemes to senior management

For the CEO from July, defined contribution pension allocations of 30 percent of salary have been made. The cost for the year for the CEOs' pensions (the former and then the acting) amounted to SEK 393 thousand (514), excluding special employer's contributions of SEK 95 thousand (125). There is no early pension agreement.

Other members of senior management, seven persons (nine) have been covered by the executive pension scheme in Sweden (ITP). The cost for the year of pensions to these persons amounted to SEK 1,020 thousand (1,306) excluding special employer's contributions of SEK 247 thousand (316). The pensions are invulnerable and not conditional upon future employment.

No other agreements concerning severance pay are in place.

AUDITORS' FEES AND EXPENSES

	Group Parent company			
	2012	2011	2012	2011
Ernst & Young AB				
Audit assignment	0.7	0.7	0.0	0.0
Other assignments	0.1	0.2	0.0	0.0
Other auditors				
Audit assignment	0.1	0.0	-	-

6 OPERATING COSTS DIVIDED BY COST TYPE

	The Group	
	2012	2011
Raw materials	348.0	365.0
Staff costs	181.0	213.5
Depreciation/amortisation	27.4	28.2
Impairment of tangible and intangible fixed assets	0.7	2.7
Other operating costs	229.3	267.8
	786.4	877.2

Exchange rate differences on accounts receivable have increased income by SEK 2.6 million (increased 5.3). Exchange rate differences on accounts payable have reduced costs of sold goods by SEK 0.5 million (reduced 0.1).

In other operating costs, leasing charges are included for the Group of SEK 3.3 million (2.9). The total amount of future non-cancellable leasing payments amounts to SEK 2.8 million, of which SEK 1.3 million falls due within one year. The remaining SEK 1.5 million falls due from one to five years. Leasing costs are made up of operational leasing agreements for IT equipment. The parent company is not a lessee.

Development costs for products and companies amount to SEK 7.0 million (9.7) and are included in operating costs, broken down into personnel costs and other operating costs. During the year, none of these costs could be capitalised pursuant to IAS 38.

7 FINANCIAL INCOME AND EXPENSES

	The Group	
	2012	2011
Interest income	0.4	0.3
Financial income	0.4	0.3
Interest on pension costs for the year	0.5	0.4
Other interest expenses	5.7	5.8
Other costs	1.3	1.2
Financial expenses	7.5	7.4

	Parent company	
	2012	2011
Group contribution	0.3	4.0
Group companies interest income	0.0	0.0
Financial income	0.3	4.0
Group companies interest expenses	3.2	3.5
Other interest expenses	1.8	1.7
Financial expenses	5.0	5.2

8 APPROPRIATIONS AND UNTAXED RESERVES

	Transfers to/ from untaxed reserves		Untaxed reserves	
	2012	2011	2012	2011
Parent company				
Accumulated depreciations off plan				
buildings	0.0	0.0	0.2	0.2
equipment	-0.2	-0.1	2.2	2.4
	-0.2	-0.1	2.4	2.6
Tax allocation reserves				
Allocated/dissolved for taxation				
2006	0.0	-5.8	0.0	0.0
2007	-4.6	0.0	0.0	4.6
2008	0.0	0.0	5.0	5.0
2009	0.0	0.0	4.0	4.0
2010	0.0	0.0	2.7	2.7
2011	0.0	4.2	4.2	4.2
2012	5.8	0.0	5.8	0.0
	1.2	-1.6	21.7	20.5
	1.0	-1.7	24.1	23.1

TAXES

	Group		Parent company	
	2012	2011	2012	2011
Reported tax expenses				
Current tax	10.4	7.0	4.5	3.4
Deferred tax relating to temporary differences	-4.2	-3.9	-0.2	0.5
Effect of changed tax rate on deferred tax cost	-6.2	0.0	-0.1	0.0
Total reported tax expenses	0.0	3.1	4.2	3.9

	Group		Parent company	
	2012	2011	2012	2011
Reconciliation of effective tax, percentage				
Tax in accordance with current tax rate for parent company	26	26	26	26
Effect of other tax rates for foreign subsidiaries	0	0	0	0
Effect of changed tax rate	-27	-	-3	-
Standard interest on tax allocation reserve	1	2	0	1
Other non-deductible costs and taxable earnings	0	1	0	0
Reported effective tax	0	29	23	27

	2012.01.01	Reported over the year's result	Reported over the total result	2012.12.31
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The Group				
Tangible fixed assets	30.1	-8.1	0.0	22.0
Provision for pensions	0.3	-0.1	0.0	0.2
Tax allocation reserves	12.4	-2.5	0.0	9.9
Items reported in the hedging reserve	-0.1	0.1	-0.5	-0.5
Miscellaneous	-0.7	0.1	0.0	-0.6
	42.0	-10.5	-0.5	31.0

Parent company				
Tangible fixed assets	3.3	-0.3	0.0	3.0
Miscellaneous	0.0	0.0	0.0	0.0
	3.3	-0.3	0.0	3.0

	2011.01.01	Reported over the year's result	Reported over the total result	2011.12.31
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The Group				
Tangible fixed assets	32.0	-1.9	0.0	30.1
Provision for pensions	-0.1	0.4	0.0	0.3
Tax allocation reserves	12.4	0.0	0.0	12.4
Items reported in the hedging reserve	2.0	0.0	-2.1	-0.1
Miscellaneous	0.0	-0.7	0.0	-0.7
	46.3	-2.2	-2.1	42.0

Parent company				
Tangible fixed assets	3.0	0.3	0.0	3.3
Miscellaneous	-0.2	0.2	0.0	0.0
	2.8	0.5	0.0	3.3

10 INTANGIBLE FIXED ASSETS

	The Group	
	2012	2011
Goodwill		
Acc. acquisition value		
At beginning of year	12.8	12.8
New acquisitions	0.0	0.0
Disposal	0.0	0.0
At beginning of year	12.8	12.8
Acc. write-downs		
At beginning of year	2.8	2.8
Impairment losses for the year	0.0	0.0
At the end of year	2.8	2.8
Reported value at year-end	10.0	10.0

Impairment testing for cash-generating units containing goodwill

ProfilGruppen tests the value of goodwill at least once per year and when there is an indication that a write-down may be required. The impairment testing of the goodwill item is based on a calculation of the useful value. The goodwill relates to the activities of ProfilGruppen Extrusions AB, which is also the cash-generating unit that is tested. The cash flow analysis has been used as a basis for the assessment and the first three years are based on the budget and strategic plans. Greater demand and initiatives aimed at improving efficiency are expected to improve margins. The cash flows that are forecast after the three first years are based on an annual growth of 3.0 percent (2.0). The forecast cash flows have been given a current value with a discount rate of 13.9 percent before tax (13.9) which are calculated based on a weighed average capital cost. The impairment test has been given a sensitivity analysis, which showed that probable changes in the calculation parameters did not give any need for write-downs. Even an increase of WACC by five percentage points would not provide any need for write-down.

11 TANGIBLE FIXED ASSETS

	Group		Parent company	
	2012	2011	2012	2011
Buildings and land				
Acc. acquisition value				
At beginning of year	160.8	160.9	126.5	126.6
New acquisitions	0.0	1.6	0.0	1.6
Re-classification	3.1	0.1	3.0	0.1
Disposals and scrapping	-3.0	-1.8	0.0	-1.8
At year-end	160.9	160.8	129.5	126.6
Acc. depreciation according to plan				
At beginning of year	52.9	49.7	37.5	35.1
Sales and disposals	-1.0	-1.8	0.0	-1.8
Depreciation according to plan	3.8	3.7	2.9	2.9
Impairment losses for the year	0.0	1.3	0.0	1.3
At year-end	55.7	52.9	40.4	37.5
Reported value at year-end	105.2	107.9	89.1	89.0
of which buildings	98.4	100.7	82.8	82.5
land	3.0	3.1	2.6	2.6
land facilities	3.8	4.1	3.7	3.9
Assessed value, buildings	49.3	49.8	45.2	45.0
Assessed value, land	6.1	6.1	5.0	5.0
	55.4	55.9	50.2	50.0

No depreciation of buildings and land has been made during the year. A depreciation was made the previous year of SEK 1.3 million due to a fire in one of the production facilities.

One of the properties owned by the Group has, during the year, been rented out through a financial lease, and has been reported as sold.

	Group		Parent company	
	2012	2011	2012	2011
Machinery and equipment				
Acc. acquisition value				
At beginning of year	452.1	441.7	5.1	4.6
New acquisitions	10.9	21.1	0.1	0.6
Re-classification	8.8	0.1	0.0	0.0
Translation differences	-0.1	0.0	0.0	0.0
Disposals and scrapping	-18.7	-10.8	0.0	-0.1
At year-end	453.0	452.1	5.2	5.1
Acc. depreciation according to plan				
At beginning of year	315.0	300.6	2.1	1.7
Sales and disposals	-10.2	-10.1	0.0	0.0
Translation differences	-0.1	0.0	0.0	0.0
Deprecation according to plan	23.6	24.5	0.4	0.4
At year-end	328.3	315.0	2.5	2.1
Acc. write-downs				
At beginning of year	13.0	11.6	0.0	0.0
Impairment losses for the year	0.7	1.4	0.0	0.0
At year-end	13.7	13.0	0.0	0.0
Reported value at year-end	111.0	124.1	2.7	3.0

The year's depreciations of SEK 0.7 million apply to processing equipment. During the previous year, machinery and equipment were written down for SEK 1.4 million, due to a fire in one of the production facilities.

The Group includes machinery that it possesses through a financial leasing agreement with a reported value of SEK 4.5 million (5.6). The Group's accumulated acquisition value includes capitalised interest of SEK 3.1 million (3.1). No interest has been capitalised during the year or the previous year. The parent company's holding of inventories concerns land and building inventories.

The acquisition value of fixed assets that are fully depreciated, but are still used in the company is SEK 174.0 million (154.1).

	Group		Parent company	
	2012	2011	2012	2011
Construction in progress and advances concerning tangible fixed assets				
At beginning of year	12.1	3.8	3.3	0.1
Re-classifications	-12.1	-0.3	-3.3	-0.1
New acquisitions	2.5	8.6	0.0	3.3
Reported value at year-end	2.5	12.1	0.0	3.3
Total reported value of tangible fixed assets	218.7	244.1	91.8	95.3

	Group	Parent company
Periods of use		
Buildings and land		
Properties, depending on component	30–50 years	30–50 years
Building inventories	10–40 years	10–40 years
Land improvement	20 years	20 years
Land equipment	10 years	10 years
Machinery and equipment		
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	
Vehicles	5 years	
IT investment	4 years	

Depreciation is made in a straight line, based on the expected useful lifetime.

	Group		Parent company	
	2012	2011	2012	2011
Depreciation by function				
Cost of goods sold	26.9	27.7	3.3	3.3
Selling expenses	0.4	0.4	0.0	0.0
Administrative expenses	0.1	0.2	0.0	0.0
	27.4	28.3	3.3	3.3

12 FINANCIAL FIXED ASSETS

The financial fixed assets consist of SEK 0.2 million (0.2) of shares in independent companies. The holding is unlisted.

Other financial fixed assets consist of lease receivable. The receivable occurred during the year when an agreement on letting a property was entered into. The contract has a duration of ten years. The lessee has an option to purchase the property at any time during the lease period. The intention of the contract is that the purchase will take place after five years. The net current value of future leasing charges amounts to SEK 5.7 million. The allocation for bad debts has been made and the receivable has been taken up in the Balance Sheet at SEK 2.0 million.

	The Group	
Financial leasing receivables, due date	2012	2011
Within one year	0.5	-
Between one and five years	2.3	-
Longer than five years	2.9	-
	5.7	0.0

13 INVENTORIES

	The Group	
	2012	2011
Raw materials and consumables	35.6	47.0
Work in progress	53.7	58.2
Finished products and goods for resale	16.7	10.4
	106.0	115.6

14 ACCOUNTS RECEIVABLE

Accounts receivable are reported net after deductions for bad debts. Bad debts are adjudged individually and during the year a reserve of SEK 0.1 million (0.0) has been made for experienced customer losses and reserved customer losses from previous years of SEK 0.5 million have been recouped.

Realised customer losses amounted to SEK 1.1 million (0.2) and have occurred in connection with financial insolvency at customers.

For other information about customer credits, see note 19.

15 EQUITY

Specification of reserves	2012	2011
Opening translation reserves	0.0	0.0
Translation differences for the year	0.0	0.0
Closing translation reserve	0.0	0.0
Opening hedging reserve	-0.3	5.6
Cash flow hedging reported against other total results	-2.0	-8.0
Tax attributable to hedging for the year	0.5	2.1
Closing hedging reserve	-1.9	-0.3
Total reserves	-1.9	-0.3

Share capital and votes

All shares have a quota value of SEK five per share. All shares are fully paid-in and no shares have been issued during the year. All existing shares are series B and have an equal right to shares of the company's assets and profits. During the year, there have been no changes to the number of shares, with the number remaining at 4,932,517.

Pre-emption and conversion

The articles of association do not contain a pre-emption clause.

Other paid-in capital

This item concerns equity that is paid in by the owners. This includes parts of the share premium reserve that was transferred to the statutory reserve as at 31 December 2005. Any future allocations to the share premium reserve are also reported as paid-in capital.

Contributed equity

The contributed equity comprises all exchange rate differences that occur when translating financial reports from foreign companies that have prepared their financial reports in another currency than the currency in which the Group's financial reports are presented. The parent company and the Group present their financial reports in Swedish kronor (SEK).

Hedging reserve

The hedging reserve includes the effective share of the accumulated net change of fair value of a cash flow hedging instrument referable to a hedging transaction that has not yet taken place.

Own shares and re-purchase

No own shares are held by the company itself or its subsidiaries and re-purchase of own shares is not, at the present time, in question. There is no programme with convertible bonds or options that involve dilution of share capital. The Board has, however, the authority to decide a new issue of shares by acquisition, see the management report.

Dividend

After the accounting year-end, the Board has proposed no dividend for 2012. The average number of shares is 4,932,517. The dividend will be presented for adoption at the AGM on 11 April 2013.

No dividend has been paid during the year.

Parent company

Restricted funds

Restricted funds concern share capital and other restricted equity. The restricted funds are not available for distribution.

Non-restricted equity

The Balance Sheet profit is made up of previous years' unrestricted equity after any dividend has been paid. The Balance Sheet result makes up, together with the profit/loss for the year, unrestricted equity, i.e. the amount that is available for distribution to shareholders.

RESULT PER SHARE

Calculation of result per share has been based on the year's result in the Group, referral to the parent company's shareholders, amounting to SEK 23.0 million (7.5) and weighted average number of shares during 2012 amounting to 4,932,517 (4,932,517), which are calculated in accordance with IAS 33. No dilution has taken place.

INTEREST-BEARING LIABILITIES

	The Group			
	Long term		Short term	
Interest-bearing liabilities	2012	2011	2012	2011
Bank loans	41.3	52.4	0.0	0.0
Bank advances	-	-	42.3	75.5
Financial leasing liabilities	1.9	3.0	2.6	2.6
	43.2	55.4	44.9	78.1

The parent company's liabilities to credit institutions consist of bank loans, including SEK 17.4 million (17.5) committed credit line. SEK 0.2 million (0.8) of the bank loan will fall due for payment later than five years after the accounting year-end.

All loans, apart from the committed credit line, are regarded as being long-term. This is because they build on an original lifetime longer than 12 months, the intention is to refinance them in the long term, and issue promissory notes if such refinancing exists.

The agreement with lenders contains key figures that the company must achieve, see note 19.

As security for bank loans and committed credit lines, accounts receivable worth SEK 91.4 million (101.4) have been mortgaged.

Interest-bearing liabilities per currency	Group		Parent company	
	2012	2011	2012	2011
SEK	66.3	107.4	33.7	43.3
EUR	18.3	22.6	0.0	0.0
DKK	2.1	1.8	0.0	0.0
NOK	0.2	0.3	0.0	0.0
GBP	1.2	1.4	0.0	0.0
USD	0.0	0.0	0.0	0.0
	88.1	133.5	33.7	43.3

Financial leasing liabilities, due date	The Group	
	2012	2011
Within one year	2.6	2.6
Between one and five years	1.9	3.0
Longer than five years	0.0	0.0
	4.5	5.6

The Group's financial leasing charges amounted during the year to SEK 1.0 million (1.4).

Currency	Calculated net inflow, MSEK	Hedged share (percent)	Average forward rate
EUR	102	53	8.63 SEK/EUR
DKK	31	56	1.15 SEK/DKK
NOK	17	54	1.16 SEK/NOK
GBP	12	53	10.57 SEK/GBP
Total		54	

The translation exposure related to the Group's foreign sales companies, which consists of the companies' equity and liabilities to the parent company, are marginal.

Changes in the exchange rates influence the pre-tax result, through unsecured flows, as follows

EUR	Change +/- 5%	+/- 5 MSEK
EUR	Change +/- 5%	+/- 2 MSEK
EUR	Change +/- 5%	+/- 1 MSEK
EUR	Change +/- 5%	+/- 1 MSEK

Interest risk

The interest risk that occurs when the market interest rate varies over time is limited by including interest swaps with the intention of changing the underlying net liability's interest structure. There are interest swaps related to 93 percent (74) of the long-term interest-bearing liabilities. In the annual accounts, the hedging accounting is applied when an effective link is found between a secured loan and an interest swap. The table below shows the time of the interest binding and the interest rates for the Group's long-term liabilities.

Interest binding years	Long-term interest-bearing liabilities, MSEK	Interest rates (percent)
1 Jan – 30 Jun 2013	1.9	3.9
1 Jul – 31 Dec 2013	1.3	3.4
2014	0.0	-
2015	0.0	-
2016 –	40.0	3.5

Of the above, SEK 16.2 million of the parent company's interest-bearing liabilities at an average interest rate of 3.5 percent.

If the interest level during 2013 rises in relation to 2012 by one percentage point, it would charge the interest costs of the long-term liabilities with 0.0 MSEK.

Market risks

Market risks consist primarily of falling demand and changes to raw material prices. ProfilGruppen's production is characterised by a large share of fixed costs as the company is to a great degree dependent on volumes. Therefore, small variations in demand make a relatively large impact on results. Aluminium prices have, historically, shown great variation. The price risk that exists is minimised by including raw material clauses in customer contracts. The raw material policy means that raw materials are mainly purchased in proportion to the customer orders in hand. Raw material purchases for periods longer than six months are made on the basis of firm orders from customers. Raw materials are purchased in SEK and EURO. Follow-up and checks take place through a raw material committee comprising representatives from the purchasing, finance and market organisations at management level.

Credit risks

Customer credits in ProfilGruppen must be handled in accordance with the Group's credit policy. Senior management is responsible for the credit policy being familiar to all people involved in the sales process, and its adaptation when required.

After having carried out credit rating, credit sales can be permitted according to the policy's decision level, in which all credits greater than SEK 1,000 thousand require approval by the CFO and CEO together. With regard to the credit standing of the company's customers, see the following diagram.

18 PREPAID AND ACCRUED COSTS AND INCOME

Prepaid expenses and accrued income	Group		Parent company	
	2012	2011	2012	2011
Pre-paid wages	0.6	1.8	0.0	0.0
Other prepaid expenses	2.8	4.3	0.0	0.1
	3.4	6.1	0.0	0.1

Accrued expenses and prepaid income	Group		Parent company	
	2012	2011	2012	2011
Holiday pay and other personnel related	36.4	44.1	0.6	1.5
Accrued directors' fees	0.6	0.8	0.6	0.8
Miscellaneous	9.4	7.2	1.3	1.8
	46.4	52.1	2.5	4.1

19 FINANCIAL INSTRUMENTS

The Group's main financial liabilities consist of bank loans, committed credit lines, accounts payable and financial leasing. The purpose of these financial instruments is to finance the Group's activities. The Group has financial assets which are accounts payable and liquid assets that the activities have generated. The Group's financial instruments also include interest swaps and forward transactions that are entered into.

The activities of the Group expose it to various types of financial risk. Financial risks also include fluctuations in the company's results and cash flow as a result of changes in exchange rates, interest levels, raw material prices, refinancing and credit risks.

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

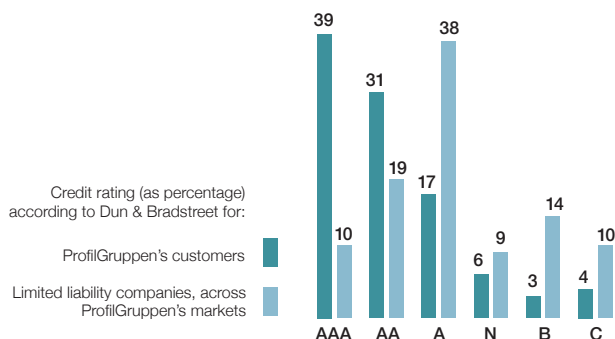
Currency risks

Currency risks occur primarily when the Group sells its products for export. Sales in foreign currency amount to around half of total sales income. Most export sales are in EUR, but as raw materials are partly bought in EUR the exposure is reduced significantly.

At ProfilGruppen, contracted and forecast flows of currency for a period of six to twelve months will be hedged by forward transactions. Forward contracts are hedged and during the year no (no) amounts for inefficient hedging have been reported in the Profit and Loss Statement. The effects of the forward contracts in the Profit and Loss Statement can be found on the income rows at SEK 3.4 million (5.4) and financial expenses at SEK 0.5 million (0.5).

Receivables in foreign currency amounted as at 31 December to SEK 31.0 million (37.6) and liabilities in foreign currency to SEK 35.1 million (59.8). Of the liabilities in foreign currency, SEK 21.8 million (26.1) is interest-bearing, see note 17.

The transaction exposure below builds on an estimated payment surplus for the next 12 months from 31 December 2012.



The maximum exposure to credit risks as at 31 December 2012 amounts to SEK 97.3 million (123.3). The largest individual receivable amounts to 8 percent (6) of total credit risk. The credit risk is broken down as shown by the following table.

Concentration of credit risk per 2012-12-31	Number of customers	Percent of number of customers
Exposure < 1.0 MSEK	317	93%
Exposure 1.0–5.0 MSEK	21	6%
Exposure > 5 MSEK	2	1%
	340	100%

Of the total accounts receivable 4.5 percent (2.6) are overdue receivables. 3.5 percent (1.8) are overdue 30 days or less, while 1.0 percent (0.8) have been overdue for more than 30 days.

Liquidity risks

No significant liquidity risks are found in the company's financial instruments. Apart from the Group's liquid assets, at accounting year-end there were unused credit facilities of SEK 103.5 million (66.1).

For interest-bearing liabilities' due dates, see note 17. The agreement with lenders contains key figures that the company must achieve. During 2012 these were met every quarter.

Reported and actual value of financial instruments

Class	The Group				Category
	Reported value		Actual value		
	2012	2011	2012	2011	
Financial assets	2.2	0.2	2.2	0.2	Loan receivables and accountsreceivable
Accounts receivable	95.8	103.7	95.8	103.7	Loan receivables and accountsreceivable
Accrued income	0.0	0.0	0.0	0.0	Loan receivables and accountsreceivable
Other receivables	8.3	30.3	8.3	30.3	Loan receivables and accountsreceivable
of which forward contracts	0.8	2.3	0.8	2.3	Assets at actual value via the profit/loss
Liquid assets	1.7	1.9	1.7	1.9	Financial assets that can be sold
Interest-bearing liabilities	88.1	133.5	88.1	133.5	Other financial liabilities
Accounts payable	77.3	102.4	77.3	102.4	Other financial liabilities
Accrued costs	46.4	52.1	46.4	52.1	Other financial liabilities
Other liabilities	9.3	8.4	9.3	8.4	Other financial liabilities
of which forward contracts	0.4	0.2	0.4	0.2	liabilities at real value via the results
interest swaps	2.9	2.7	2.9	2.7	Liabilities at actual value via profit/loss

Class	Parent company				Category
	Reported value		Actual value		
	2012	2011	2012	2011	
Accrued income	0.0	0.0	0.0	0.0	Loan receivables and accounts receivable
Liquid assets	0.4	0.4	0.4	0.4	Financial assets that can be sold
Interest-bearing liabilities	33.7	43.3	33.7	43.3	Other financial liabilities
Accrued costs	2.5	4.1	2.5	4.1	Other financial liabilities
Other liabilities	1.1	0.0	1.1	0.0	Other financial liabilities

No re-classifications between categories has taken place during the year.

Forward contracts are valued at the current observable market prices at accounting year-end, i.e. in agreement with level 2 in accordance with IFRS 7.

In order to fix the rate for interest swaps, assessment models or techniques are used for discounted cash flows. The discount rate that is used is a market-based rate on similar instruments as at accounting year-end. The value is therefore in accordance with level 2, pursuant to IFRS 7.

Capital management

The primary goal of the Group's capital management is to retain a high credit rating and well-balanced capital structure. In order to retain or change the capital structure, the Group can adjust dividend to the shareholders, return capital to shareholders or carry out new capital issues.

The goal for the capital structure is to have a net debt exposure ratio of 0.75-1.00 in average over a business cycle. The net debt exposure ratio is defined as interest-bearing liabilities and allocations reduced by liquid assets in relation to equity. The equity ratio amounted to 0.55 percent (0.89) at year-end.

	The Group	
	2012	2011
Interest-bearing liabilities	88.1	133.5
Interest-bearing allocations	13.4	12.5
Liquid assets	-1.7	-1.9
Total net liabilities	99.8	144.1
Equity	182.7	161.4
Equity reserves	1.9	0.3
Equity to manage	184.6	161.7
Total capital to manage	284.4	305.8
Net debt exposure ratio	0.55	0.89

PLEGDED ASSETS AND CONTINGENT LIABILITIES

	The Group		Parent company	
	2012	2011	2012	2011
Assets pledged for own liabilities with credit institutions				
Property mortgage	84.8	84.8	78.6	78.6
Floating charges	174.0	174.0	0.0	0.0
Pledged accounts receivable	91.4	101.4	0.0	0.0
Shares in subsidiaries	207.7	195.9	108.8	108.8
Contingent liabilities				
Sureties given benefiting Group companies	-	-	36.0	37.4
Sureties given benefiting other companies	0.7	0.7	0.0	0.0
Guarantee commitments FPG/PRi	0.2	0.2	0.0	0.0

Company	Corp.Reg. no.	Number of shares	Share, percent	Equity	Reported value 2012
Subsidiary					
Bergströms Utveckling AB	556568-6440	1 000	100	0.1	0.1
ProfilGruppen Extrusions AB	556206-5119	940,000	100	117.5	108.7
ProfilGruppen Manufacturing AB	556262-3990	1 000	100	1.8	0.1
					108.9

Sub-subsidiary companies**Subsidiary to Bergströms Utveckling AB**

ProfilGruppen Components AB	556248-8949	1 000	100
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Subsidiary to ProfilGruppen Extrusions AB

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

The Boards of all the Swedish companies, including the parent company, have their registered office in the municipality of Uppvidinge. There have been no ownership changes during the year. Bergströms Utveckling AB and ProfilGruppen Components AB are, at year-end, dormant.

There are no other liquid assets than cash and bank deposits, so the definition of liquid assets in the Cash Flow Statement and Balance Sheet is identical.

Adjustment for items that are not included in the cash flow	Group		Parent company	
	2012	2011	2012	2011
Depreciation and amortisations of assets	28.1	30.9	3.3	4.6
Sales results for sales of fixed assets	0.0	0.2	0.0	0.0
Unrealised exchange rate differences	-0.3	-0.6	0.0	0.0
Allocations for pensions	0.8	1.1	0.0	0.0
Other non-liquidity affection P/L items	0.2	-6.2	0.3	-2.2
	28.8	25.4	3.6	2.4
Investment in tangible fixed assets				
Capitalised on the Balance Sheet	13.2	31.2	0.0	5.3
Acquired through financial leases	0.0	0.0	0.0	0.0
Non-paid	-1.0	-2.6	0.0	-0.4
Investment from previous years, paid this year	2.6	0.9	0.3	0.0
	14.8	29.5	0.3	4.9
Exchange rate differences in liquid assets				
Exchange rate gains (+)/losses (-) in opening liquid assets	-0.5	0.0	0.0	0.0
Exchange profits (+)/losses (-) in changes in liquid assets	0.0	-0.1	0.0	0.0
	-0.5	-0.1	0.0	0.0

The sale of business that took place during the year amounted to a total of SEK 10.0 million in cash flow, as payment for both fixed and current assets.

RELATED COMPANY RELATIONS AND TRANSACTIONS

The parent company has close relations that include a controlling influence over its subsidiaries, see note 21. For liabilities and receivables for subsidiaries, see the parent company's Balance Sheet. The parent company's earnings consists of earnings for services and rental, 99.6 percent of which comes from subsidiaries. These rentals are set at market levels.

Of the votes in ProfilGruppen AB the Board member Bengt Stillström controls 26.4 percent (not a Board member in 2011) and Mats Egeholm 10.4 percent (10.3). The other Board members together control 0.1 percent (0.3) of the votes. In addition, a deputy Board member holds 0.7 percent (0.7) of the votes. Senior management members together control 0.6 percent (0.1) of the votes of ProfilGruppen AB.

For salaries and other remuneration, as well as costs and commitments for pensions and similar benefits for the Board, CEO and other members of senior management, see note 4.

The undersigned affirm that the consolidated and annual accounts have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU, the respective generally accepted accounting standards, and therefore they give a true and fair representation of the Group and company's financial position and

results. In addition, the consolidated management report and the management report give a true and fair representation of the development of the Group's and company's business, position, and results, as well as describing significant risks and uncertainty factors that the Group companies are facing.

ÅSEDA 5 MARCH 2013

Eva Färnstrand
Chairman of the Board

Mats Egeholm
Board member

Ulf Näslund
Board member
Appointed by the employees

Susanna Hilleskog
Board member

Bengt Stillström
Board member

Anders Frisinger
CEO

Kurt Nilsson
Board member
Appointed by the employees

Thomas Widstrand
Board member

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 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 22-43.

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 2012 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 2012 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 2012.

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 7 MARCH 2013

Ernst & Young AB



Kerstin Mouchard, Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

for ProfilGruppen 2012

ProfilGruppen is a Swedish public limited company with shares listed on the Stockholm Stock Exchange and is in the Small Cap listing. Corporate governance in ProfilGruppen is therefore based on the Swedish Code of Corporate Governance, the Swedish Companies Act, the Swedish Annual Accounts Act, the regulations of the Stockholm Stock Exchange, the Articles of Association, the adopted formal rules of procedure and other applicable laws and regulations.

DEVIATION FROM THE SWEDISH CODE OF CORPORATE GOVERNANCE

There were no deviations in 2012.

ANNUAL GENERAL MEETING 2012

At ProfilGruppen's Annual General Meeting on 29 March 2012, the participating shareholders, either in person or through an agent, represented 52.1% of the total number of votes in the company. The acting CEO and corporate management group, the company's auditors and the Board of Directors were all also present at the meeting. Chairman of the Board Eva Färnstrand was elected as the meeting Chair. The meeting minutes are available on the company's website. There was also a re-election of Eva Färnstrand, Mats Egeholm and Susanna Hilleskog, plus a new election of Bengt Stillström and Thomas Widstrand as members of the Board.

ANNUAL GENERAL MEETING 2013

The Annual General Meeting will be held on 11 April 2013 at Folkets Hus in Åseda. Shareholders wishing to submit proposals for the Nomination Committee can contact the Nomination Committee via e-mail at: valberedningen@profilgruppen.se or by mail to: Valberedningen, ProfilGruppen AB, Box 36, SE-364 21 Åseda. Shareholders wishing to have a matter addressed at the Annual General Meeting can submit proposals to ProfilGruppen's Board Chairman at the above address. In order to be included in the summons and AGM agenda, a proposal must be received by the Board and Nomination Committee by 15 February 2013 at the latest.

NOMINATIONS PRIOR TO ANNUAL GENERAL MEETING 2013

The Annual General Meeting for 2012 determined, in respect of the Nomination Committee, to appoint Lars Johansson, Eva Färnstrand, Gunnel Smedstad, Torgny Prior and Carl Östring, with Lars Johansson as Chairman. Following the AGM, Torgny Prior left the Nomination Committee, and the committee did not find that it was necessary to appoint a successor.

The Nomination Committee in 2013 is composed of:

Agent	Owner	Share of voting power as at 31.01.2013
Carl Östring	Ringvägen Venture AB	26.4%
Lars Johansson	Lars Johansson	14.4%
Gunnel Smedstad	Gunnel Smedstad	0.0%
Eva Färnstrand, Board Chairman, ProfilGruppen		

Since the appointment of the Nomination Committee, there have been five meetings. In addition, they have had continuous contact with each other and interviews with Board members and proposed members. The Nomination Committee receives no remuneration.

The Nomination Committee follows the regulations applicable to Board Members' independence, in accordance with the Swedish Code of Corporate Governance.

BOARD OF DIRECTORS

ProfilGruppen's Board of Directors shall consist of a minimum of 3 and a maximum of 7 elected members plus a maximum of 3 deputies. At the 2012 Annual General Meeting, it was determined that the number of Board members should be five, with no deputies. In addition, the Board has two members with two deputies as appointed by the employees. A presentation of the Board is on page 47 of the Annual Report.

REMUNERATION TO THE BOARD

According to the AGM resolution, the fee to the Board members from now until the next Annual General Meeting is a total of TSEK 750 (1,134), including auditor's fees. Only the elected Board members receive a fee, distributed as below.

Member	Role on the Board	Fee
Eva Färnstrand	Chairman	250,000
Mats Egeholm	Member	125,000
Bengt Stillström	Member	125,000
Susanna Hilleskog	Member	125,000
Thomas Widstrand	Member	125,000
Fees total		750,000

In addition to this, the Chairman of the Board has received SEK 210,000 for services over and above the Board assignment.

WORK OF THE BOARD OF DIRECTORS

In conjunction with the Board of Directors being elected by the General Meeting, the Board holds inaugural meetings. Members are then elected to the Board committee and the Rules of Procedure for the coming year are decided. The Board's assignment for the CEO is drawn up in instructions from the CEO.

Since the 2012 Annual General Meeting, the Board has convened

on nine occasions. Attendance can be seen in the table on the right. The main issues in these meetings are stated in the rules of procedure, and over the year, the following has been dealt with:

March	inaugural meeting
May	interim report, follow-up of investments and market conditions
June, extra meeting	business conditions and structural issues
July	Q2 interim report, forecast and structural issues
August	strategy review and structural issues
September	action programme, full-year forecast
October	Q3 interim report, evaluation of the work of the Board, structural issues, report from Remuneration Committee
December, extra meeting	establishing budget, action programme and investments
March 2013	annual financial statements, press release, annual report, report from the Board's committees and auditor's examination

Recurring items on the Board's agenda have been measures to improve the company's profitability, as well as an ongoing dispute which was resolved in autumn to the benefit of ProfilGruppen. The company CEO and the CFO, who is the Board's secretary, are both present at the meetings.

Members of the Board receive monthly management reports which highlight the company's ongoing financial and operative development. There is a routine for annual evaluation of the work of the Board of Directors. The evaluation partly forms the basis of a management plan for improvements, and partly as one of several documents for the work of the Nomination Committee.

REMUNERATION COMMITTEE

Guidelines for remuneration to senior management are established by the Annual General Meeting. The job of the Remuneration Committee is to create proposals for these guidelines and to establish the levels of remuneration for senior management. Questions concerning the CEO's other conditions of employment are prepared by the Remuneration Committee and are determined by the Board. The conditions are reviewed annually. The Committee also prepares matters concerning skills provision for the Board.

Remuneration to senior management in 2012 consisted of a fixed and a variable amount. The size of the variable remuneration is connected to the Group's earnings after financial items and defined personal objectives; for 2012, variable remuneration amounted to TSEK 107.

The Committee consisted of Eva Färnstrand, Chair, Thomas Widstrand and Susanna Hilleskog. The CEO and staff manager are invited to participate in the meetings where possible. Minutes are taken of all meetings and copies provided to the Board.

AUDIT COMMITTEE

The Audit Committee's task is to prepare the Board's work in ensuring the quality of its financial reporting, liaise with auditors, examine the accounts and ensure that the company has an adequate system of internal controls and matters related thereto. Over the year, the Committee has had three meetings; the auditors participated in all meetings, either fully or in part. The external auditors' efforts have been evaluated and the committee has given the recommendation to the Nomination Committee prior to the election of auditors at the Annual General Meeting 2013. Over the year, the Audit Committee consisted of Mats Egeholm, Chair, Bengt Stillström and Eva Färnstrand. As management representa-

tives, the CEO, CFO and Financial Manager participated in the Committee meeting. Minutes are taken of all meetings and copies provided to the Board.

Presence and number of meetings for the Board members

Board	Board meetings	Audit Committee	Remuneration Committee
Eva Färnstrand	9	3	3
Mats Egeholm	9	3	-
Susanna Hilleskog	8	-	3
Bengt Stillström	9	3	-
Thomas Widstrand	9	-	3
Ulf Näslund ¹	9	-	-
Kurt Nilsson ¹	9	-	-
Tage Johansson ²	9	-	-
Emelie Bergström ²	7	-	-
Total number of meetings since 2012 AGM	9	3	3

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

CEO AND GROUP MANAGEMENT

In ProfilGruppen, the Group management consists of the CEO and currently six operational managers. The Group management is responsible for planning, running and following up on daily business operations. The entire management team is presented on page 48. The CEO manages business operations in accordance with the framework established by the Board, including via work instructions. The CEO is responsible for keeping the Board informed about the business and ensuring that the Board has the necessary decision-making information. The company's CFO Peter Schön was acting CEO until July when Anders Frisinger joined.

The Group management holds regular management meetings. These meetings focus on the Group's strategic and operational development along with a follow-up of results.

AUDITORS

At the 2007 Annual General Meeting, Ernst & Young were chosen to be the auditors, for an initial period of four years. Kerstin Mouchard, born 1952, was also nominated as chief auditor. She is an authorised public accountant and auditor for the Konecrane Group's Swedish company and for Sulzer Pump Solution AB.

In order to review the Board's management of the company and meet the Board's information needs, the auditors attended four meetings, one with the Board and three with the Audit Committee since the 2012 Annual General Meeting. Besides auditing and consultation on audit and tax issues, the auditors have no other tasks within the ProfilGruppen Group. Details of auditor's fees can be found in Note 5.

REPORT FROM THE BOARD OF DIRECTORS ON INTERNAL ACCOUNTING CONTROL FOR 2012

The Board is responsible for the company having satisfactory internal accounting control. The responsibility of maintaining an effective control environment and the ongoing work with internal accounting control and risk management is delegated to Group management. The five principal activities in ProfilGruppen's work on internal accounting control are creating a control environment, risk assessment, control activities, information and communication along with follow-ups.

CONTROL ENVIRONMENT

A key part of the Board's work is to create a relevant and effective control environment. The Board's rules of procedure and instructions for its committee plus the company's CEO aims to ensure a clear division of roles and responsibilities to create efficient management of the company's risks. The Board has also created a number of governing documents which are key to the internal accounting control. Examples of these documents are:

- Policies for credit granting, purchase of raw materials, financing, hedging, compensation and information safety.
- A Group-wide accounting and reporting manual.
- Authorisation instructions, including decisions for investments, to be known by all involved.
- Balanced control board, containing financial and operational objectives.

The Board evaluates the business' performance and earnings through monthly reports from management, where financial results and important key figures are followed-up against objectives.

ProfilGruppen has a simple legal and operational structure, which simplifies the clarification of division of responsibilities, and permits prompt action in the event of a change in situation. All decisions concerning, for example, general strategy, acquisition, large investments and general financial issues are prepared by company management and determined by the Board.

RISK ASSESSMENT

The company CFO is responsible for the annual assessment of risks in the financial reporting as presented to the Board's Audit Committee. A more detailed description of the assessment and management of the most significant risks for ProfilGruppen is given in pages 18–19.

CONTROL ACTIVITIES

The primary means of control are the detailed financial follow-up reports done each month. The work on this includes analyses of deviations from set objectives and budgets, amongst other items. In addition to these general quality controls, there are also daily controls of approvals, IT system authorisation, etc.

INFORMATION AND COMMUNICATION

The control documentation is disseminated through the intranet, internal meetings and other channels.

There are guidelines for external communication to ensure that ProfilGruppen lives up to the high requirements governing the provision of correct information to the financial market.

FOLLOW-UP

The Audit Committee is tasked with evaluating how the company's internal accounting control system functions and remaining familiar with the essential values and judgements which form the basis for the financial reports. The company's CFO is responsible for the ongoing follow-up of the internal accounting control and reports to the Board's Audit Committee. Many of the governing documents and systems within ProfilGruppen are part of the company's general quality system, and follow-up to ensure compliance is done through audits of the internal quality department. Financial control is carried out by the company's financial department.

The Audit Committee holds discussions, at least once per year, with the external auditors with regard to how they feel the company's internal controls are functioning. Auditors report their observations with ongoing reviews as well as a final audit of the Q3 interim report and annual accounts to the Audit Committee. Against this background, the Board has determined that there is no current requirement for a separate internal audit or review function.

*Åseda, 5 March 2013
Board of Directors at ProfilGruppen AB*

BOARD OF DIRECTORS



1. Ulf Näslund¹

Born 1952
Employee of ProfilGruppen since 1990
Appointed by the employees
Board Member since 2006
Shareholding in ProfilGruppen: 0

2. Susanna Hilleskog³

Born 1963
Graduate Business Administrator
Responsible for the Nordic operations of Trelleborg Wheel Systems, a business segment within the Trelleborg Group
Board Member since 2009
Other Board assignments: Board Member in Trelleborg Savsjo AB and in Svensk Däckåtervinning AB
Shareholding in ProfilGruppen: 500

3. Tage Johansson¹

Born 1951
Employee of ProfilGruppen since 1981
Appointed by the employees
Deputy since 2001
Shareholding in ProfilGruppen: 32,958

4. Eva Färnstrand³

Born 1951
Chairman
Master of Engineering
Former Mill Manager at Södra Cell Mönsterås, CEO of Tidningstryckarna AB and member of senior management at SCA
Board Member since 2008
Other Board assignments: Chairman of Infranord AB, Member of Indutrade AB and Sveaskog AB
Other assignments: Member of The Royal Swedish Academy of Engineering Sciences, IVA
Shareholding in ProfilGruppen: 6,636

5. Bengt Stillström²

Born 1943
Master of Engineering
Former CEO and Founder of AB Traction, current Board Member in the same company
Other assignments/general positions: Chairman of Switch-Core AB, Member of Empire AB, Hifab Group AB, Nättidningen Source AB, Ringvägen Venture AB, Feelgood AB, Sign Trace AB, Zitiz AB and Institutet för Företagsrekonstruktion.
Shareholding in ProfilGruppen: 1,303,604

6. Thomas Widstrand³

Born 1957
Graduate Business Administrator
CEO and Group Manager of Troax Group AB, Hillerstorp
Board Member since 2012
Other assignments/positions: Board Member of Bellman & Symfon AB
Shareholding in ProfilGruppen: 0

7. Kurt Nilsson¹

Born 1956
Employee of ProfilGruppen since 1981
Appointed by the employees
Board Member since 2006
Shareholding in ProfilGruppen: 0

8. Emelie Bergström¹

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

9. Mats Egeholm²

Born 1945
Graduate Business Administrator
Former Financial Manager of ProfilGruppen (1980–2004)
Board Member since 2010
Other Board assignments: Chairman of Veg Tech AB (publ)
Other assignments: CEO of Östers Support AB (publ)
Shareholding in ProfilGruppen: 510,361

1) The member is, in accordance with the Swedish Code of Corporate Governance, to be considered dependent in relation to company and its management.

2) The member is one of its major shareholders.

3) Independent in relation to the company and its management, as in relation to the company's key shareholders. Shareholding includes any indirect holdings via companies or affiliates.

GROUP MANAGEMENT



1. Peter Schön

CFO and acting Marketing and Sales Manager
Born 1969
Employee since 2006
Shareholding in ProfilGruppen: 1,300

2. Johan Anicic

Export Manager
Born 1966
Employee since 2010
Shareholding in ProfilGruppen: 500

3. Anders Frisinger

CEO and Group Manager
Born 1957
Employee since 2012
Shareholding in ProfilGruppen: 24,376

4. Ulrika Svensson

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

5. Samuel Sandkvist

Production Director
Born 1962
Employee since 2011
Shareholding in ProfilGruppen: 1,500

6. Anders Månsson

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

7. Andreas Helmersson

Technical Sales Manager
Born 1972
Employee since 2001
Shareholding in ProfilGruppen: 0

FINANCIAL TERMS

Share of risk-bearing capital	Equity and deferred tax as a percentage of total capital employed
Return on equity	Profit/loss for the year as a percentage of average equity
Return on capital employed	Earnings after financial items plus financial expenses as a percentage of average direct capital employed
Total capital employed	Value of all assets, such as property, machinery and equipment, inventories, trade debtors and liquid assets
Yield	Dividend as a percentage of share price at year end
Capital turnover rate	Income divided by the average amount of direct capital employed
Cash flow from current operations	Cash flow from daily operations, i.e. excluding funding and investments
Cash flow per share	Cash flow from current operations divided by the average number of shares
Liquidity reserve	Cash and bank balances plus unutilised bank loan facilities at the end of the period
Net debt	Interest-bearing liabilities and interest-bearing appropriations (appropriations to pensions) reduced by the amount of liquid assets
Net debt equity ratio	Net debt divided by equity
P/E ratio	Share price at year end divided by earnings per share
Earnings before depreciation	Operating profit with additions for depreciation according to plan, plus write-downs
Earnings per share	Profit/loss for the year divided by the average number of shares
Profit margin	Earnings after financial items as a percentage of income
Interest coverage ratio	Earnings after financial items plus financial expenses divided by financial expenses
Operating margin	Operating profit as a percentage of income
Debt/equity ratio	Equity as a percentage of total capital employed
Spread	States the difference between the share's bid/asked price in relation to the average of the bid/asked price
Direct capital employed	Total capital employed minus non-interest-bearing liabilities and deferred tax
Dividend payout ratio	Dividend as a percentage of profit/loss for the year

GLOSSARY

Alutin	The trademark for the anodising surface treatment which also provides a conductive and decorative surface layer.
Anodising	Electrolytic surface treatment process which provides an insulating and decorative surface.
Processing	General term for different processes which refine the aluminium profile, such as bending, milling or surface treatment.
Extruding	See Extrusion
Refining	See Processing
Extrusion	Manufacturing profiles by pressing an aluminium ingot through a specific tool.

FINANCIAL CALENDAR

Annual General Meeting 2013	11 April 2013
Interim report, first quarter	24 April 2013
Interim report, second quarter	19 July 2013
Interim report, third quarter	25 October 2013
Year-end report 2013	February 2014

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OTHER INFORMATION

Current information is always available on the website:
www.profilgruppen.com
The website is also available in Swedish:
www.profilgruppen.se

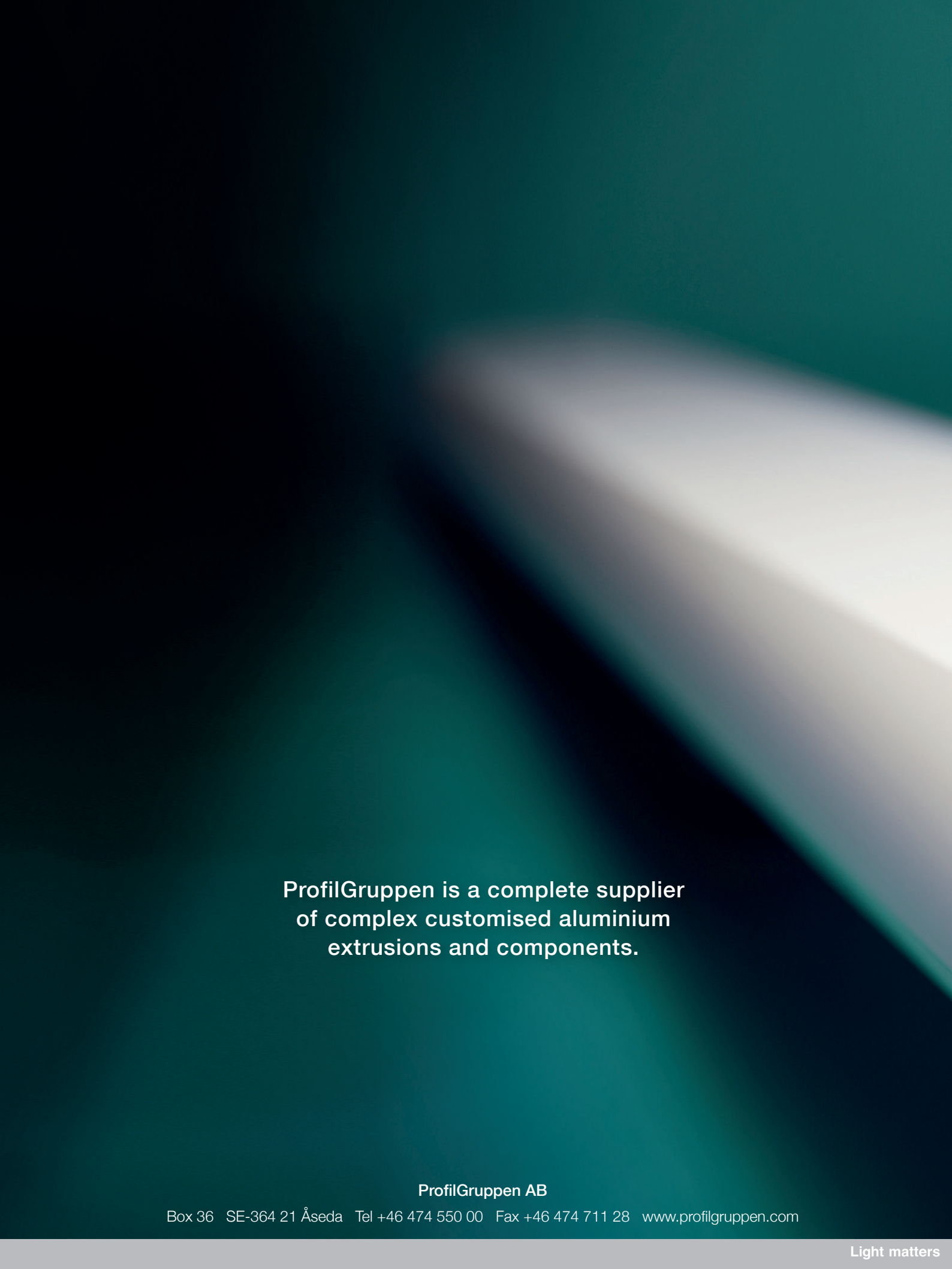
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The annual report can be ordered from ProfilGruppen's website.

FACTS ABOUT ALUMINIUM

Aluminium is a full-circle metal that can be recycled repeatedly without any effect on the material's properties. However, bauxite, a main raw ingredient in the production of aluminium, is created quickly in the earth's crust. Aluminium is therefore well suited to recycling.

The energy usage in recycling is a saving of up to 95% on what is used in primary production, whilst there is a high recycling rate. The low weight of the material, coupled with its strength, creates lightweight designs and therefore reduced energy usage during transport. With increased environmental requirements and life cycle analyses, aluminium often comes out on top as the winning choice.



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

ProfilGruppen AB

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Light matters