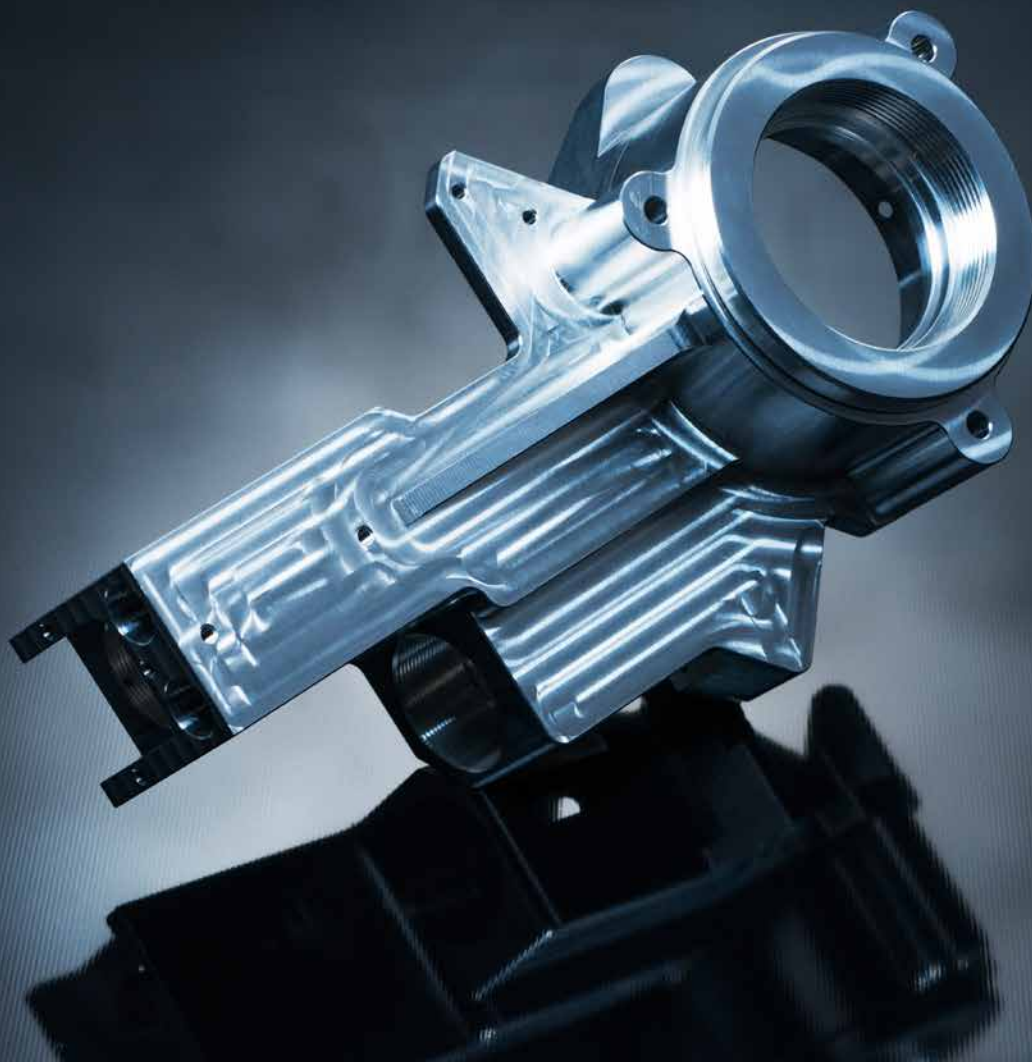




# Annual Report 2014





# Active ownership in niche engineering companies

## XANO in brief

### *BUSINESS CONCEPT*

XANO will develop, acquire and operate manufacturing businesses with unique or market-leading products and systems with related services.

XANO will own niche engineering companies that have industries in northern Europe as their principal markets. XANO will generate value for shareholders by exercising both active ownership and management by objectives.

*XANO consists of engineering companies in Sweden, Norway, Estonia, Finland, Poland and China. These companies provide manufacturing and development services for industrial products and automation equipment. They operate within well-defined niches and possess a high level of expertise within their respective technical fields. Each unit is anchored locally and developed according to its own potential. At the same time, the Group affinity creates economies of scale for the companies and their customers.*



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# 2014 in brief

## The full year (continuing operations)

Net revenue, SEK m	<b>974</b>	(989)
Profit after tax, SEK m	<b>40</b>	(55)
Earnings per share, SEK	<b>5.85</b>	(8.00)

## Important events

*Following a decision taken at the AGM on 8 May 2014, the Precision Components business unit has been spun off from XANO to form an independent group of companies. The parent company of the new Group, AGES Industri AB, is now listed on NASDAQ OMX First North Premier. The spin-off of Precision Components, which used to account for around half of all operations, is having a considerable effect on the Group's profits and financial position.*

*On 1 July 2014, former Deputy CEO Lennart Persson took over as CEO. He succeeded Sune Lantz, who has taken on a number of board positions, including at XANO.*

## Continuing operations

### Q1

Improvements in profitability within the Precision Technology and Rotational Moulding business units provided a generally stronger operating margin than that seen in the first quarter of 2013. However, a substantial fall in volumes within the Industrial Solutions business unit led to lower revenue for continuing operations than in the previous year.

### Q2

Revenue in the second quarter was on a par with the previous year, but in terms of profit the very strong figures achieved in the comparison period were not matched. The main reason for the difference in profit was the lower number of deliveries to the packaging industry.

### Q3

The second half of the year began with a somewhat slow order intake, with a generally cautious market. During the third quarter, revenue was on a par with that of the corresponding period in the previous year, while operating profit improved slightly.

### Q4

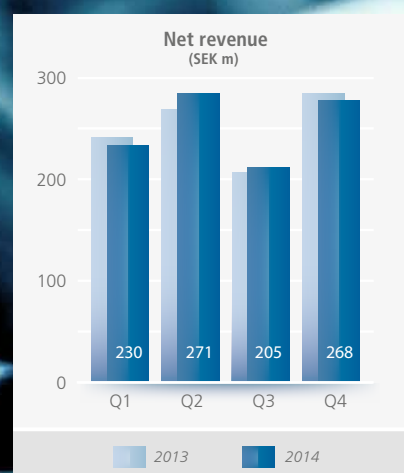
The Group's reported performance was somewhat below expectations during the final quarter. However, the level of incoming orders for the project-related sale to the packaging industry was very healthy.

## The full year

The two business units Precision Technology and Rotational Moulding progressed well. Despite a cautious market, the companies strengthened their positions and took a number of important steps to ensure continued profitable growth. The only exception was Rotational Moulding's operations in Poland, which reported a poor profit. Compared to the robust previous year, Industrial Solutions experienced a challenging period. The business climate was difficult for some of the business unit's major customers and sales volumes to the packaging industry did not reach the same levels as in the previous year. Measures have been put in place to adjust the costs, and these will start to take effect from the turn of the year.

Key figures in brief		2014	2013
Net revenue <sup>1)</sup>	SEK m	974	989
Operating profit <sup>1)</sup>	SEK m	65	85
Profit after financial items <sup>1)</sup>	SEK m	52	72
Investments in non-current assets (excl. corporate transactions) <sup>1)</sup>	SEK m	49	38
Gross margin <sup>1)</sup>	%	20.6	21.8
Operating margin <sup>1)</sup>	%	6.7	8.6
Profit margin <sup>1)</sup>	%	5.3	7.2
Capital employed	SEK m	668	1,220
Equity	SEK m	349	643
Balance sheet total	SEK m	879	1,557
Return on equity	%	12.5	19.8
Return on capital employed	%	10.5	14.7
Return on total capital	%	8.0	11.2
Equity/assets ratio	%	40	41
Proportion of risk-bearing capital	%	44	47
Interest coverage ratio	multiple	4.9	6.4
Average number of employees <sup>1)</sup>		675	664

<sup>1)</sup> Refers to continuing operations For definitions, see page 70.



## Spin-off operations

### Precision Components (AGES Group)

At the start of 2014, the Precision Components business unit comprised the parent company XANO Teknik AB (renamed AGES Industri AB in February) and the subsidiaries ITB Teknik AB, Segerströms i Falkenberg AB, Värnamo Industri AB and ÅGES Metallgjuteri AB. Operations consisted of casting, processing and assembly of qualified precision components in high-volume production runs with the majority of sales being made to the automotive industry. In April 2014, Solna Pressgjuteri AB and ADC of Sweden were acquired; both companies are system suppliers of fine die cast products made from aluminium. The acquisition brought additional expertise and access to new market segments to existing operations within die casting.

On 8 May 2014, the Annual General Meeting decided to allocate shares in the subsidiary AGES Industri AB to sharehold-

ers in XANO. The background behind this allocation is that the conditions for continued growth and profitability were thought to be better if the XANO Group's operations were split up and run as two separate entities. In the opinion of the Board, the spin-off will also bring the shareholders long-term added value.

Precision Components		2014 4 mths	2013 12 mths
Net revenue	SEK m	245	608
Operating profit	SEK m	27	79
Operating margin	%	10.8	13.0
Average number of employees		118	334

*The results of the business unit set out above are included in the statements for the Group as a whole. The companies were included as part of the Group up to and including 30 April 2014.*

# New conditions following spin-off

Lennart  
Persson

*2014 was characterised by a high level of activity in the XANO Group with the acquisition of two companies, the spinning off of the Precision Components business unit, intensified focus on developing proprietary products and the continued work on increasing the degree of automation at the Group companies.*

## Developments during the year in continuing operations

The two business units Precision Technology and Rotational Moulding managed to reinforce their positions and report improved profitability despite a mostly cautious market. Fewer project deliveries to the packaging industry combined with a difficult economic climate for some of our major customers resulted in lower production volumes within the Industrial Solutions business unit. As a whole, there was a marginal decline in revenue, while the operating margin fell from 8.6 to 6.7 per cent compared to the previous year.

## Acquisitions and spin-off

Following a decision taken at the AGM in May 2014, the Precision Components business unit was spun off from XANO to form an independent group of companies. The parent company of the new group, AGES Industri, has since been listed on NASDAQ OMX First North Premier. The spin-off and separate listing was carried out on the basis that the new Group is thought to have the potential to become a major player in its market segment and we had positive experiences of the spin-off of ITAB Shop Concept in 2004. We believe that this latest spin-off will also bring the shareholders long-term added value.

## Greater proportion of proprietary products

Sales of proprietary products accounted

for 26 per cent of the Group's total sales volume in 2014. In 2013, the figure was 17 per cent. The percentage increase is partly due to the companies in the spun-off business unit only working with customer-specific production, but it is also due to the fact that the strategic work on developing our own product range has led to positive breakthroughs, not least internationally.

There were fewer deliveries in 2014, but there was a healthy number of incoming orders for the project-related sale to the packaging industry and the prospects for growth are expected to remain good over the next few years. Both NPB and Fredriksons developed and launched additional products in this segment during the course of the year. The development work on Fredriksons' conveyor system has involved close cooperation with customers, which has enabled innovative conceptualisation with faster throughput times as a result.

By regularly presenting sustainable and functional solutions, Ackurat has reached new markets for its products.

A few years ago, Cipax began a long-term project to develop a new range of boats and other marine products. These have been launched successively, with products selling well primarily in Scandinavia and northern Europe. To take just one example, Cipax increased its boat sales by 32 per cent in 2014, which was a unique achievement in a generally very tough market and was to a great extent thanks to the introduction of new boat models.

## Greater degree of automation

Continual investments in modern production equipment represent a significant part of XANO's market offering. Greater automation has had an effect in all the business units, especially within Precision Technology which has substantially improved profitability compared to the previous year. Key machinery at Group companies has gradually been replaced with automated solutions, leading to more rational flows and better technical conditions. Investments from the last few years in fully automated production equipment, primarily at Fredriksons, have also significantly increased production efficiency within the Industrial Solutions business unit.

## Operations within the Group's business units

A few of the *Industrial Solutions* business unit's key customers endured some tough business conditions, and both Fredriksons and NPB's sales volumes to the packaging industry were much lower than the high levels seen in the previous year. Fortunately, a number of important agreements were signed in the autumn concerning orders with delivery in the first half of 2015. Ackurat's sales of parts for furniture and fittings saw positive growth, primarily on the export markets.

Structural measures, a greater degree of automation and focused work on improving margins contributed to the positive results within the *Precision Technology*

business unit. The companies have worked in a number of areas, including actively developing and broadening their customer base. The second half of the year was characterised by customers demonstrating some reluctance to place orders, but thanks to the targeted marketing campaigns the companies have won several interesting projects which will start successively. Following a couple of years of close collaboration, Albins Mekaniska was integrated with Mikroverktyg in the second quarter with a view to optimising the potential for synergies between the two units.

The **Rotational Moulding** business unit demonstrated good sales growth in the Nordic countries. All units have cemented their shares in a generally cautious market and even been able to maintain a good level of profitability. The only exception is Cipax's operations in Poland, which did not perform as planned. Comprehensive measures have been taken with a view to achieving stronger margins in the future.

### Outlook for 2015

The extensive changes seen in 2014 are creating new conditions for the Group. A more refined business structure increases our ability to maintain focus on what is really important. All of our business units have the potential to achieve continuous profitable growth and could also expand through additional acquisitions. The start of 2015 has been defined by a continued sense of caution in our customer segments,

but in light of the positive signals we have received we believe that the market situation will change for the better and lead to a gradual increase in demand during the year.

The development activities relating to our own product ranges will be pursued with undiminished intensity ahead of a number of important launches over the next few years.

In February 2015, we entered into a letter of intent to acquire Canline, which has entities in the Netherlands and the USA. Canline will complement not only NPB's but also Fredriksons' operations within the Industrial Solutions business unit. We are in a strong financial position and are well placed to make further acquisitions during the year.

Jönköping, March 2015



Lennart Persson



# The XANO share

2014

*The proposed dividend is SEK 2.50 per share.*

*The number of shareholders rose by 145 to 1,677.*

*The spin-off of the Precision Components (AGES) business unit, which used to account for around half of all operations, led to the price falling during the year.*

## About the share

XANO's Class B shares were registered on the stock exchange on 5 December 1988. The share is listed on NASDAQ OMX Stockholm in the Small Cap segment. The share capital in XANO amounts to SEK 34.6 million, distributed between 1,950,000 Class A shares and 4,978,974 Class B shares. The quotient value is SEK 5 per share. Each Class A share gives entitlement to ten votes and each Class B share to one vote. All shares give equal rights to dividends.

## Price developments

During 2014, XANO's share price fell by 56 per cent from SEK 238.00 to SEK 104.00. The highest price paid during the year was SEK 320.00 on 6 May. The lowest price paid was SEK 92.25 on 16 October. At the end of 2014, XANO's market value amounted to SEK 721 million, based on the most recent price paid and the total number of shares.

The price was affected by the distribution of the subsidiary AGES, which took place in May. The last trading day for the

XANO share, including the right to receive dividends, was 8 May 2014. The closing price on this date was SEK 284. The price fell to SEK 153 on 9 May.

## Shareholders

The number of shareholders increased during the year. At the end of 2014, XANO had 1,677 shareholders, compared with 1,532 at the same time the previous year. Of this number, 1,535 were physical persons resident in Sweden.

Key figures		2014	2013	2012	2011	2010
Net profit for the year	SEK m	58	118	67	83	72
Equity	SEK m	349	643	539	499	446
Balance sheet total	SEK m	879	1,557	1,665	1,036	976
Return on equity	%	12.5	19.8	12.9	17.6	17.4
Equity/assets ratio	%	40	41	32	48	46
Proportion of risk-bearing capital	%	44	47	37	52	49
Cash flow from operating activities	SEK m	93	161	73	165	126
Average number of outstanding shares	thousands	6,789	6,789	6,789	6,789	6,789
Average number of outstanding shares after dilution	thousands	7,274	7,064	7,037	7,009	7,009
Average number of shares in own custody	thousands	140	140	140	140	140
Earnings per share	SEK	8.55	17.40	9.85	12.15	10.60
Diluted earnings per share <sup>1)</sup>	SEK	8.20	16.90	9.70	11.95	10.40
Cash flow from operating activities per share	SEK	13.65	23.70	10.75	24.30	18.50
Total number of shares on balance sheet date	thousands	6,929	6,929	6,929	6,929	6,929
Number of shares in own custody on balance sheet date	thousands	140	140	140	140	140
Equity per share on balance sheet date	SEK	51.45	94.80	79.45	73.50	65.70
Share price on balance sheet date	SEK	104.00	238.00	105.00	81.75	83.00
Share price in relation to equity	%	202	251	132	111	126
Proposed dividend per share	SEK	2.50	4.00	3.50	3.50	3.50
Direct yield	%	2.4	1.7	3.3	4.3	4.2

<sup>1)</sup> No dilution effect is taken into account when diluted earnings per share are higher than basic earnings per share. Refers to the Group as a whole including spin-off/discontinued operations.

## Definitions

### Basic earnings per share

Net profit in relation to the average number of outstanding shares.

### Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of outstanding shares.

### Diluted earnings per share

Net profit plus costs relating to convertible loan in relation to the average number of outstanding shares plus the average number of shares added at conversion of outstanding convertibles.

### Direct yield

Proposed dividend in relation to the share price on the balance sheet date.

### Equity per share

Equity in relation to the number of outstanding shares on the balance sheet date.

### Equity/assets ratio

Equity in relation to total capital.

### Proportion of risk-bearing capital

Equity plus provisions for taxes in relation to total capital.

### Return on equity

Net profit in relation to average equity.

*Additional definitions are found on page 70.*



The ten largest shareholders accounted for 94.4 per cent of the votes and 81.1 per cent of the share capital. Institutional holdings constituted 2.6 per cent of the votes and 9.3 per cent of the share capital.

### Dividend policy

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 2.50 (4.00) per share for the 2014 financial year. The proposal is for a lower dividend compared to the previous year. The reduc-

tion is due to the altered group structure following the spin-off of AGES, which accounted for around half of all operations.

The proposed dividend represents a direct yield of 2.4 per cent per share, based on the share price at the end of the year.

It is the aim of the Board of Directors that over an extended period of time, the dividend will follow developments in results and correspond to 20 to 40 per cent of profit after tax.

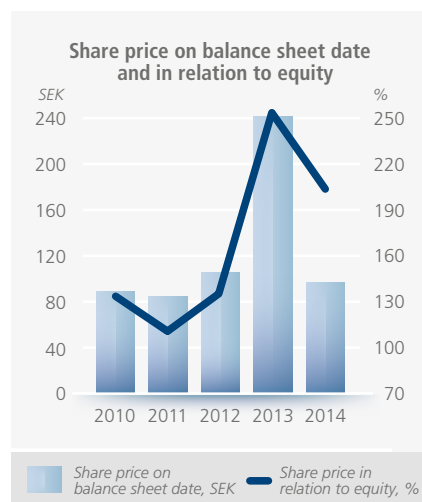
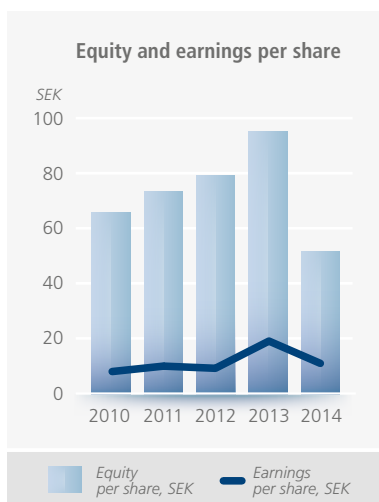
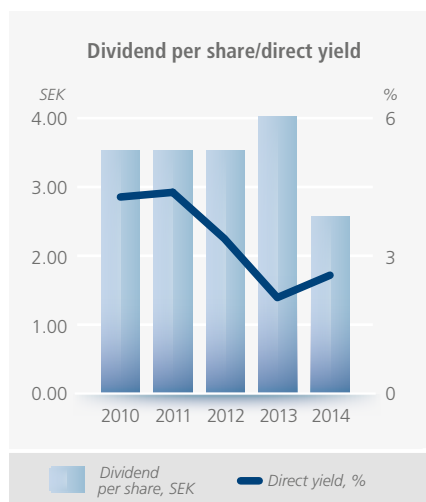
The annual dividend payout ratio

should, however, be viewed in relation to any share repurchases.

### Shares in own custody

A total of 415,000 Class B shares were acquired during 2003. In 2006, a reduction in the share capital was carried out by cancelling 198,000 of the shares which were repurchased. A total of 47,000 and 30,000 own shares were transferred during 2007 and 2008 respectively in connection with company acquisitions. The number of





shares in own custody after these transactions amounts to 140,000, corresponding to 2.0 per cent of the share capital. After deduction of the company's own holding, the number of outstanding shares amounts to 6,788,974 as of the balance sheet date.

### Convertible bond programme

On 10 May 2012, the Annual General Meeting of XANO Industri AB decided to approve the Board's proposal for an issue of

a maximum of 300,000 convertibles with a combined maximum nominal value of SEK 30,000,000, maturing from 1 July 2012 to 30 June 2016. During the period 28 May to 8 June 2012, employees of the XANO Group subscribed to convertibles worth a total of SEK 29,999,961. The allocation agreed with that specified in the subscription application. The original conversion rate was SEK 109. Due to the distribution of the shares in AGES Industri AB to the XANO shareholders, the conversion rate has been

recalculated in accordance with section 8E of the terms and conditions. The recalculated conversion rate is SEK 51.

The convertible interest is paid annually in arrears and is equivalent to STIBOR 3M plus 2.7 per cent. During the period 1 June to 10 June 2016, each convertible may be converted to one Class B share in XANO Industri AB. If all convertibles are converted to shares, share capital will be increased by a maximum of SEK 2,941,170. The dilution will then be approx. 8 per cent of the share capital and approx. 2 per cent of the number of votes.



### Distribution of the shares in AGES

On 8 May 2014, the Annual General Meeting decided the distribution of the shares in the wholly-owned subsidiary AGES Industri AB, meaning that whoever was registered as a holder of XANO shares on the registration date was allocated the corresponding number of AGES shares of the same class. 13 May 2014 was set as the registration date for the distribution of the shares.

## XANO's ten largest shareholders as of 31 December 2014

	Class A shares	Class B shares	Total number of shares	Percentage of voting rights	Percentage of share capital
Tord Johansson and related parties	1,282,200	587,575	1,869,775	55.1	27.5
Pomona-gruppen AB	540,000	1,563,545	2,103,545	28.6	31.0
Kennert Persson	103,100	299,103	402,203	5.5	6.0
Christer Persson and related parties	16,700	134,500	151,200	1.2	2.2
Svolder AB	–	296,500	296,500	1.2	4.4
Stig-Olof Simonsson and related parties	–	194,360	194,360	0.8	2.9
Anna Benjamin and related parties	–	150,400	150,400	0.6	2.2
Petter Fägersten and related parties	–	150,200	150,200	0.6	2.2
Sune Lantz and related parties	–	97,400	97,400	0.4	1.4
Försäkringsaktiebolaget Avanza Pension	–	87,506	87,506	0.4	1.3
<b>Total ten largest shareholders</b>	<b>1,942,000</b>	<b>3,561,089</b>	<b>5,503,089</b>	<b>94.4</b>	<b>81.1</b>
Other	8,000	1,277,885	1,285,885	5.6	18.9
<b>Total number of outstanding shares</b>	<b>1,950,000</b>	<b>4,838,974</b>	<b>6,788,974</b>	<b>100.0</b>	<b>100.0</b>
Shares in own custody	–	140,000	140,000		
<b>Total number of shares</b>	<b>1,950,000</b>	<b>4,978,974</b>	<b>6,928,974</b>		

Each class A share entitles ten votes and each class B share entitles one vote.

Source: Euroclear

## Share distribution as of 31 December 2014

Share class	Number of shares	Percentage	Number of votes	Percentage
A	1,950,000	28	19,500,000	80
B	4,978,974	72	4,978,974	20
<b>Total</b>	<b>6,928,974</b>	<b>100</b>	<b>24,478,974</b>	<b>100</b>
Of which in own custody	-140,000		-140,000	
<b>Total outstanding</b>	<b>6,788,974</b>		<b>24,338,974</b>	

Number of shares	Number of shareholders	Shareholder percentage	Vote percentage	Share percentage
1 – 500	1,215	72.9	0.8	2.4
501 – 1,000	232	13.9	0.8	2.5
1,001 – 5,000	170	10.2	1.8	4.7
5,001 – 10,000	23	1.4	0.7	2.7
10,001 – 50,000	15	0.9	1.8	5.2
50,001 – 100,000	2	0.1	1.1	2.2
100,001 –	9	0.6	93.0	80.3
<b>Total</b>	<b>1,666</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

In owner groups and excluding shares in own custody.

Source: Euroclear

## Share capital trend

Year	Transaction	Change in share capital, SEK 000	Total share capital, SEK 000	Total number of shares	Quotient value, SEK
	Opening value	50	50	500	100
1985	Bonus issue	1,150	1,200	12,000	100
1986	Bonus issue	6,800	8,000	800,000	10
1987	New share issue	500	8,500	850,000	10
1988	New share issue	2,000	10,500	1,050,000	10
1992	New share issue through conversion	91	10,591	1,059,100	10
1993	New share issue through conversion	536	11,127	1,112,700	10
1995	New subscription through options	725	11,852	1,185,200	10
1997	2:1 split	0	11,852	2,370,400	5
1998	Bonus issue 2:1	23,704	35,556	7,111,200	5
2006	Reduction in share capital	-990	34,566	6,913,200	5
2008	New share issue through conversion	79	34,645	6,928,974	5

## Active ownership in niche engineering companies

### *BUSINESS CONCEPT*

XANO will develop, acquire and operate manufacturing businesses with unique or market-leading products and systems with related services.

XANO will own niche engineering companies that have industries in northern Europe as their principal markets. XANO will generate value for shareholders by exercising both active ownership and management by objectives.

## *Entrepreneurial drive*

*The most important common denominator of XANO companies is a profound entrepreneurial drive. The units have flat organisations, swift decision-making procedures and short solution lead times. Management is down-to-earth and accessible, and makes clear that all employees are expected to make an active contribution. XANO's role is to support the companies so that their innate driving forces produce the best possible results.*

## *Long-term thinking*

*XANO believes in strong relationships. Consequently, the Group invests long-term in its companies. This gives each unit opportunities to develop and maximise their resources. This approach is reflected in customer and supplier contacts, in which long assignments and close collaboration result in successful projects.*

## *Technical know-how*

*Each company in the XANO Group is unique and the products cover a broad spectrum, ranging from components for analysis instruments to complex packaging equipment. The companies are market leaders and at the forefront of their niche. Several have in-house-developed products that no other company offers. All XANO companies are distinguished by their advanced technical content, dedication to service and expert engineering advice.*

# Advanced technical expertise within niche areas

**FINANCIAL TARGETS**

**Stable profitability and high growth**

XANO's organic growth will surpass general market growth. In addition, businesses and companies will be acquired. The profit margin will amount to 8 per cent during an economic cycle. The equity/assets ratio will exceed 30 per cent.

**VISION**

**Market leader within selected segments**

XANO will be a leading player within selected market segments. XANO will create strong units of companies with optimal synergy utilisation.

**STRATEGY**

**Develop, acquire and operate niche companies**

XANO will develop, acquire and operate niche companies and through active ownership create added value for shareholders. Manufacturing will have a high technical content in order to satisfy customers' demands. This requires XANO to operate within well-defined niches. XANO companies will be locally based; being close to customers ensures the company is familiar with the customers' processes and needs, and also eliminates language barriers. The level of service and delivery readiness will be high. XANO companies will strive to develop long-lasting relationships with both customers and suppliers. XANO will have a sufficiently large market share within each niche to be an interesting partner for both customers and suppliers.

**MARKET OFFERING AND OPERATIONS**

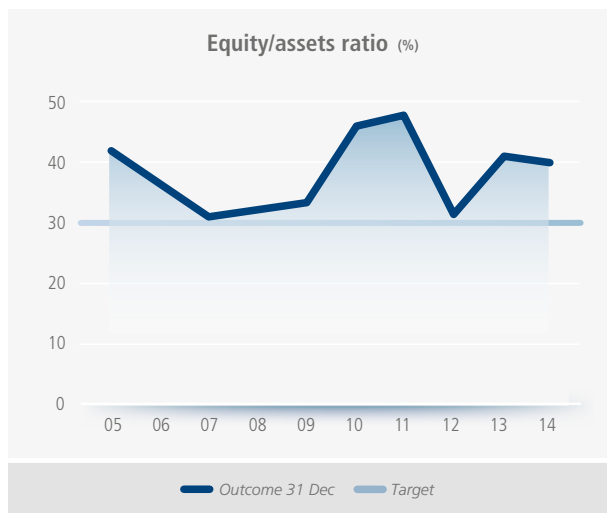
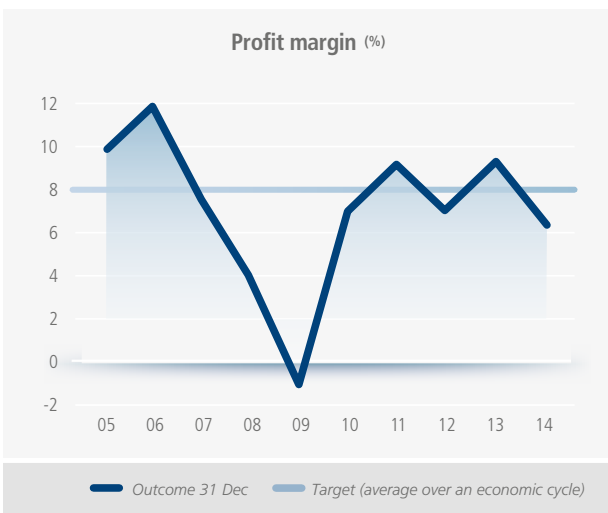
**Advanced technology for selected target groups**

XANO's market offering consists of the production and assembly of components and systems with related services, as well as the development, manufacture and marketing of proprietary products. The Group currently operates in Sweden, Estonia, Finland, Norway, China and Poland. The units all work within well-defined niches and have a high level of expertise within their respective technical fields. This advanced technical expertise enables the companies to create added value for customers.

**CORE VALUES**

**Emotional and functional added values**

XANO's core values are entrepreneurial drive, long-term thinking and technical know-how. They form the basis for all decisions that could impact on the Group.





# Group overview

## This is XANO

*XANO consists of engineering companies in Sweden, Norway, Estonia, Finland, Poland and China. These companies provide manufacturing and development services for industrial products and automation equipment. They operate within well-defined niches and possess a high level of expertise within their respective technical fields. Each unit is locally based and developed according to its own potential. At the same time, the Group affinity creates economies of scale for the companies and their customers.*

### Long-term relationships

Major undertakings demand broad knowledge and specialist expertise in everything from product development to logistics solutions. Contract manufacturing, system supply or partner production – the form of cooperation varies according to the scope and size of the project. We strive for long and lasting relationships with both customers and suppliers.

### Customer-specific manufacturing

The majority of the Group's companies have service and production functions at their disposal, enabling them to carry out complete assignments for customers. Professional project management and a meticulous design process allow us to achieve the best production economics and functionality for each individual product.

Some of the Group's companies process metal using methods such as turning, milling

and long hole drilling. Finishing processes such as drilling, threading and deburring take place in the same sequence to ensure the level of quality. Laser cutting, punching, edge pressing, pressure turning and welding are the methods used to work sheet metal. Plastic products are made through rotational moulding, machining and injection moulding. Parts with special purity requirements are manufactured and assembled in environments adapted for the purpose.

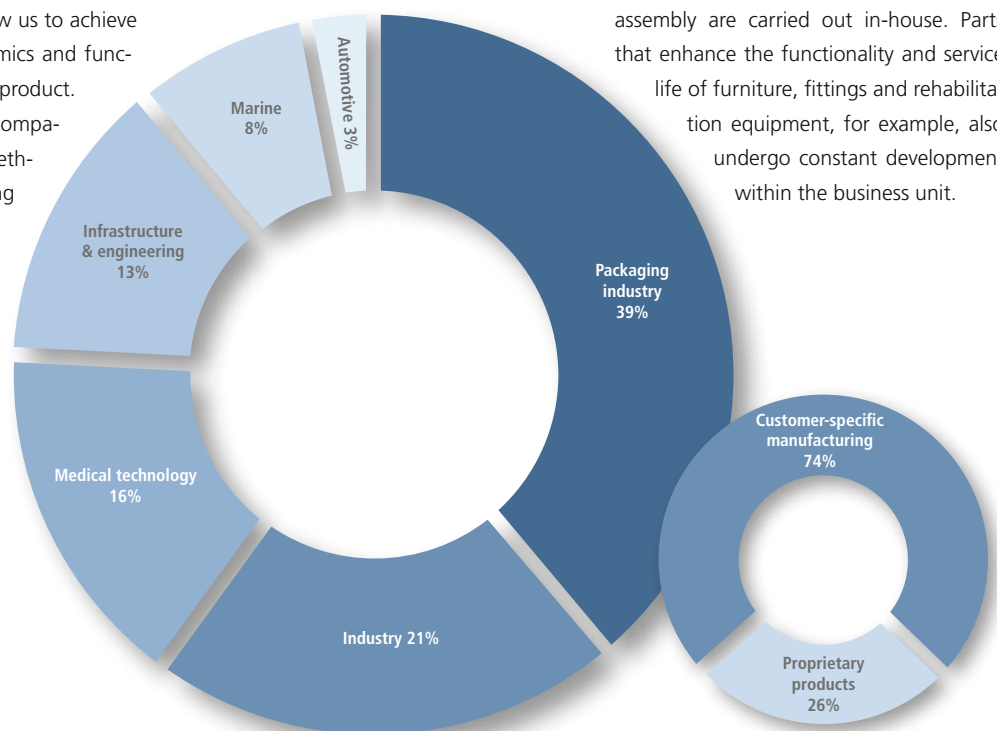
The Group also possesses extensive experience of highly complex assembly. Assembly services comprise not only complete individual products and sub-systems but also full-scale systems. Logistics services

include storage, packaging and distribution either using our customer's own packaging or directly into the customer's manufacturing process.

### Proprietary products

Many of the Group's companies have developed their own product ranges within their respective fields of expertise. Within Rotational Moulding, for example, there is a wide range of boats and marine products as well as containers and material handling solutions for industrial purposes.

Systems that automate and rationalise customer production processes are manufactured within Industrial Solutions. The design, development of control systems and electronics and also fine mechanical assembly are carried out in-house. Parts that enhance the functionality and service life of furniture, fittings and rehabilitation equipment, for example, also undergo constant development within the business unit.





## Group summary

(continuing operations)

Net revenue  
**SEK 974 m**

Growth  
**-1,5%**

Operating profit  
**SEK 65 m**

Operating margin  
**6,7%**

Average number of employees  
**675**

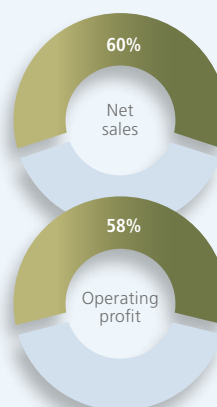
### INDUSTRIAL SOLUTIONS

Industrial Solutions comprises companies that not only fulfil contract assignments within sheet metal processing but also supply customers from a number of sectors, including the food industry, with in-house-developed automation solutions, such as packaging machinery and conveyor systems. The unit also provides parts such as hand wheels, handles and adjustable feet to furniture and fitting manufacturers.

		2014	2013
Net sales	SEK m	581	623
Growth	%	-6.8	+7.4
Operating profit	SEK m	48	71
Operating margin	%	8.2	11.3
Employees		358	349

Share of Group

Companies



**Akurat**  
Sweden  
Finland  
Poland

**Fredriksons**  
Sweden  
China

**NPB**

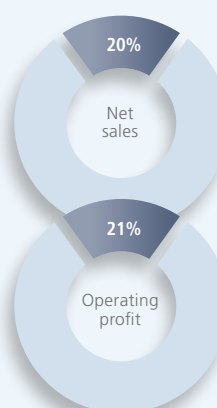
### PRECISION TECHNOLOGY

Precision Technology includes companies that handle component and system manufacture through advanced cutting machining of metal and plastic for the production of components that are subject to demanding requirements for quality and precision. Production primarily comprises low to medium-volume runs of parts and systems for industrial, medical technology and infrastructure applications.

		2014	2013
Net sales	SEK m	196	190
Growth	%	+3.3	-18.2
Operating profit	SEK m	17	12
Operating margin	%	8.8	6.6
Employees		165	169

Share of Group

Companies



**KMV**  
**LK Precision**  
**Mikroverktyg**  
**Resinit**

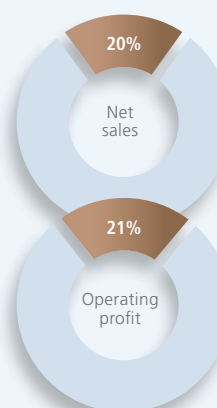
### ROTATIONAL MOULDING

Rotational Moulding consists of companies that manufacture plastic products in the form of components and systems through rotational moulding. The companies supply both customer-specific and in-house-developed products. The primary product segments include boats and products for the automotive industry, as well as industrial tanks and buoyancy devices.

		2014	2013
Net sales	SEK m	199	173
Growth	%	+15.0	+5.5
Operating profit	SEK m	18	16
Operating margin	%	8.8	9.0
Employees		144	137

Share of Group

Companies

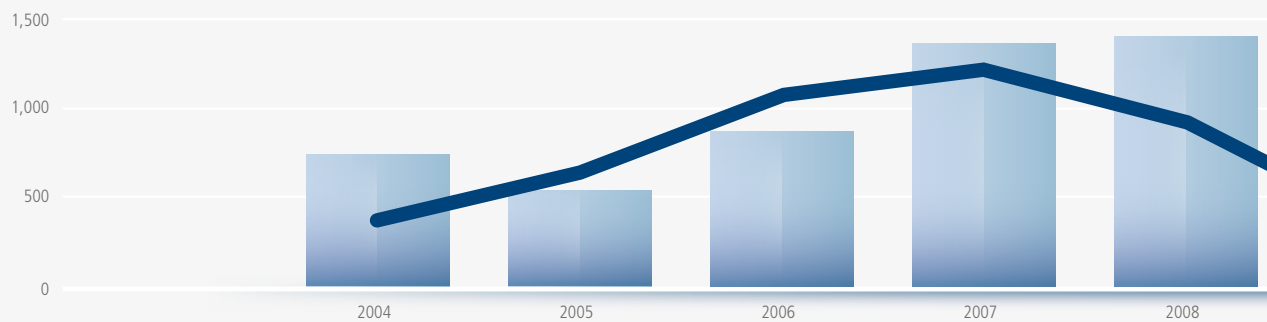


**Cipax**  
Sweden  
Estonia  
Norway  
Finland  
Poland



*Ackurat's in-house-developed coupling fitting for chairs. The fitting complies with the fire safety regulations of EU directives that apply to public premises.*

### Financial development and acquisition history



**ACQUISITIONS**

Ackurat	1987
Resinit	1988
Bladhs/Inmedic	1989
Cipax	1995
Profilspecialisten	1998

**ACQUISITIONS**

LK Precision
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**ACQUISITIONS**

NPB, Segerströms, Baltic Components (merged with Bladhs).
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**ACQUISITIONS**

Fredriksons, Cipax Björkelangen.
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**ACQUISITIONS**

Värnamo Industri, Cipax Saue (merged with Cipax Eesti), Eslöv Mekaniska Verkstad.
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**ACQUISITIONS**

Mikroverktyg.
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Net revenue SEK m  
Operating profit SEK m



Automated packaging equipment, developed and manufactured by NPB. This equipment forms part of a larger production line at the customer's premises.



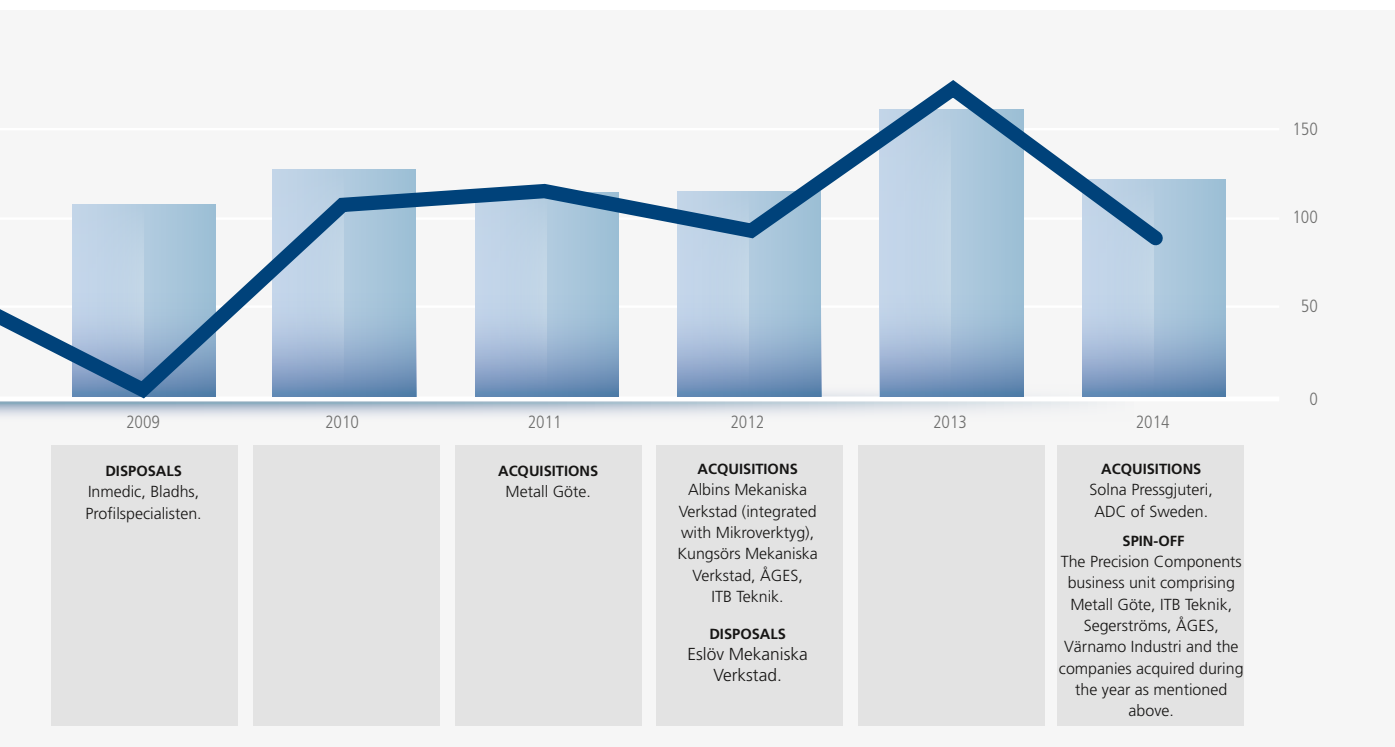
Waste tank from Cipax that holds 3,000 litres. The tank is only 1 metre high and is therefore ideal in locations where digging depths are limited.



Fredriksons' conveyor system for handling packaging. The equipment includes both conveyor and handling systems, as well as control and software solutions.



Cipax's Pioneer Multi boat is rotational moulded in one piece and the catamaran-like hull provides excellent sea-keeping qualities. The wide, folding bow door further enhances user-friendliness.



## When the whole world is our market . . .

**The automation company NPB is located in Jönköping, right next door to XANO's head office. Almost 40 people work here on the development, manufacture and sales of automation equipment that is installed all over the world. The products are based on proprietary technology unique to the sector and the company possesses specialist expertise in both mechanics and electrical control.**

### Exporting automation

NPB is a world leader in the niche of automation equipment designed to handle packaging and has won the confidence of customers in many different countries. The company's primary markets are in Europe and the USA but NPB's products have also sold well in Asia recently. Its customers include players that have worked with fully automated production lines on a large scale for some time, as well as companies on the cusp of automating manual elements of production.

### Global marketing efforts

Maintaining a presence in an increasingly globalised market has great potential in itself, as long as there is some focus on marketing too.

"The interaction between development, manufacturing and an active market presence creates competitive advantages and good conditions for greater profitability," says Johan Hagstedt, CEO of NPB.

For NPB, whose export sales represent the majority of their sales volume, it is important to clearly identify the company's markets and customers. NPB is building long-term relationships and works with its

customers before, during and after delivery of its products.

"In principle we're always on site when installation work is carried out in our customers' plants and we also offer service and maintenance packages. The aim here is to ensure that the equipment delivers optimum performance in its role as part of the customers' manufacturing processes. This means that we have quite a few people at NPB who do a lot of travelling and get to learn more about the customers' operations and needs," explains Johan Hagstedt.

### Development is crucial for growth

Product innovations represent an important driver for growth and enhance NPB's customer offering. By continuously working on both refining the existing product range and developing new, complementary equipment, NPB is cementing its position as a market leader as well as reinforcing its competitive edge.

"We take a strategic and long-term approach to our product development work. We always have new projects and solutions in the pipeline," says Johan Hagstedt.



Johan Hagstedt





## Letter of intent to purchase Canline

In February 2015, XANO entered into a letter of intent to purchase Canline in the Netherlands.

The business operations consist of the development, manufacture and sale of automation equipment, primarily conveyor systems, for the industrial handling of lids and cans. The business also manufactures and sells magnets for industrial purposes. In recent years, the Group has generated approximately EUR 8 million in annual sales and reported a strong profit.

Canline's range of conveyor systems is contiguous to NPB's

automation equipment for lid handling and complementary to Fredrikson's conveyor solutions for the packaging industry. The acquisition will bring additional expertise to the operations of XANO's Industrial Solutions business unit as well as access to new market segments. A close working relationship between the companies will strengthen the individual entities and the shared resources will enable them to provide the market with complete end-to-end solutions and the capacity to execute large-scale automation projects.

# Our personnel

## Personnel

One of the XANO Group's most important issues in terms of competitiveness is the degree to which we are able to secure the right know-how at the companies – both today and in the future. The objective is to ensure that adequate expertise is available at every position in the respective organisation.

### Personnel structure

As of 31 December 2014, the Group had 656 full-time employees, 92 (14 per cent) of whom were women. The average number of employees in continuing operations during the year was 675, of whom 98 (15 per cent) were women.

The average age of employees in the Group was 43 for both women and men at the end of the year. The average period of employment was about eight years for both these groups.

### Absence due to illness

Absence due to illness during the year amounted to an average of 5.0 per cent (4.5) at the Group's Swedish companies. The proportion of long-term absence due to illness was 39 per cent (35) of all absence due to illness at these units.

### Preventive efforts

Most Group companies are affiliated to occupational healthcare services where employees are offered regular health check-ups and, if necessary, a review of workplace

ergonomics, rehabilitation studies, etc. In addition, Group companies provide fitness benefits adapted to each company's specific personnel composition and workplace conditions.

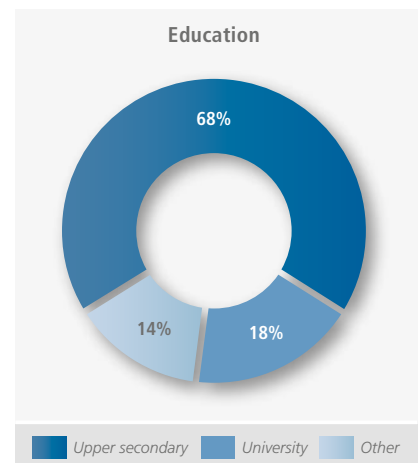
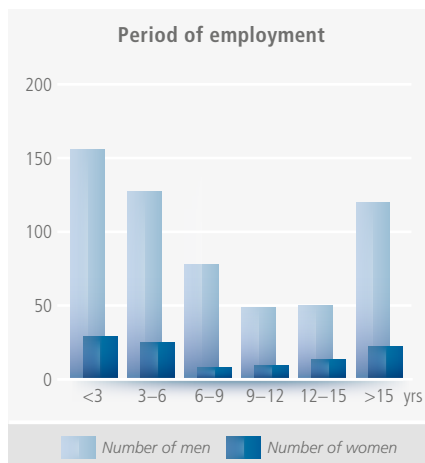
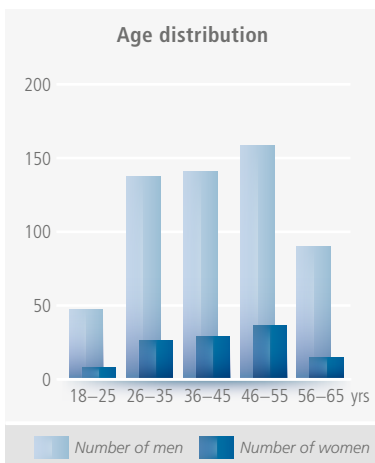
### Code of conduct

In February 2014, a code of conduct outlining the rules that apply to Group companies and their employees was adopted. The code of conduct and its application will be developed and evaluated on an ongoing basis.



Key figures personnel (continuing operations)		2014	2013
Average number of employees		675	664
– in Sweden		456	462
– in other countries		219	202
– women		98	99
– men		577	565
Average age, women <sup>1)</sup>	years	43	41
Average age, men <sup>1)</sup>	years	43	43
Average employment period, women <sup>1)</sup>	years	8	8
Average employment period, men <sup>1)</sup>	years	8	8
Absence due to illness <sup>2)</sup>	%	5.0	4.5
– of which long-term <sup>2)</sup>	%	39	35

<sup>1)</sup> Refers to employees at year-end.  
<sup>2)</sup> Refers to Swedish companies.



# Continuous skills development means greater competitiveness

Developments in technology within the manufacturing industry are made apace and without skills development it's easy to fall behind. Initiatives to disseminate knowledge and boost skills are ongoing at the XANO companies.

One example of this in 2014 was Resinit holding a further training course on the processing software MasterCam. Two of the participants were Magnus Westberg and Andreas Carlsson, who both work in the turning section. This course has given them the skills they need to take some of the load from processor Rigmor Kjell.

"The operators are now able to work more independently and make changes to the range of products they manufacture. This means we are getting more efficient and less dependent on particular individuals. Their understanding of the entire process is increasing and they can take on more responsibility during shifts for example. They are also able to pass on their

knowledge internally so we can further expand our skill sets and free up more resources," explains Rigmor Kjell.

It goes without saying that it's not just the turning section at Resinit that works on skills development. There are always different projects relating to training issues on the go in both the milling and assembly sections. In the milling section, processor Stefan Hedqvist is the one who provides internal training for the operators.

"All the knowledge at the company is

boosted at the same time as the initiatives generate more interest and a better understanding of the processes amongst the staff themselves. And everyone benefits from that," says Stefan Hedqvist.

In the assembly section, know-how transfer and internal skills development are constant features of the work. There are detailed stand guidelines with clear instructions for every single assembly assignment to ensure the quality and reduce dependency on individual members of staff.



Andreas Carlsson makes adjustments in MasterCam directly at his workstation.

## CODE OF CONDUCT

XANO's code of conduct should form the basis of the day-to-day decisions taken as part of our operations. It should ensure that we maintain a high degree of trustworthiness as well as taking responsibility for our actions in our contact with different stakeholders. The first version of the code of conduct presented below was adopted in February 2014.

- XANO Industri AB and its subsidiaries ("the Group") must, as a minimum, comply with the laws and regulations in each country where we conduct business.
- The Group must live up to the expectations created by sales and marketing activities, and be sensitive to the needs and requirements of its various stakeholders.
- Through close, long-term collaboration with its various stakeholders, the Group must bring about changes leading to sustainable development.
- As far as possible, the Group must work to promote open communication in re-

spect of employees and the outside world, without jeopardising the confidentiality of trade secrets or of individual personal data.

- The Group must actively choose business partners who stand for the same values.

### Employees

- The Group must respect the ILO's core conventions, the UN Convention on the Rights of the Child, national legislation concerning minimum wages and overtime, as well as fundamental environmental, health and safety requirements.
- Furthermore, each employee is responsible for conducting themselves correctly in their interaction with colleagues, employers and business partners.

### Operating principles

- The Group must respect the principles of generally accepted business practice and comply with the Swedish Anti-Corruption

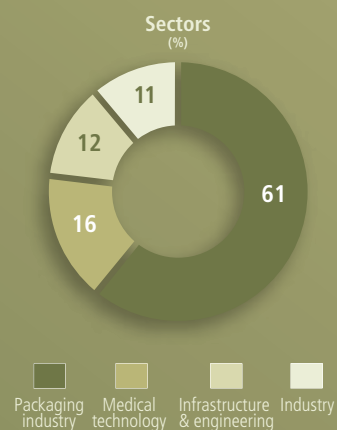
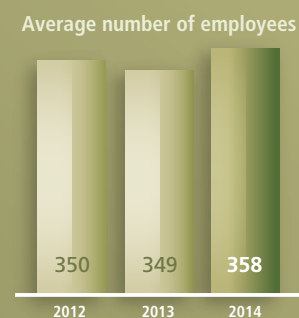
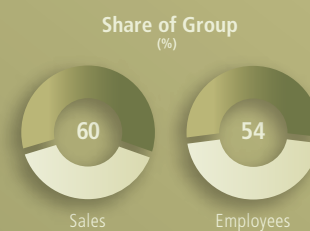
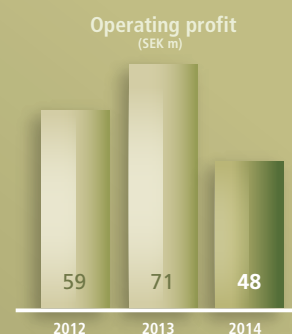
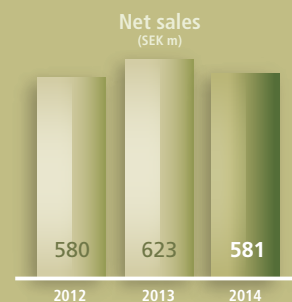
Institute's Economic Code providing guidance to companies as to how gifts, rewards and other benefits associated with the business world may be used to promote the company's operations.

- The Group must contribute to sustainable development in the local community.
- The Group must comply with applicable competition laws.
- The Group must remain neutral in political and religious matters.
- The Group must work actively to develop products and processes so as to achieve the highest possible level of safety and quality.
- The Group must work continuously on reducing its environmental impact through the active selection of raw materials, processes and transport methods.

# Industrial Solutions



The Industrial Solutions business unit comprises Fredriksons, NPB and Ackurat. Fredriksons fulfils contract assignments within sheet metal processing with a high degree of finishing and extensive technical content and also supplies in-house-developed conveyor systems. NPB supplies packaging machinery developed in-house for the automated handling of packaging. Ackurat supplies customers that include furniture and fittings manufacturers with parts such as hand wheels, handles and adjustable feet.



# Industrial Solutions

## Activities and market

Fredriksons fulfils contract assignments within sheet metal processing, cutting machining and assembly with extensive technical content. The company also supplies in-house-developed products in the form of conveyor systems for items such as food. The customers are primarily Swedish companies with international operations. NPB sells automation equipment developed in-house for handling packaging. The products are sold on the global market. Ackurat has its own standard range of components for industrial use and also offers the development of customised products. Its customers are mainly based in northern Europe.

## 2014 in brief

As a whole, Industrial Solutions could not match its strong figures from 2013. The weaker results are primarily explained by the lower number of project deliveries to the packaging industry and restrictiveness shown by a few key customers in 2014. The market conditions differed between product segments, but on the whole they were characterised by a certain amount of restraint.

**Fredriksons'** Swedish unit reported a lower invoicing and profit level than the previous year. The positive trend continued for the Chinese unit, with both revenue and profit rising.

The flow of orders at the Vadstena unit was good in the first half of the year but dropped off in the autumn. This slowdown and the weaker results were mainly due to the more difficult market climate in Europe and the fact that two of the company's key customers reduced their production volumes. In October, redundancies were made in order to adapt the organisation to the lower capacity utilisation.

Sales of Fredriksons' conveyor system for the packaging industry, which was developed in-house and launched in 2013, have been prioritised and generated some interesting business, particularly in Sweden and Finland. Work on developing additional features for the system took place throughout 2014.

The company has continued to invest in automated production equipment. A five-axis robotised cell for production of small series was installed during the year.

The unit has aimed towards and achieved environmental improvements by reducing the number of transports and



*Blood pump from Fredriksons used in thoracic surgery.*

the amount of hazardous waste. New and energy-efficient machines are also making a contribution to this positive trend. Both of Fredriksons' units are seeing more of an interest in environmental solutions among customers, including in products that form part of water treatment systems.

Although demand in Europe seemed to be cautious over the course of the year, the Fredriksons unit in Suzhou had a good level of incoming orders. The company's increase in sales was primarily due to the large order for a complete, customised conveyor system for a domestic player in the food industry placed in December 2013. The system was manufactured and delivered in 2014.

The previous year's heavy investments in production equipment have been supple-

mented with additional machines. Training has also been held in prioritised production technologies. The Chinese facility is modern and environmentally sound, so only minor adjustments were carried out during the year in order to achieve further improvements.

**NPB** saw a good inflow of orders and a steady rate of production during the year, something which is not reflected in the comparison between revenue and operating profit in relation to the previous year. This variation hinges on the fact that NPB works with large projects that take a long time to complete and the revenue from these projects is not recognised in the financial statements until installation at the customer's premises is also complete. Several machines produced in the autumn of 2014 will be ready for delivery in the first half of 2015.

The market trend remained positive throughout the year. The company signed several contracts, including important agreements with two existing customers concerning the supply of machinery to new production units in Poland; installation is scheduled for spring 2015.

2014 saw NPB make a breakthrough in

the Asian market, with a growing number of enquiries as well as new customer commitments in Thailand and Japan. The company has also put work into identifying new markets where there is considered to be a high level of potential demand for automated production equipment, including in China and South America.

The mini-balancer developed in-house that was launched in 2013 has been a best seller. The balancer is designed to replace sequences in production facilities that used to be done by hand.

NPB introduced a comprehensive service concept during the year, the aim of which is to optimise the operation of equipment at the customers' premises in addition to strengthening relationships with each customer. The system provides regular operations reports and proposals for maintenance work.

The company has implemented targeted training programmes for project managers and supervisors so the high level of service can be maintained.

**Ackurat's** good inflow of orders from autumn 2013 lasted throughout 2014. This led to a continued positive trend with higher revenue and operating profit than that seen in the previous year. This increase is linked to the company's long-term and active focus on exporting to the furniture and fittings sector in prioritised geographic areas – including Denmark, the United Kingdom and Italy – where Ackurat has won market shares. Demand from Poland and the Baltic countries also rose during the year because of increasing numbers of furniture companies opting to base their production there.

The sales volumes for Ackurat's other product segments, i.e. fittings and rehabilitation equipment, were on a par with those of the previous year. Operations in Poland continued to develop well, with higher revenue and good operating profit.

2014 saw Ackurat launch several products developed in-house, including a plug for wooden table and chair legs. The plug is drilled into the wooden leg to provide floor protection that is both unobtrusive and du-



table, unlike alternatives which are glued or nailed in place. The plug is expected to generate huge interest from the company's customers in the furniture industry.

The coupling fitting for chairs that was introduced in 2013 has generated a number of orders, one of which is for a concert hall in Denmark.

Ackurat has invested in three new injection moulding machines that were installed halfway through the year. A skills development project for production staff has led to clearer work allocation with greater flexibility.

## Looking forward to 2015

At **Fredriksons'** Swedish unit, the European market climate is predicted to remain cautious in 2015. Despite this view, and thanks to the work carried out on streamlining processes, investment in automated production equipment and efforts to develop proprietary products over the last few years, Fredriksons' prospects for growth are still considered to be good.

The increasing price trend in China is creating tougher competition and a squeeze on prices. As far as Fredriksons' modern Suzhou unit is concerned, this makes the company's automated processes an even more important competitive advantage, and the company still has ambitious growth targets for 2015. Fredriksons is continuing to focus on sales of its own conveyor system to the food industry. During the year the company is planning to exhibit the system at trade fairs – FoodTec in Germany and Daily Expo in China.

With a number of contracts already in place for 2015, **NPB** can see excellent potential for stronger revenue and profit. Over the course of the year the company will prioritise efforts to achieve further internationalisation through business on new markets, above all in Asia and South America where the demand for metal food packaging is on the rise.

NPB has also begun work on developing a new type of machine that complements the company's existing products and also opens the door to a new market segment.

**Ackurat's** strong level of incoming orders from the previous year is expected to be sustained. The company will continue to prioritise active canvassing of selected export markets and is planning, among other things, to attend a number of furniture fairs in Europe as an exhibitor, including Interzum in Germany in May.



**ACKURAT**  
Lammhult / Gdansk / Helsinki

Net sales	SEK m	59
Growth	%	+10.6
Employees		36

**Share of business unit**

10%

Net sales

10%

Employees

**FREDRIKSONS**  
Vadstena / Suzhou

Net sales	SEK m	435
Growth	%	-2.5
Employees		284

**Share of business unit**

75%

Net sales

79%

Employees

Ackurat manufactures and sells standard injection-moulded plastic components and stocks more than 9,000 items, including hand wheels, adjustable feet, levers, handles and different types of pipe stoppers. In addition to purely plastic components, the company supplies products with metal screws and bushings. Ackurat also offers the option of manufacturing customised products. The company is established in Sweden, Finland and Poland and sells mainly to customers in northern Europe. These are primarily manufacturers of furniture, fittings and machinery, in addition to companies that supply equipment within the fields of health and leisure.

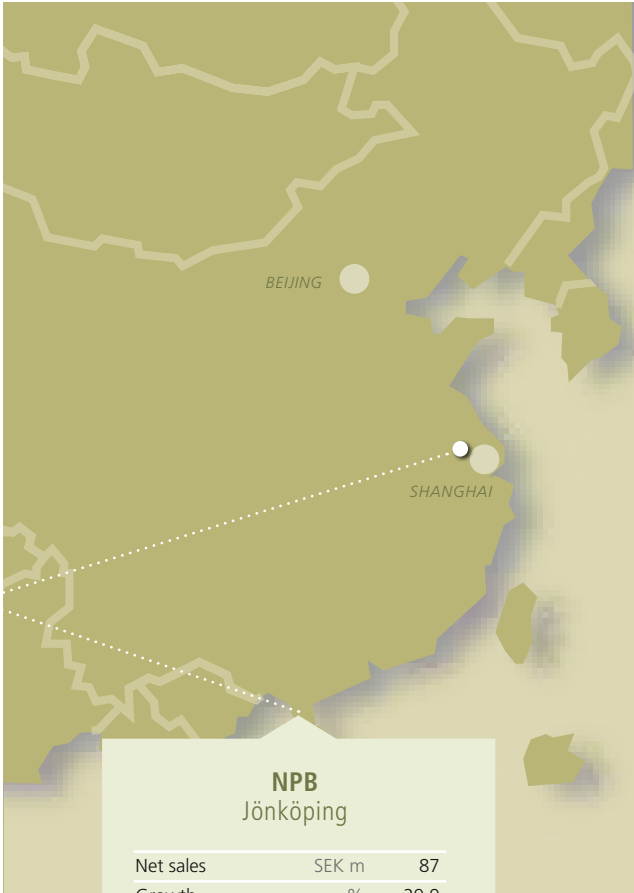
Fredriksons offers contract assignments from ideas to finished products in small and medium series production. Such assignments can include design, manufacturing prototypes, series production and documentation. The company works with customers within food processing, medical technology, environment and energy. Fredriksons strives for a high degree of finishing and makes extensive use of technology in projects. The company also develops, manufactures and markets conveyor solutions. The customers are primarily based in Sweden. Fredriksons is able to serve customers with operations in Asia through its own manufacturing unit in China.



End pieces with sound-absorbing felt for chair legs.



Conveyor system for dairy products.



**NPB**  
Jönköping

Net sales	SEK m	87
Growth	%	-29.9
Employees		38

Share of business unit

15%

Net sales

11%

Employees

NPB designs, manufactures and sells automation equipment for lid handling in can-related products on the global market. The company also develops, designs and manufactures book-sorting solutions for libraries, with Europe as the primary market. NPB possesses specialist expertise in mechanics and control, as well as know-how dating back many years on the development and manufacture of automation equipment. The organisation is flexible and customer-oriented. NPB's equipment aim to improve the efficiency of the customer's manufacturing processes and also minimise maintenance costs.

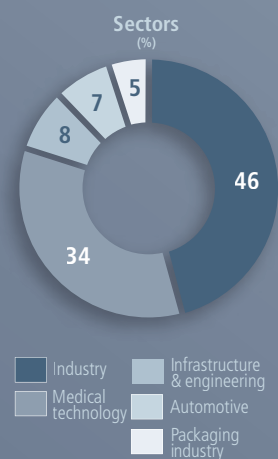
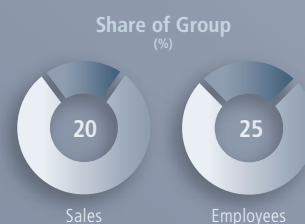
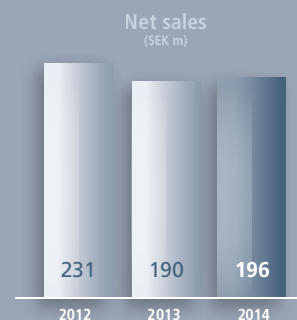


Palletising machine for lids.



# Precision Technology

The Precision Technology business unit comprises KMV, LK Precision, Mikroverktyg and Resinit. These companies cover component and system manufacture using advanced cutting processes on metal and plastics for the production of parts involving demanding quality and precision requirements. KMV specialises in internal machining, particularly precision drilling, for industrial customers in Scandinavia. LK Precision and Resinit manufacture parts, mainly for medical technical equipment, in low to medium-volume production runs. Mikroverktyg is active in cutting machining and specialises in small to medium-sized fine mechanical transmission components and transmission parts. The company also manufactures tools, fixtures, prototypes and special equipment.



# Precision Technology

## Activities and market

The companies within Precision Technology specialise in component and system manufacture based on advanced cutting and machining of metal and plastic involving exacting quality and precision requirements. Customers come primarily from the medical technology sector and other industrial sectors, with an emphasis on the Swedish market.

## 2014 in brief

The performance of the Precision Technology business unit exceeded that of the previous year. All four companies reported stronger operating margins as a result of focused and targeted structural measures. The inflow of orders was stable to begin with, but became more irregular in the second half of the year. A general sense of caution characterised affected sectors but the companies secured several interesting projects that will start successively.

**KMV** had a stable inflow of orders and reported revenue and operating profit slightly higher than the levels of the previous year.

During the last quarter of the year, one of the companies' major customers advised that it would require lower volumes as a result of a political decision on the Chinese market. The offshore industry in Norway also placed fewer orders in the last quarter due to the negative price trend of crude oil. Staff levels were reduced as a way of responding to the lower order book. The sales efforts already prioritised by the company were intensified again to compensate for the decline in volume.

During the year KMV implemented targeted initiatives for skills development in production. A system with alarm functions was installed in order to achieve a cleaner and safer production environment and to further reduce the risk of cutting oil leaks.

**LK Precision** had a good order book in the first three quarters of the year but then saw some drop-off in volume in the last quarter. The company reported considerably higher revenue and profit compared to the relatively weak performance of the previous year. The positive development was mostly due to the important medical technology customers that had dramatically reduced volumes in 2013 returning to higher volumes. The upturn is also a result of the company's active marketing with the objective of further increasing the proportion of sales made to industrial and defence customers in order to obtain a more well-balanced customer mix.

During the year LK Precision invested in three new machines, one of which was an automated multi-operation lathe. The higher degree of automation that these investments entail have led to greater efficiency and shorter production times with slightly fewer staff than before.

The quality and environment-related activities encompassed skills development efforts and the in-



roduction of additional sorting processes into the production cycle. A compressor was installed in the last quarter that increases the efficiency of the heat recovery system in the production premises.

**Mikroverktyg** experienced a somewhat conservative inflow of orders in the first half of the year, with some recovery and stabilisation in production volumes after the summer months. Following a few years of close collaboration, the Group company Albins Mekaniska was integrated into Mikroverktyg as of May 2014. The reason behind this merger was to obtain extra synergies as well as creating the conditions for a more competitive customer offering. The







company's higher revenue compared to the previous year is explained by the newly added operations, while the improvement in profit can be attributed to the original operations.

A new universal grinding machine designed to increase the machining accuracy of transmission components and toothed gears was brought into use in the first quarter. This machine also means shorter lead times and during the year it has generated a number of orders for parts that was previously impossible to manufacture at Mikroverktyg.

Sales of the company's tools rose over the year and are considered to have even more potential for development. The last quarter saw several interesting prototype orders delivered to international customers within the automotive industry.

A new management system encompassing every part of the business has been integrated to allow for more modern governance of day-to-day activities. The company has also invested a lot of effort in skills development, primarily skills related to new mechanical engineering solutions.

**Resinit** had a steady and high rate of production during the year, and both revenue and operating profit surpassed the previous year's figures by a good margin. The company has gradually taken on more people in order to address the greater capacity utilisation from customers, primarily those in the medical technology field.

The majority of food handling processes require plastic materials. Resinit is one of only a few players that work with approved plastics and for this reason has intensified its efforts with the food technology sector, a measure which generated new customer orders during the year. Stricter legislation

concerning plastic that comes into contact with food will be introduced in 2016 and Resinit possesses a major competitive advantage in this segment.

The company has carried out a series of measures to improve manufacturing processes and rationalise production. By replacing the ventilation system in the premises, better air exchange has been achieved and energy requirements have fallen substantially.



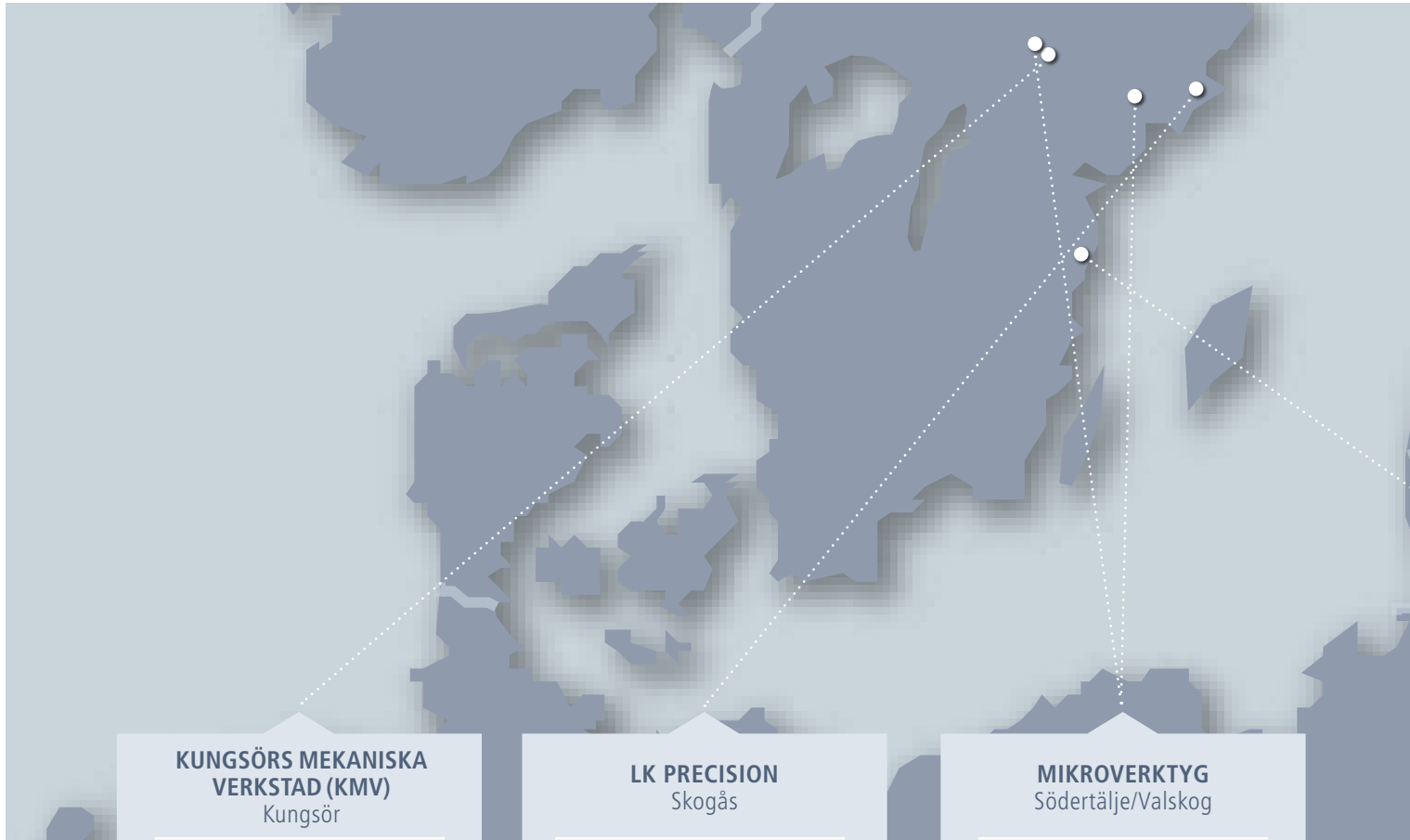
## Looking forward to 2015

**KMV's** incoming orders were relatively low following the turn of the year. However, thanks to active marketing, there is a good inflow of enquiries that should lead to a gradual increase in volume during the year. The intensified sales activities will remain a priority in all customer segments. KMV has invested in a large drilling machine that will be put into operation during the spring. The machine provides new opportunities to produce thin-walled pipes, a manufacturing niche expected to add an extra dimension to the company's competitiveness.

**LK Precision** has begun the year with a good level of incoming orders. The investments in machinery made in 2014 contributed to production becoming even more automated, a factor that paves the way for profitable growth from now on.

The market situation for **Mikroverktyg** is still somewhat cautious. The company believes that sales will gradually pick up, in part due to the orders won by the Valskog unit ahead of the new year, and in part as a result of ongoing targeted sales efforts. The prospects of achieving higher volumes in the tools section are also thought to be good. The work to optimise the synergies between Mikroverktyg's production units will continue over the year.

**Resinit** anticipates a continued and gradual increase in sales and further improvement in profit in 2015. The prioritised marketing activities aimed at the food technology sector that began in 2014 remain a top priority and are expected to make a positive contribution to the development of the company.



**KUNGSÖRS MEKANISKA VERKSTAD (KMV)**  
Kungsör

Net sales	SEK m	36
Growth	%	-9.8
Employees		25

**Share of business unit**

Net sales	18%
Employees	15%

**LK PRECISION**  
Skogås

Net sales	SEK m	52
Growth	%	+10.7
Employees		46

**Share of business unit**

Net sales	27%
Employees	28%

**MIKROVERKTYG**  
Södertälje/Valskog

Net sales	SEK m	51
Growth	%	+1.3
Employees		50

**Share of business unit**

Net sales	26%
Employees	30%

KMV specialises in internal processing of long parts, primarily precision drilling, and is a unique company within its niche in the Nordic countries. The company drills holes in lengths of up to 13 m with diameters ranging from 2 mm up to 600 mm. Examples of products that the company manufactures are machine tubes, pistons and drill pipes for the Swedish mining industry as well as cylinders and piston rods for the hydraulic industry. Manufacturing also covers acidproof stainless piston rods for the Norwegian offshore industry. KMV's customers primarily come from Nordic industry.



*Titanium test cylinder for absorption of crude oil.*

LK is a precision-mechanical engineering company manufacturing complex components made from metals such as aluminium, brass, steel and titanium. Production is concentrated on small and medium runs using advanced production equipment. A high level of technical expertise in combination with cutting edge technology means that the company can offer tailored production solutions. The company's customers are primarily within the medical technology and other industry sectors on the Swedish market.

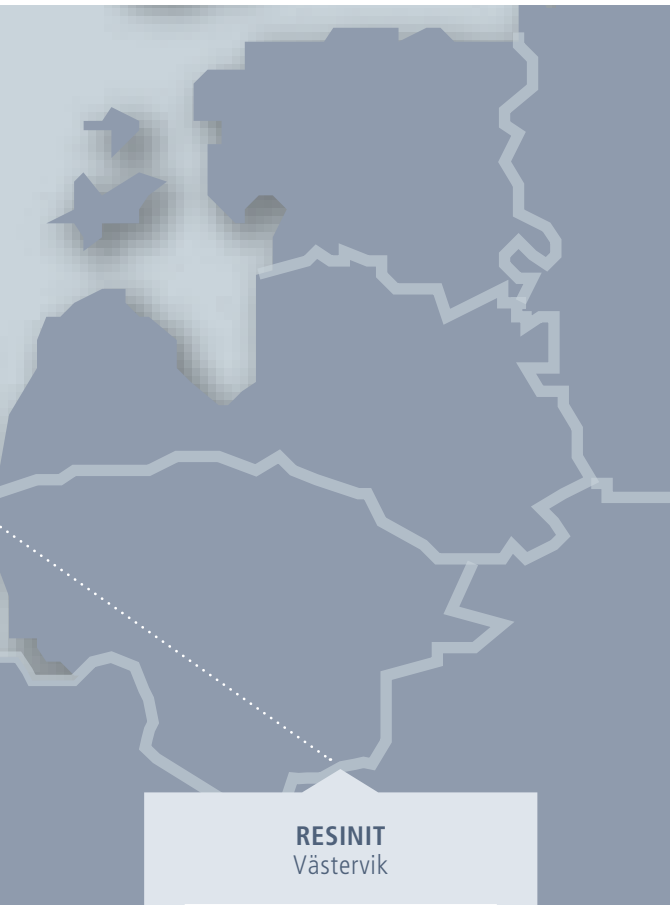


*Precision component for 3D scanner.*

Mikroverktyg is active in cutting machining and specialises in small to medium-sized fine mechanical components and transmission components such as toothed gears, splines and racks that are subject to demanding requirements for quality and precision. The manufacturing also comprises fixtures, prototypes, special tools, measuring devices, components for the aviation and defence industries, hydraulic components, spare parts and other components subject to demanding requirements. Mikroverktyg's customers primarily come from Nordic manufacturing industry but there is a growing number of global customers in the mix.



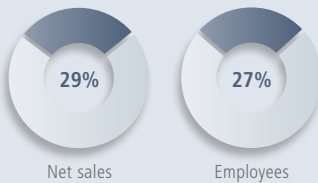
*Toothed gear with curvic coupling for the automotive industry.*



### RESINIT Västervik

Net sales	SEK m	57
Growth	%	+7.2
Employees		44

#### Share of business unit



Resinit offers complete solutions where the mechanical processing of plastic materials is supplemented with associated services, primarily assembly. The company specialises in difficult plastic materials subject to demanding requirements for dimensional accuracy and surface finish. As a supplier of components for medical equipment and analysis, total precision and extensive material knowledge are required to ensure that the end customer's requirements are met. Most of the company's products are sold within the medical technology sector to Swedish as well as global customers.

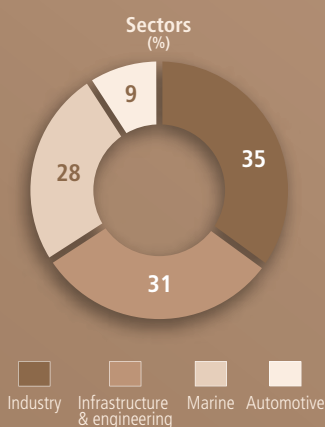
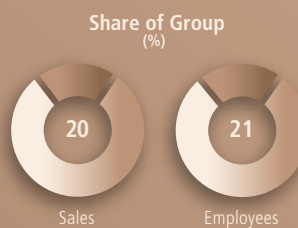
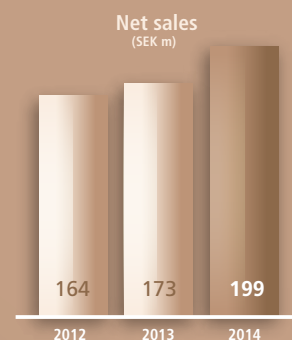


*Valve block for dialysis equipment.*



# Rotational Moulding

The Rotational Moulding business unit is made up of Cipax, which consists of five units that have their own development and sales organisations, three of these units have their own manufacturing operations. Cipax is the market leader within rotational moulding in the Nordic and Baltic regions. Long-standing experience in the industry and close cooperation with leading industrial companies has enabled Cipax to become a trusted supplier. Cipax also has a major competitive advantage due to its high level of technical expertise and access to many production sites with different specialisations.



# Rotational Moulding

## Activities and market

Cipax works on both customer-specific production and proprietary products within plastic rotational moulding. The company's own products are divided into the following segments: boats, marine products and industrial products. Customer-specific manufacturing focuses on the following sectors: marine, other industry, infrastructure & engineering and automotive. Cipax is primarily active on the Nordic and Baltic markets. By establishing new operations in Poland, the company has further expanded its market.

## 2014 in brief

The performance of the Rotational Moulding business unit exceeded that of the previous year. The growth in sales was healthy with increased market shares even in relatively weak sectors. The market situation was characterised by short-sightedness and was generally somewhat cautious, but there were variations between the business unit's different product segments and geographic markets.

Operations in Poland did not perform as planned and reported very poor figures. Structural work was undertaken in areas such as production control and business development in order to reverse the trend and this resulted in higher costs.



Rotational moulded weight disc for weight training.

### Market and organisation

In 2014, Cipax's strong position and brand in the Nordic countries gave the business unit the opportunity to acquire more market shares in several product areas and sectors. The Cipax Group reported general growth with higher revenue at all companies compared to the previous year. Taken as a whole, the companies also presented a strong operating profit despite the fact that operations at the newly established Polish company led to continued high costs. Work to develop the business concept took place during the year with a view to achieving greater stability in Poland.

The order situation at Cipax was positive from the turn of the year and throughout the first half of the year, while the autumn was defined by more conservative buying behaviour. During the year the Group decided to redistribute production between the units in order to optimise the use of resources and achieve cost benefits.

The Polish unit did not meet the expectations placed on it prior to 2014. However,

its establishment does create a strategically interesting situation with regard to Germany and other nearby countries. Sales efforts targeted at these markets began in 2013 and remained a priority throughout 2014. In August, a new moulding machine was installed in Poland and this makes it possible to manufacture products up to four metres in size. Cipax is running an active skills development programme in order to transfer know-how on production technology and sales from the well-established organisations to the unit in Poland.



A new moulding machine was installed at the business unit's Polish site during the year.

### Proprietary products

Cipax's proprietary products cover the boat, marine and industrial product segments.

Sales of boats went up by just over 30 per cent in 2014, which was significantly better than the general market trend. This success was due to the effort put into product development and the launch of new boat models in the past few years – most recently the Pioneer Multi in 2014. The Pioneer Multi is sold to both private individuals and professional users. Cipax has also taken a strategic approach to developing the dealer network. Successful sales figures have primarily been achieved on the main markets of Norway and Sweden, but the boat range has also generated enquiries from other areas. A few more new models were developed during the year and these will be introduced in the coming boating season.

The marine product area saw volumes on a par with that of the previous year. Cipax has developed several new buoys for fish farming which will go on sale in 2015. The products launched in the industrial segment in 2013 – such as tanks, containers

and water treatment systems – have been received well by the market. In 2014, Cipax came up with a number of new products including an underground tank for a water-saving vacuum toilet and a new storage tank for use in containers or other confined spaces.

### Customer-specific manufacturing

Cipax works with customers on customer-specific manufacturing in sectors such as the automotive and infrastructure industry. In 2014, deliveries of customer-specific solutions increased by just over 10 per cent. A new working method on the sales side with more resources available to assist customers in the development phase of new projects



*New tractor model from Valtra with air pipes from Cipax.*

has generated new, interesting projects and enhanced customer relations. The growth over the year is primarily attributable to the infrastructure and other industry segments. The increase was highest in Finland followed by Germany.



*3,000 litre underground waste tank for holiday homes without indoor plumbing. As only one metre high, it's easy to install and is also a good option on archipelago plots with shallow soil.*

## Looking forward to 2015

At the turn of the year, the order situation was just as healthy as it was at the same time the previous year. Cipax anticipates there will be some growth in 2015, although the expectations are somewhat conservative as a result of the market situation being hard to judge.

The loss of a major customer in the first quarter will to some extent be compensated by a higher number of projects ahead of the next half-year period. Cipax also has numerous new enquiries and outstanding quotes to manage and these provide hope of further orders.

Product development projects are still prioritised within all product segments. The efforts to create a profitable business in Poland continue, as do the intensive sales activities in northern Europe.

The distribution of boats will change ahead of the 2015 season as more dealers, mainly in Norway and Sweden, will have access to Cipax's wide range of boats.



CIPAX		
Net sales	SEK m	199
Growth	%	+15.0
Employees		144

Cipax designs, manufactures and sells plastic components and systems by means of rotational moulding using environmentally friendly, recyclable materials. The primary product segments include boats, products for the automotive and infrastructure industries, industrial containers and buoyancy devices.

The manufacturing process is characteristically cost-efficient for small-scale production runs due to low tool costs and flexible production. The flexibility of the product design process enables complex items to be created. Examples of customer-specific products include tanks, pipes and covers with specific requirements such as heat- or cold-resistance and chemical resistance. In addition to customer-specific manufacturing, which accounts for half of the unit's revenue, the companies work on proprietary products within the boat, marine and industry segments.

Deliveries are mainly to leading companies in the Nordic and Baltic countries within the marine, automotive and other industry sectors.



Fuel tank for lawn tractor.





Picture from HAGS Aneby AB.

# Responsibility for environment and quality

## Environmental objectives

*Group companies must continuously strive to reduce environmental impact through conscious selection of raw materials, processes and transport methods. The companies must also be sensitive to the wishes of customers and conform to the market's environmental requirements.*

### Environmental factors

Factors affecting the environment resulting from the Group's operations include, for example, emissions into the air and water, waste, wastewater, noise, packaging and transport. The Group's business, manufacturing processes and products are of such a nature that the environmental risks are considered to be limited.

### Operations with a reporting obligation

As of 31 December 2014, the Group was engaged in activities with a reporting obligation or permit requirement under the Swedish Environmental Code at six Swedish subsidiaries. The reporting obligation relates to the manufacture of plastic products (two companies) and engineering industry with metal finishing (three companies). The permit requirement relates to the engineering industry for metal finishing (one company). Activities affect the external environment mainly through waste.

### Environmental certification

Environmental management systems in accordance with ISO 14001 are used at most Group companies in an effort to ensure active environmental work. The Group had 13 operational companies as at 31 December 2014. Ten of these are environmentally certified.

### Environmental measures

Each company within the XANO Group is responsible for and actively strives to reduce its environmental impact. The companies are continually implementing improvements through quality and environmental goals for scrapping and increased sorting of waste according to source. At a general level, investments in machinery have improved the efficiency and reduced the electricity consumption of many of the Group's companies. Improved processes within many production units have also reduced the impact on the environment.

Amongst other action taken in 2014, the following specific measures have been implemented:

- Resinit has invested in a new ventilation system that recycles waste heat, meaning less district heating is required.
- Oil in the production process at LK Precision has been replaced with cutting emulsion, while oil separators are being tested with a view to reducing the consumption of cutting fluids. A new compressor that consumes less energy has been installed.
- Fredriksons has aimed towards and achieved environmental improvements by reducing the number of transports and the amount of hazardous waste.

## Quality objectives

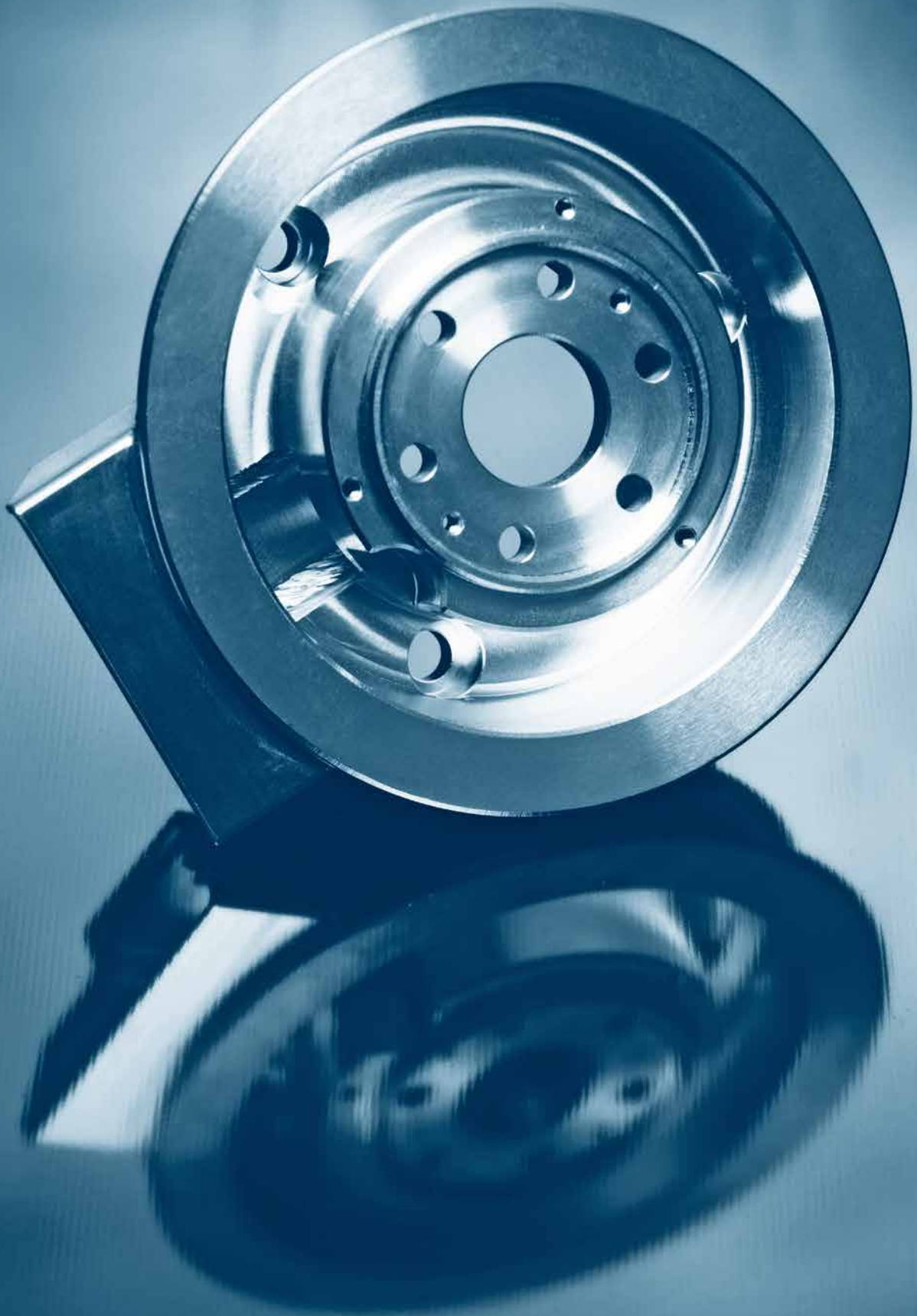
*The work relating to quality within the Group is decentralised and each company has its own quality organisation. The quality and delivery reliability of the products and services of the Group's companies constitute a vital competitive factor. The Group has therefore established an overall goal of consistently offering products and services of a high, uniform-quality on time.*

### Ongoing quality improvements

In order to achieve quality targets, ongoing investments are being made in the form of skills development and the upgrading of production equipment and processes. Suppliers and other joint venture partners are selected on the basis of quality, while activities within marketing and sales are carried out in such a way that the expecta-

tions created amongst customers can be met. Most of the Group's companies are quality-certified in accordance with ISO 9001 with internal and external controls and auditing. Several companies are also certified within certain fields, such as welding to international standard ISO 3834 and deliveries to the automotive industry to international standard ISO/TS 16949.





# Financial information

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## Directors' report

*The Board of Directors and the CEO of XANO Industri AB (publ), with corporate identity no. 556076-2055 and registered office in Jönköping, Sweden, hereby submit the annual report and consolidated financial statements for the 2014 financial year.*

*This annual report states whether the information provided refers to the entire Group or continuing operations, i.e. the Group excluding AGES (the spun-off Precision Components business unit). AGES is included as part of the Group as a whole up to and including 30 April 2014 and the full year 2013.*

### Operations

XANO develops, acquires and manages manufacturing businesses with unique or market-leading products and systems with related services.

Following a decision taken at the AGM in May 2014, the Precision Components business unit has been spun off from XANO to form an independent group of companies. The spin-off of Precision Components, which used to account for around half of all operations, is having a considerable effect on the Group's profits and financial position.

### Sales and profit

Net revenue for continuing operations totalled SEK 974 million (989). Net revenue was SEK 245 million (608) for spin-off operations and SEK 1,219 million (1,593) for the Group as a whole.

Operating profit for continuing operations amounted to SEK 65 million (85), corresponding to an operating margin of 6.7 per cent (8.6). Profit before tax was SEK 52 million (72). Profit before tax for spin-off operations amounted to SEK 24 million (64) and includes non-recurring items totalling SEK 0 million (2). Profit before tax for discontinued operations amounted to SEK 0 million (14). The Group as a whole reported profit before tax amounting to SEK 76 million (150) including non-recurring items totalling SEK 0 million (16).

### Share data and key ratios

Earnings per share for continuing operations were SEK 5.85 (8.00). Earnings per share for the Group as a whole amounted to SEK 8.55 (17.40). Equity per share was SEK 51.45 (94.80). The average number of outstanding shares was 6,788,974 during the year. The equity/assets ratio was 40 per cent (41) at the end of the year. The average number of employees was 675 (664) for continuing operations.

### Important events during the year

Solna Pressgjuteri AB and ADC of Sweden AB were acquired in April. Consolidation in XANO was effective as of 1 April 2014 and has had a negligible impact on the Group's results and financial position. The companies were initially a part of XANO's Precision Components business unit. The acquisitions will have no impact on revenue or profit for continuing operations.

Following a decision taken at the AGM on 8 May 2014, the Precision Components business unit has been spun off from XANO to form an independent group of companies. The parent company of the new group, AGES Industri AB, is now listed on NASDAQ OMX First North Premier.

On 1 July 2014, former Deputy CEO Lennart Persson took over as CEO. He succeeded Sune Lantz, who has taken on a number of board positions, including at XANO.

### Events after the end of the year

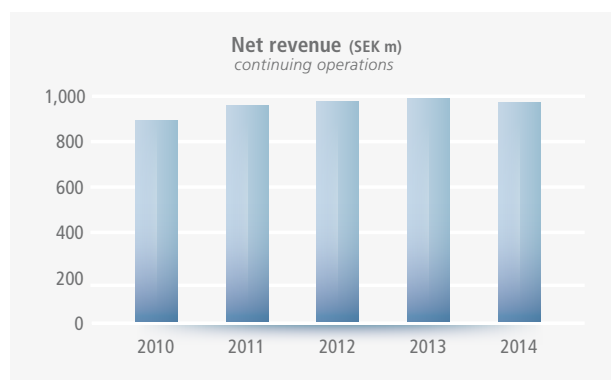
In February 2015, XANO entered into a letter of intent, via a subsidiary, to buy Canline Holding BV in the Netherlands. The business operations consist of the design, manufacture and sale of automation equipment, primarily conveyor systems, for the industrial handling of lids and cans. The business also manufactures and sells magnets for industrial purposes. In recent years, the Group has generated approximately EUR 8 million in annual sales and reported a strong profit. The transfer details and purchase price are contingent on the outcome of the current acquisition process, which is expected to be completed within two months.

### Organisation (continuing operations)

XANO comprises industrial companies with operations in Sweden, Estonia, Finland, Norway, China and Poland. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical fields. The Group's operations are divided into three business units: Industrial Solutions, Precision Technology and Rotational Moulding.

Industrial Solutions supplies automation solutions to the food and medical technical industries, in addition to packaging machines for beverage and other food packaging. The unit also provides manufacturers of furniture and fittings with parts such as hand wheels, handles and adjustable feet. The business unit comprises Ackurat, Fredriksons and NPB.

Precision Technology includes KMV, LK Precision, Mikroverktyg and Resinit. These companies cover component and system manufacture through advanced cutting processes involving plastics and metal for the production of components involving demanding quality and precision requirements. The production primarily concerns small to medium runs of components and systems for medical technology, infrastructure, etc.



Rotational Moulding consists of the Cipax Group, which manufactures plastic components and systems through rotational moulding. These companies supply both customer-specific and proprietary products. The primary product segments include boats and products for the automotive industry, as well as industrial tanks and buoyancy devices.

#### The Group's development during the year (continuing operations)

The first quarter of the year generated the improvements in profitability within the Precision Technology and Rotational Moulding business units that produced a generally stronger operating margin than that seen in the corresponding period of 2013. A substantial fall in volumes within the Industrial Solutions business unit did, however, lead to a reduction in total revenue for continuing operations compared to that for the previous year. A lack of uniformity in the market characterised the Group's activities in the first quarter.

Revenue for the second quarter was on a par with the previous year, but in terms of profit very strong figures were not achieved in the comparison quarter. The shortfall in profit compared to the corresponding period of the previous year was primarily due to a reduction in volumes for the project-related sale to the packaging industry. The market conditions for the Group's business areas remained varied.

The second half of the year began with a somewhat slow order intake, with a generally cautious market. During the third quarter, revenue was on a par with that of the corresponding period in the previous year, while operating profit improved slightly. The Precision Technology and Rotational Moulding business units exceeded the previous year's results, but Industrial Solutions failed to match its strong figures from 2013.

The end of 2014 generated a slightly weaker outcome than expected. However, the project-related sale to the packaging industry has produced strong orders.

The two business units Precision Technology and Rotational Moulding progressed well during the year. In a cautious market, the companies strengthened their positions and took a number of important steps to ensure continued profitable growth. The only exception was Rotational Moulding's operations in Poland, which showed poor profitability. Compared to the robust previous year, Industrial Solutions experienced a challenging period. Some major customers suffered from a difficult business cycle and sales to the packaging industry did not reach the level seen in the previous year. Measures have been put in place to adjust the costs, and these will start to take effect from the turn of the year.

#### Industrial Solutions

Revenue fell by 7 per cent and operating profit by 32 per cent compared to the previous year. Lower volumes due to fewer project deliveries to the packaging industry and a difficult business cycle for some key customers explain the weaker results in 2014. Measures have been implemented to counteract the reduced demand at Fredriksons' Swedish unit. Several new projects for the packaging industry were agreed in the autumn, with delivery due to take place in the first half of 2015. Sales of parts for furniture and fittings have continued to develop positively, primarily on the export markets.

#### Precision Technology

Compared to the previous year, revenue was 3 per cent higher, while operating profit improved by 37 per cent. Structural measures and work focusing on improving margins have resulted in the companies strengthening their market positions. The second half of the year was characterised by customers demonstrating some reluctance to place orders. However, the companies have taken on several new projects that will start successively.

#### Rotational Moulding

Invoicing was 15 per cent higher, with operating profit rising by 12 per cent, compared to the previous year. The business unit shows good growth in sales in the Nordic markets. All units have managed to acquire market shares in a cautious market. The unit in Poland did not match expectations in the second half of the year, leading to extra costs. Steps have been taken to further develop the business concept and strengthen the organisation.

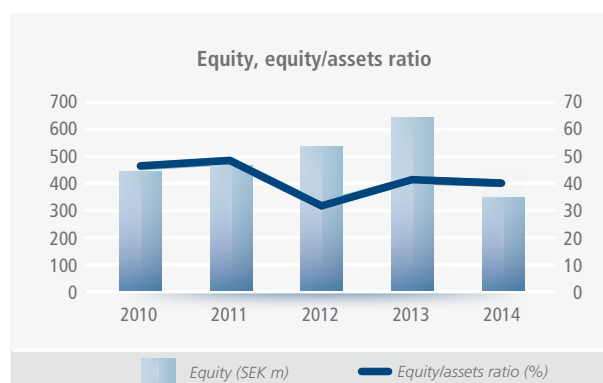
#### Spin-off operations

##### Precision Components (AGES Group)

The Precision Components business unit was spun off and listed separately during the second quarter. The business unit is included in the figures for the Group as a whole up to and including 30 April 2014. See also specification in Note 1 on page 59.

#### Investments

The Group's net investments in non-current assets amounted to SEK -437 million (16), of which SEK 31 million related to corporate transactions, SEK 6 million to real estate, SEK 62 million to machinery and equipment and SEK -536 million to the spin-off of AGES.



### Cash flow and liquidity

Cash flow from operating activities for the Group as a whole totalled SEK 93 million (161). Lower profit, mainly due to the spin-off of AGES, contributed to the reduced cash flow.

The Group's liquid assets, including lines of credit granted but not utilised, totalled SEK 254 million on the balance sheet date.

### Risks and uncertainty factors

The Group's major risk and uncertainty factors include operational risks associated with customers and suppliers and other external factors such as price risks for input goods. In addition, there are financial risks as a result of changes in exchange rates and interest rate levels. A statement on the Group's main financial and operational risks can be found in Note 32 on pages 69 and 70.

### Convertible bond programme

In accordance with the decision reached by the Annual General Meeting of XANO Industri AB on 10 May 2012, employees of the XANO Group subscribed to convertibles totalling SEK 29,999,961. The convertibles run from 1 July 2012 to 30 June 2016. The original conversion rate was SEK 109. Due to the distribution of the shares in AGES Industri AB to the XANO shareholders, the conversion rate has been recalculated in accordance with section 8E of the terms and conditions. The recalculated conversion rate is SEK 51. If all convertibles are converted to shares, share capital will be increased by a maximum of SEK 2,941,170. The dilution will then be approx. 8 per cent of the share capital and approx. 2 per cent of the number of votes. The convertible interest is paid annually in arrears and is equivalent to STIBOR 3M plus 2.7 per cent. During the period 1 June to 10 June 2016, each convertible may be converted to one Class B share in XANO Industri AB.

### Currency and interest rates

As a result of its international activities, XANO is particularly exposed to currency fluctuations in both EUR and USD relative to SEK. The Group's interest-bearing liabilities amounted to SEK 319 million (577) on the balance sheet date. A detailed description of the Group's financial risks can be found in Note 32 on pages 69 and 70.

### Environmental impact

The Group is engaged in activities with a reporting obligation in five Swedish subsidiaries and activities that require a permit under the Swedish Environmental Code in one Swedish subsidiary. The parent company does not conduct any activities that require a permit. A report on the Group's environmental activities can be found on page 42.

### Research and development

Within the framework of each subsidiary, products and processes are continuously developed. Development expenses, which are not significant, are normally written off as they arise. Under certain circumstances, expenses can be capitalised, provided that future economic benefits can be demonstrated and the expense is of considerable value. The Group does not conduct in-house research.

### The share and shareholders

As of the balance sheet date, the company holds 140,000 of its own shares, which were acquired in 2003. The total number of shares as of the balance sheet date was 6,928,974, distributed between 1,950,000 Class A shares and 4,978,974 Class B shares. Each Class A share gives entitlement to ten votes and each Class B share entitlement to one vote.

There are currently two shareholders who each own and control more than 10 per cent of the votes for all shares in the company. Tord Johansson controls 27.5 per cent of the capital and 55.1 per cent of the votes through his own holdings and through holdings via related parties. Pomona-gruppen holds 31.0 per cent of the capital and 28.6 per cent of the votes. Information concerning holdings relates to share after deduction of the company's own holdings.

### Work of the Board of Directors

XANO's Board of Directors consists of seven ordinary members. The members elected at the AGM include both representatives of XANO's largest shareholders and independent representatives. The CEO and other salaried employees in the Group participate in Board meetings to present reports or in an administrative capacity.

During the 2014 financial year, the Board of Directors held eight meetings. Each regular meeting deals with the reports and items requiring a decision that are defined in the Board's rules of procedure, in addition to business information. The Board makes decisions on issues of a general nature, such as the Group's strategy and structural and organisational issues, as well as acquisitions and major investments.

The Board's control function is dealt with by the audit committee. One of the company's auditors attends at least one Board meeting each year to report the auditors' observations following their examination of the company's financial statements, procedures and internal controls.

### Nomination committee

A nomination committee was appointed at the 2014 AGM consisting of Ulf Hedlundh (chairman), Fredrik Rapp and Anders Rudgård. The task of the committee prior to the 2015 AGM is to nominate a Chairman of the Board and other Board members, auditors, a chairman for the AGM and propose fees for the Board, committees and auditors. Prior to the 2015 AGM, the nomination committee has so far had one meeting, during which minutes were taken, in addition to a number of contacts between the committee members.

The Articles of Association do not contain any specific regulations concerning the appointment and dismissal of Board members.

### Agreements

The only agreements between the company and the members of the Board of Directors are agreements relating to Board directorships drawn up for each term on the Board.

### Corporate governance

XANO's corporate governance is based on Swedish legislation and the listing agreement with NASDAQ OMX Stockholm. Directives issued by authorities and stakeholders within Swedish industry and on the financial market are also applied for various issues.

Governance, management and control are divided between shareholders at the AGM, the Board and the CEO in accordance with the Swedish Companies Act and the company's articles of association and rules of procedure.

From 1 July 2008, all companies listed on NASDAQ OMX Stockholm must follow the "Swedish Code for Corporate Governance", the so-called "Code". XANO's corporate governance report has been prepared separately from the directors' report and can be found on pages 84–87.



## Five-year overview

Income statement, SEK m	2014	2013	2012	2011	2010
Net sales	974	989	975	960	894
Cost of goods sold	-773	-774	-762	-747	-716
<b>Gross profit</b>	<b>201</b>	<b>215</b>	<b>213</b>	<b>213</b>	<b>178</b>
Selling expenses	-93	-89	-82	-77	-71
Administrative expenses	-44	-44	-44	-43	-38
Other operating income/expenses	1	3	0	8	11
<b>Operating profit</b>	<b>65</b>	<b>85</b>	<b>87</b>	<b>101</b>	<b>80</b>
Financial items	-13	-13	-8	-9	-13
<b>Profit before tax</b>	<b>52</b>	<b>72</b>	<b>79</b>	<b>92</b>	<b>67</b>
Tax	-12	-17	-15	-21	-15
<b>Profit from continuing operations</b>	<b>40</b>	<b>55</b>	<b>64</b>	<b>71</b>	<b>52</b>
Profit from spin-off/discontinued operations	18	63	3	12	20
<b>Net profit for the year</b>	<b>58</b>	<b>118</b>	<b>67</b>	<b>83</b>	<b>72</b>

Financial position, SEK m <sup>1)</sup>	31/12/2014	31/12/2013	31/12/2012	31/12/2011	31/12/2010
Non-current assets	519	1,004	1,051	600	594
Current assets	360	553	614	436	382
Equity	349	643	539	499	446
Non-current liabilities	251	440	476	149	216
Current liabilities	279	474	650	388	314
<b>Balance sheet total</b>	<b>879</b>	<b>1,557</b>	<b>1,665</b>	<b>1,036</b>	<b>976</b>

Cash flow, SEK m <sup>1)</sup>	2014	2013	2012	2011	2010
Cash flow from operating activities	93	161	73	165	126
Cash flow from investing activities	-85	25	-431	-42	30
<b>Cash flow after investments</b>	<b>8</b>	<b>186</b>	<b>-358</b>	<b>123</b>	<b>156</b>
Cash flow from financing activities	-8	-223	367	-79	-156
<b>Cash flow for the year</b>	<b>0</b>	<b>-37</b>	<b>9</b>	<b>44</b>	<b>0</b>

Key ratios	2014	2013	2012	2011	2010
Operating margin (continuing operations), %	6.7	8.6	8.9	10.5	9.1
Profit margin (continuing operations), %	5.3	7.2	8.0	9.6	7.5
Return on equity, % <sup>1)</sup>	12.5	19.8	12.9	17.6	17.4
Return on capital employed, % <sup>1)</sup>	10.5	14.7	10.8	16.6	12.4
Return on total capital, % <sup>1)</sup>	8.0	11.2	8.0	12.3	9.6
Interest coverage ratio, multiple <sup>1)</sup>	4.9	6.4	6.3	7.8	5.8
Equity, SEK m <sup>1)</sup>	349	643	539	499	446
Equity/assets ratio, % <sup>1)</sup>	40	41	32	48	46
Proportion of risk-bearing capital, % <sup>1)</sup>	44	47	37	52	49
Basic earnings per share (continuing operations), SEK <sup>2)</sup>	5.85	8.00	9.40	10.50	7.65
Basic earnings per share, SEK <sup>1, 2)</sup>	8.55	17.40	9.85	12.15	10.60
Equity per share, SEK <sup>1)</sup>	51.45	94.80	79.45	73.50	65.70
Cash flow from operating activities per share, SEK <sup>1)</sup>	13.65	23.70	10.75	24.30	18.50
Proposed dividend per share, SEK	2.50	4.00	3.50	3.50	3.50

Miscellaneous	2014	2013	2012	2011	2010
Scheduled depreciation (continuing operations), SEK m	43	41	45	41	42
Scheduled depreciation, SEK m <sup>1)</sup>	52	68	56	50	63
Interest-bearing liabilities, SEK m <sup>1)</sup>	319	577	756	242	282
Net investments excl. corporate transactions (continuing operations), SEK m	49	38	45	38	20
Average number of employees (continuing operations)	675	664	656	642	642

<sup>1)</sup> Refers to the entire Group, including spin-off/discontinued operations.

<sup>2)</sup> Based on net profit for the year.

For definitions, see page 70.

### Future development

In the immediate future the customer segments of all the business units are expected to continue to show caution. Despite this, the level of incoming orders stabilised in the latter part of 2014 and at the start of this year. The market situation is expected to gradually improve over the course of the year.

### Repurchase of own shares

In April 2003, 415,000 Class B shares were acquired. In 2006, share capital was reduced by cancelling 198,000 of the repurchased shares. A total of 47,000 and 30,000 of the company's own shares were transferred during 2007 and 2008 respectively in connection with company acquisitions. The number of shares in own custody after these transactions amounts to 140,000, corresponding to 2.0 per cent of the share capital. After deduction of the company's own holding, the number of outstanding shares amounts to 6,788,974 as of the balance sheet date.

The Board of Directors proposes that the AGM renews the Board's authorisation to approve repurchases of own shares. Such a mandate would empower the Board, during the period up until the next AGM, to make decisions regarding the repurchase of the company's shares. Any such repurchase could be effected both via the stock market and by offers to the shareholders. It is proposed that the mandate of the Board should also include scope for assigning repurchased shares within the constraints of relevant legislation.

### Authorisation for a new share issue

XANO's Board of Directors proposes that the AGM renew the Board's authorisation to decide on a new issue of Class B shares corresponding to a maximum of one tenth of the company's issued shares. Such a mandate would empower the Board to make a decision on a new share issue during the period up until the next Annual General Meeting. The terms of the issue, including the issue price, must be based on a market assessment in which the issue price is on every occasion set as closely to the market value as possible, less the discount which may be necessary to obtain interest in the subscription.

### Remuneration and employment conditions for senior executives

The Board of Directors proposes that the 2015 AGM reach a decision concerning guidelines for the determination of salaries and other remuneration to the CEO and other senior executives. It is proposed that the guidelines that were approved by the 2014 AGM remain principally unchanged. These guidelines are as follows:

The conditions are to be market-based. In addition to a fixed basic salary, senior executives may receive variable remuneration, which must be limited and based on the trend in results or the return on equity compared with set goals. The variable component may not exceed the equivalent of three months' fixed salary. Senior executives shall have market pension conditions

which must be premium-based. Any employee in the Group's management may terminate their employment by giving six months' notice. In the event of notice being given to the CEO, severance pay totalling 18 months' salary shall be payable. The Board shall be entitled to deviate from the guidelines if there are exceptional reasons for doing so in an individual case.

According to the current employment contract, the company and the CEO have a mutual six-month period of notice. In the event of notice being given to the CEO, severance pay totalling 18 months' salary shall be payable. Severance pay will be offset against other income. In the event of notice on the part of the CEO, no severance pay is payable. For other senior executives, there is a period of notice of six months by either party. In the event of notice on the part of the company, severance pay totalling six months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the senior executives, no severance pay is payable.

### Proposal for the appropriation of profits

#### Parent Company

<b>The following amounts are at the disposal of the AGM:</b>		<b>SEK</b>
Share premium reserve	4,294,700	
Retained earnings	8,437,267	
Net profit for the year	56,557,538	
<b>Total</b>	<b>69,289,505</b>	

<b>The Board of Directors and the CEO propose that the surplus be distributed as follows:</b>		<b>SEK</b>
Payment of a cash dividend of SEK 2.50 per share to shareholders (6,788,974 shares)	16,972,435	
To be carried forward	52,317,070	
<b>Total</b>	<b>69,289,505</b>	

### Statement by the Board of Directors regarding the proposed dividend

Based on the proposed dividend, the equity/assets ratio is adequate as company and Group activities are still profitable. It is the opinion of the Board that the liquidity in the company and Group can be maintained at a satisfactory level.

The Board believes that the proposed dividend does not prevent the Parent Company or the other Group companies from fulfilling their obligations in the short- and long-term, or from meeting their required investments. The proposed dividend can thus be justified with reference to the provisions of Section 3(2–3) in Chapter 17 of the Swedish Companies Act (the prudence rule).

# Consolidated statements of comprehensive income

GROUP (SEK thousands)	Note	2014	2013
Net sales	2	973,780	988,622
Cost of goods sold	4, 5, 6	-773,139	-773,471
<b>Gross profit</b>		<b>200,641</b>	<b>215,151</b>
Other operating income	8	5,636	7,273
Selling expenses	4, 5, 6	-93,284	-88,248
Administrative expenses	4, 5, 6, 7	-43,712	-44,289
Other operating expenses	9	-4,277	-5,288
<b>Operating profit</b>	2, 3	<b>65,004</b>	<b>84,599</b>
Financial income and similar profit/loss items	10	3,808	8,543
Financial expenses and similar profit/loss items	11	-17,307	-21,666
<b>Profit before tax</b>		<b>51,505</b>	<b>71,476</b>
Tax	12	-11,889	-17,029
<b>Net profit for continuing operations</b>		<b>39,616</b>	<b>54,447</b>
Profit from spin-off/discontinued operations <sup>1, 2)</sup>	1	18,445	63,554
<b>NET PROFIT FOR THE YEAR</b>		<b>58,061</b>	<b>118,001</b>
<i>– of which attributable to shareholders of the Parent Company</i>		<i>58,061</i>	<i>118,001</i>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified to net profit for the period</i>			
Change in hedging reserve <sup>3)</sup>	20, 24	-12,530	8,039
Tax relating to change in hedging reserve	20, 24	2,757	-1,769
Translation differences <sup>4)</sup>	20	14,775	3,784
<b>OTHER COMPREHENSIVE INCOME</b>		<b>5,002</b>	<b>10,054</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>63,063</b>	<b>128,055</b>
<i>– of which attributable to shareholders of the Parent Company</i>		<i>63,063</i>	<i>128,055</i>
<b>SHARE DATA</b>			
Basic earnings per share for continuing operations <sup>5)</sup>	SEK 18	5.85	8.00
Diluted earnings per share for continuing operations <sup>5)</sup>	SEK 18	5.65	7.90
Basic earnings per share for the Group as a whole <sup>5)</sup>	SEK 18	8.55	17.40
Diluted earnings per share for the Group as a whole <sup>5)</sup>	SEK 18	8.20	16.90
Average number of outstanding shares	19	6,788,974	6,788,974
Average number of outstanding shares after dilution	19	7,274,302	7,064,203
Average number of shares in own custody	19	140,000	140,000

<sup>1)</sup> Profit from discontinued operations relates to capital gain from the sale of a property in Tallinn and constitutes non-recurring items totalling SEK 0 million (14). See also specification in Note 1.

<sup>2)</sup> Profit from spin-off operations relates to the Precision Components business unit (AGES). The business unit is included in the Group figures up to and including 30 April 2014. The amounts include non-recurring items attributable to capital gains from the sale of real estate totalling SEK 0 million (2). See also specification in Note 1.

<sup>3)</sup> Relates to the effective component of value change in derivative instruments used for hedge accounting.

<sup>4)</sup> Refers to the effects of changes in exchange rates when net investments in non-Swedish subsidiaries are translated to SEK. The amount is reported net of hedging contracts.

<sup>5)</sup> Based on net profit for the year as above.

## Consolidated statements of financial position

<b>GROUP (SEK thousands)</b>	<b>Note</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible non-current assets</i>			
Goodwill	13	170,345	498,794
Other intangible non-current assets		6,930	8,790
		<b>177,275</b>	<b>507,584</b>
<i>Property, plant and equipment</i>			
Land and buildings	14	165,148	239,710
Plant and machinery	29	146,235	211,216
Equipment, tools, fixtures and fittings		20,523	20,905
Construction in progress and advance payments for property, plant and equipment		4,325	17,675
		<b>336,231</b>	<b>489,506</b>
<i>Financial non-current assets</i>			
Non-current receivables		435	45
		<b>435</b>	<b>45</b>
<i>Other non-current assets</i>			
Deferred tax asset	24	4,694	6,293
		<b>4,694</b>	<b>6,293</b>
<b>Total non-current assets</b>		<b>518,635</b>	<b>1,003,428</b>
<b>Current assets</b>			
<i>Inventories</i>			
	15	<b>166,459</b>	<b>247,525</b>
<i>Current receivables</i>			
Trade receivables etc.	16, 17	153,358	267,715
Prepaid expenses		7,226	10,494
		<b>160,584</b>	<b>278,209</b>
<i>Cash and cash equivalents</i>			
	17	<b>32,990</b>	<b>27,764</b>
<b>Total current assets</b>		<b>360,033</b>	<b>553,498</b>
<b>TOTAL ASSETS</b>		<b>878,668</b>	<b>1,556,926</b>

<b>GROUP (SEK thousands)</b>	<b>Note</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	34,645	34,645
Other contributed capital		17,759	20,259
Other reserves	20	3,008	-1,987
Retained earnings		293,771	590,692
<b>Total equity</b>		<b>349,183</b>	<b>643,609</b>
<i>– of which attributable to shareholders of the Parent Company</i>		<i>349,183</i>	<i>643,609</i>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Liabilities to credit institutions	21, 26, 27, 29	85,398	225,225
Other liabilities	21, 22, 26	129,247	128,744
Other provisions	23	3,029	2,704
Deferred tax liability	24	33,198	82,848
		<b>250,872</b>	<b>439,521</b>
<i>Current liabilities</i>			
Trade payables etc.	25, 26	157,190	230,373
Derivative instruments	25, 26	16,870	4,895
Borrowings	21, 26, 27	83,441	160,383
Current portion of non-current liabilities	21, 26, 27, 29	20,425	62,919
Deferred income		272	11
Current tax liability		415	15,215
		<b>278,613</b>	<b>473,796</b>
<b>Total liabilities</b>		<b>529,485</b>	<b>913,317</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>878,668</b>	<b>1,556,926</b>
<b>Pledged assets</b>	27	<b>358,765</b>	<b>719,100</b>
<b>Contingent liabilities</b>	28	<b>2,889</b>	<b>2,942</b>

## Statement of changes in equity

GROUP (SEK thousands)	Note	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
<b>Equity, 1 January 2013</b>		<b>34,645</b>	<b>20,259</b>	<b>-12,041</b>	<b>496,452</b>	<b>539,315</b>
Net profit for the year		-	-	-	118,001	118,001
Other comprehensive income		-	-	10,054	-	10,054
<b>Comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>10,054</b>	<b>118,001</b>	<b>128,055</b>
Dividend paid		-	-	-	-23,761	-23,761
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-23,761</b>	<b>-23,761</b>
<b>Equity, 31 December 2013</b>		<b>34,645</b>	<b>20,259</b>	<b>-1,987</b>	<b>590,692</b>	<b>643,609</b>
Net profit for the year		-	-	-	58,061	58,061
Other comprehensive income		-	-	5,002	-	5,002
<b>Comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>5,002</b>	<b>58,061</b>	<b>63,063</b>
Dividend paid in cash		-	-	-	-27,156	-27,156
Dividend paid by distribution of shares in subsidiary		-	-2,500	-7	-327,826	-330,333
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-2,500</b>	<b>-7</b>	<b>-354,982</b>	<b>-357,489</b>
<b>Equity, 31 December 2014</b>	19, 20	<b>34,645</b>	<b>17,759</b>	<b>3,008</b>	<b>293,771</b>	<b>349,183</b>

## Cash flow statements

GROUP (SEK thousands)	Note	2014	2013
<b>Operating activities</b>			
Operating profit		91,576	174,458
<i>Adjustments for non-cash items etc.</i>			
Depreciation and amortisation		52,500	68,525
Capital gain from sale of non-current assets		-593	-17,493
Write-down of inventories		1,964	1,642
Other		277	-80
Interest paid/received, net value	30	-14,247	-23,034
Income tax paid		-25,077	-30,648
<b>Cash flow from operating activities before changes in working capital</b>		<b>106,400</b>	<b>173,370</b>
<b>Changes in working capital</b>			
Increase (-) / decrease (+) in inventories		-6,995	4,360
Increase (-) / decrease (+) in current receivables		-41,272	16,412
Increase (+) / decrease (-) in current liabilities		34,634	-33,386
<b>Cash flow from operating activities</b>		<b>92,767</b>	<b>160,756</b>
<b>Investing activities</b>			
Purchase of intangible non-current assets		-254	-3,687
Purchase of property, plant and equipment <sup>1)</sup>		-46,740	-47,383
Sale of property, plant and equipment		1,748	73,161
Indirect investments through acquisition of subsidiaries/assets and liabilities	30, 31	-39,887	298
Indirect investments through sale of subsidiaries/assets and liabilities	30, 31	-	3,063
Indirect investments through distribution of subsidiary	30	-1,127	-
Decrease in other non-current receivables		1,647	-
<b>Cash flow from investing activities</b>		<b>-84,613</b>	<b>25,452</b>
<b>Financing activities</b>			
<i>Increase (+) / decrease (-) in non-current liabilities <sup>1)</sup></i>			
Borrowings		4,862	0
Repayment of debt		-30,198	-58,783
Other		-1,789	-2,529
Dividend paid		-27,156	-23,761
<i>Increase (+) / decrease (-) in current borrowings and liabilities to credit institutions <sup>1)</sup></i>			
Borrowings		6,113	1,882
Repayment of debt		-475	-32,086
Change in bank overdraft facilities		41,071	-108,162
<b>Cash flow from financing activities</b>		<b>-7,572</b>	<b>-223,439</b>
<b>Cash flow for the year</b>		<b>582</b>	<b>-37,231</b>
Cash and cash equivalents at the beginning of the year		27,764	63,852
Exchange rate differences in cash and cash equivalents		4,644	1,143
<b>Cash and cash equivalents at the end of the year</b>		<b>32,990</b>	<b>27,764</b>

<sup>1)</sup> The reporting of finance leases is reversed so that the cash flow corresponds to incoming and outgoing payments.

## Accounting policies

*The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendations and statements.*

### General

The accounting and valuation policies that have been applied are unchanged compared with the previous year, with the following exceptions as a result of new or revised standards, interpretations and improvements, which are applied from 1 January 2014 inclusive.

» *IFRS 10 Consolidated Financial Statements*

The standard explains when and how it should be determined whether there is a controlling interest and consequently when a company must be included in the consolidated financial statements.

» *IFRS 11 Joint Arrangements*

The standard identifies two types of joint arrangement: joint operations and joint ventures, and how these must be reported.

» *IFRS 12 Disclosure of Interests in Other Entities*

The standard contains disclosure requirements for subsidiaries, joint arrangements, associates and non-consolidated entities.

» *Amendments to IAS 27 Separate Financial Statements*

» *Amendments to IAS 28 Investments in Associates and Joint Ventures*

» *Amendments to IAS 32 Financial Instruments: Presentation*

» *Amendments to IAS 36 Impairment of Assets*

» *Amendments to IAS 39 Financial Instruments: Recognition and Measurement*

The application of these new standards has not had any effect on the Group's financial performance or position but does involve expanded disclosure requirements.

The following new or revised IFRS standards effective from 2015 have not been applied in the preparation of these financial statements.

» *IAS 19 Employee Benefits*

» *Annual improvements*

The application of these new standards is not considered to have a significant impact on the Group's financial performance or position but does involve expanded disclosure requirements and a revised presentation format.

The new or revised standards with application from 2016 which could become relevant for XANO, i.e. IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, have not been applied in connection with the preparation of these financial statements.

### Consolidated financial statements

#### General

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). As the Parent Company is a company within the EU, only IFRS standards approved by the EU are applied. The consolidated financial statements have also been prepared in accordance with Swedish law through the application of the Swedish Financial Reporting Board's recommendation RFR 1.

The consolidated financial statements cover the parent company, XANO Industri AB, and the companies over which the parent company has a direct or indirect controlling interest as at year-end. Controlling interest is defined on the basis of whether the shareholder is capable of controlling the company,

entitled to a return and in a position to manage the activities that influence the return. This is usually achieved if the holding corresponds to more than 50 per cent of the number of votes. The consolidated financial statements have been prepared in accordance with the acquisition method. This means that in the consolidated financial statements, shares in subsidiaries are replaced with the subsidiary's identifiable assets, liabilities and contingent liabilities, valued at fair value at the time of acquisition. The equity of the acquired subsidiary is eliminated in its entirety, which means that the consolidated equity includes only that portion of the subsidiary's equity which has accrued after the acquisition. If the consolidated acquisition value of the shares exceeds the acquisition analysis' value of the company's net assets, the difference is recognised as consolidated goodwill. If the consolidated acquisition value of the shares is instead lower than the value of the company's net assets, the difference is recognised directly in the profit/loss for the year. All intra-Group balances, income, costs, profits or losses that arise in transactions between companies covered by the consolidated financial statements are eliminated in their entirety. Only the profit or loss that has come about after acquisition is included in the consolidated income statement. The financial performance of divested companies is reported up to the date of sale.

#### Business combinations

IFRS 3 is applied to business combinations. This means, amongst other things, that transaction fees on business combinations must be reported as a cost and also that conditional purchase prices must be set at the fair value at the time of acquisition and that the effects of revaluations of these purchase prices must be reported in the profit for the year.

#### Translation of foreign currencies

##### – Functional currency and presentation currency

Items included in the financial statements for the various entities belonging to the Group are valued in the currency used in the primary economic environment in which each company operates (functional currency). The Swedish krona (SEK), which is the parent company's functional currency and presentation currency, is used in the consolidated financial statements.

##### – Foreign subsidiaries

The profit and financial position of all Group companies with a functional currency other than the presentation currency are translated to the Group's presentation currency as follows:

- (i) assets and liabilities for each of the balance sheets are translated at the exchange rate on the balance sheet date,
- (ii) income and expenses for each of the income statements are translated at the average exchange rate,
- (iii) all translation differences that arise are recognised in other comprehensive income.

In the case of the disposal of foreign operations, the total translation differences attributable to the foreign company are recognised as part of the capital gain/loss in the consolidated statement of comprehensive income.

### Discontinued operations

The spin-off of the Precision Components business unit with the parent company AGES Industri AB was decided on and executed in 2014. Profit from the operating activities of spun-off entities is recognised in accordance with IFRS 5 as spin-off/discontinued operations. The business unit is included in Group profits up to and including 30 April 2014. In addition to this, a capital gain from the 2013 sale of a property in Tallinn has been reclassified to profit from discontinued operations.

Profit from spun-off entities' operating activities and capital gains/losses from disposals are recognised under the separate item "Profit from spin-off/



discontinued operations" in the consolidated statement of comprehensive income. Earnings per share are recognised both for profit from continuing operations and the Group as a whole. Comparison figures in income statements and notes have been adjusted.

The spin-off of Precision Components has been valued at the business unit's consolidated book value as at 30 April 2014 and has reduced the Group's equity by the corresponding amount. No valuation of fair value in accordance with IFRIC 17 has taken place because the company does not believe that it would provide a true and fair view.

### Income

The Group offers products and systems with related services. Sales of goods are reported on delivery of the products to the customer in accordance with the sales terms. The risks and benefits associated with the sale of goods normally transfer to the customer upon delivery. Income from services is reported during the period in which the service was performed. Any discounts have been deducted from the net revenue.

### Pensions

Pensions and other benefits after the termination of employment are classified as either defined contribution plans or defined benefit plans. With a defined contribution plan, the company's obligation is limited to paying fixed contributions to a separate legal entity (insurance company) and the company has no other obligations. A defined benefit plan is a pension plan that stipulates an amount for the pension benefit that an employee will receive after retirement. This is normally based on factors such as age, length of employment and salary. An independent actuary calculates the size of the obligations linked to each respective defined benefit plan. The actuary revalues the pension plan's obligation every year and distributes the costs over the employee's working life. The obligation is reported as a liability in the balance sheets. The Group primarily has defined contribution pension plans.

The majority of the Group's Swedish salaried employees are covered by the ITP plan, which is financed through pension insurance with Alecta or SPP. According to a statement from the Swedish Financial Reporting Board, this is a defined benefit plan. The Group has not had access to information that makes it possible to report this plan as a defined benefit plan. The pension plan as per ITP is therefore reported as a defined contribution plan in accordance with IAS 19. In addition, there are pension obligations which are subject to fixed contributions and which are hedged through payment of premiums to insurance companies.

### Taxes

Reported income taxes include tax that will be paid for the current year and any changes to deferred tax. Tax assets and liabilities are valued at nominal amounts and in accordance with the current tax rules and tax rates. Deferred tax is calculated on temporary differences that arise between reported values and the tax base for assets and liabilities. The temporary differences refer mainly to untaxed reserves in Swedish companies.

Deferred tax liabilities are normally reported for all taxable temporary differences, while deferred tax assets are reported to the extent it is likely that the sums may be utilised.

### Non-current assets

Non-current assets are valued at the acquisition value less accumulated depreciation and any impairment costs. If there is an indication that an asset has reduced in value, the asset's recoverable amount is calculated. If the reported value exceeds the recoverable amount, the asset is written down to a value corresponding to the recoverable amount. If an asset cannot be tested for impairment separately, the asset must be allocated to a cash-generating unit for

impairment testing. Future expenses are only recognised at their acquisition value if it is probable that the financial benefits that are associated with the asset will fall to the company and that the acquisition value can be calculated reliably. All other future expenses are reported as a cost during the period in which they arise.

A non-current asset that will primarily be recovered through disposal and not through continual use in the business is segregated and reported separately in the balance sheet. Non-current assets for sale are valued at the lower of the reported value and the fair value following deductions for sales costs.

#### *Intangible non-current assets*

Expenditure for product and process development is normally charged to the income statement continuously. Expenses for major projects, which are directly linked to identifiable products controlled by the Group and which will probably give financial benefits in future years, are recognised in the balance sheet as intangible non-current assets. Other intangible assets include both acquired assets and internally developed assets. The latter consist mainly of direct costs for own work as well as attributable shares of indirect costs.

Impairment tests for goodwill are performed every year. The Group's goodwill is divided between the Group's cash-generating units. Recoverable amounts for a cash-generating unit are determined based on calculations of values in use. These calculations are based on the Group's annual forecasting process, where future cash flows for the existing business are forecasted for the current year and the coming four-year period. The cash flow beyond the five-year period is extrapolated. XANO uses a current weighted capital cost for discounting estimated future cash flows. Discounted flows are compared with the carrying amount.

Depreciation is included in the costs for each function. Depreciation is calculated systematically over the expected utilisation period as per the list below.

Other intangible non-current assets	3–10 years
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#### *Property, plant and equipment*

Depreciation is included in the costs for each function. Depreciation is calculated systematically over the expected utilisation period as per the list below.

Buildings	25–50 years
Land improvements	20 years
Machinery and equipment	3–10 years

### Inventories

Inventories are valued as per the principle of lowest value and the first-in-first-out (FIFO) method. This means that inventories are recorded at the lower of the acquisition value as per the FIFO method and the net realisable value. The acquisition value of own-labelled finished and semi-finished goods consists of direct manufacturing costs and a reasonable mark-up for indirect manufacturing costs.

### Liquid assets

Liquid assets (cash and cash equivalents) constitute cash and bank balances and investments with a term of no more than three months.

### Financial assets and liabilities

Financial assets and liabilities cover cash and bank deposits, short-term investments, trade receivables, loan receivables, loan liabilities, trade payables and any derivatives. A financial asset or liability is recognised on the balance sheet when the company becomes party to the instrument's contractual terms. A financial asset is removed when the right to receive cash flows from the asset has expired or been transferred to another party. A financial liability is removed from the balance sheet once the obligation has been discharged, revoked or has expired.

Financial instruments are reported at their accrued acquisition value or fair value depending on how the instrument is classified.

Financial assets and liabilities valued at fair value via the profit for the year cover assets which are held for trading and assets and liabilities which are classified for reporting at fair value via net profit for the year. Hedge accounting takes place in accordance with IAS 39. Any instruments classified as assets for sale and liabilities with a direct link to assets for sale are reported at their fair value.

Loan receivables and trade receivables are valued at their accrued acquisition value. Impairment testing is carried out on an ongoing basis for these assets. Testing takes place individually and takes factors such as the financial difficulties of the debtor into account.

In addition to this, financial assets may be classified as investments held to maturity. XANO does not recognise any assets belonging to this category.

Other financial liabilities, such as borrowings and trade payables, are valued at their accrued acquisition value.

XANO uses derivative instruments to hedge interest rates and sales in foreign currency. In order for it to be possible to use hedge accounting, a number of criteria must be fulfilled: the position to be hedged is identified and exposed to exchange rate or interest rate fluctuations, the purpose of the instrument is to serve as a hedge, and a hedge effectively protects the underlying position against changes in its value.

XANO uses interest-rate swaps to control the uncertainty in the future interest-rate streams in regard to borrowings with variable interest rates. These derivatives are valued at their fair value in the balance sheet. The valuation is based on forward interest rates produced on the basis of observable yield curves scanned in the market at mid-price. The valuation system detects which day count convention is being traded and adjusts the valuation accordingly. The relationship between the hedging instrument and the hedged item is documented when the transaction is entered into. The efficiency of the hedging relationship is measured regularly thereafter. The interest coupon share is regularly reported as either interest income or interest expense in the income statement. Other value changes are reported in other comprehensive income as long as the criteria for hedge accounting and efficiency are fulfilled. The inefficient part is recognised at fair value as a financial item in net profit for the year.

XANO uses currency derivatives to hedge sales in foreign currency. These contracts are valued at their fair value in the balance sheet. Valuation of the derivative from 2013, called an Accumulator, is based on the European Central Bank's fixing rates, swap rates and volatilities for the currency in question. The change in value is recognised in other comprehensive income until the hedged flow is entered in the income statement and for as long as the criteria for hedge accounting and efficiency are satisfied. The inefficient part is recognised at fair value in net profit for the year. As of 31 December 2014, there are no currency derivative contracts.

XANO uses borrowings in foreign currency to hedge net investments in foreign enterprises. The component of profit or loss which is deemed to constitute an effective hedge is reported as other comprehensive income. The profit or loss that is attributable to the inefficient part is recognised in net profit for the year.

Convertible bonds consist of a composite financial instrument with the character of both a liability and of equity. In accordance with IAS 32, these are reported partly as a financial liability and partly as an equity instrument.

Receivables and liabilities in foreign currency have been translated to the

functional currency at the balance sheet date rate in accordance with IAS 21. Translation differences for receivables and liabilities are reported under operating profit, while translation differences attributable to loan receivables and liabilities are included in the net financial income.

When settlement or disposal is expected to take place more than 12 months after the balance sheet date, a financial asset is reported as a non-current asset. Financial liabilities which are expected to be settled more than 12 months after the balance sheet date are reported as non-current liabilities.

### Provisions

Provisions are recognised in the balance sheet when the company has a legal or informal commitment as a result of an event that has occurred and it is more probable than not that an outflow of resources is required in order to settle the commitment and a reliable assessment of the amount can be made. The amounts are assessed on an ongoing basis based on both historical experience and reasonable future expectations. The Group's provisions refer to pensions and guarantee commitments.

### Lease contracts

The Group applies IAS 17 when reporting important contracts. According to this standard, lease contracts are classified as either financial or operational in the consolidated financial statements. A finance lease takes place when the financial risks and benefits associated with ownership are, in essence, transferred to the lessee. If this is not the case, the contract is considered operational in nature. A finance lease involves the relevant object being reported as property, plant and equipment, while corresponding borrowings are entered as liabilities. Assets and liabilities are valued at the start of the lease period at the present value of the contractual leasing charges. In the income statement, lease costs are divided between a depreciation element and an element for interest costs.

### Borrowing costs

Borrowing costs which are directly attributable to procurement, construction or production of a qualified asset constitute part of the asset's acquisition value. Other borrowing costs are written off in the period as they arise. No borrowing costs have been capitalised in 2014.

### Cash flow

Cash flow is reported by applying the indirect method. This means that the net profit/loss is adjusted for transactions that have not resulted in deposits or withdrawals during the period and for any income and costs related to the cash flow of investing or financing activities.

In the cash flow statement, purchase prices for companies that are either acquired or disposed off are presented on a separate line. The assets and liabilities that the acquired or sold company had at the time of the acquisition/disposal are therefore not included in the cash flow.

### Segments

The standard applied, IFRS 8 Operating Segments, requires that information be provided from the management's perspective, which means that the reporting must correspond to the way in which the information is presented internally. The Group reports on the following segments: Industrial Solutions, Precision Technology and Rotational Moulding. The segments are defined on the basis of the Group's business units, which are organised according to production method and type of products and services.

## Important assessments and estimates

Preparation of the financial statements and application of the accounting policies are based on assessments and estimates about the future. Below is a description of the assumptions that entail a risk of significant adjustments during the coming period.

### Impairment tests for goodwill

Every year, or when there is an indication that an asset has fallen in value, the Group performs impairment tests for goodwill. The recoverable amount is determined by calculating the value in use. Certain estimates must be made for these calculations.

### Provisions

Provisions are defined as liabilities that are uncertain in terms of the date of settlement or the amount. This means that estimates are always made when provisions are reported.

### Deferred tax assets and liabilities

Assessments are made to determine current and deferred tax items, particularly with regard to deferred tax assets. In this manner, it is assessed how probable it is that the deferred tax assets will be used for settlement against future profits. The fair value of these future taxable profits may deviate due to the future business climate and earnings potential or changes to tax regulations.

### Derivative instruments

The Group holds derivatives that are valued at their fair value. Their valuation is based on estimates and comprises the market value that fluctuates over time. In addition to this, the accounting may be affected if the criteria for hedge accounting and effectiveness are not met.

## Notes

(All amounts in SEK thousands unless otherwise indicated.)

### Note 1

#### Discontinued operations

	Continuing operations		Profit from spin-off operations <sup>1)</sup>		Profit from discontinued operations <sup>2)</sup>		Internal revenue		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net sales	973,780	988,622	245,394	608,411	–	–	-597	-4,335	1,218,577	1,592,698
Cost of goods sold	-773,139	-773,471	-202,432	-497,717	–	–	590	737	-974,981	-1,270,451
<b>Gross profit/loss</b>	<b>200,641</b>	<b>215,151</b>	<b>42,962</b>	<b>110,694</b>	–	–	<b>-7</b>	<b>-3,598</b>	<b>243,596</b>	<b>322,247</b>
Other operating income <sup>3)</sup>	5,636	7,273	393	4,795	–	14,592	–	–	6,029	26,660
Selling expenses	-93,284	-88,248	-10,500	-23,353	–	–	3	13	-103,781	-111,588
Administrative expenses	-43,712	-44,289	-6,095	-12,213	–	–	4	13	-49,803	-56,489
Other operating expenses	-4,277	-5,288	-188	-1,084	–	–	–	–	-4,465	-6,372
<b>Operating profit/loss</b>	<b>65,004</b>	<b>84,599</b>	<b>26,572</b>	<b>78,839</b>	–	<b>14,592</b>	<b>0</b>	<b>-3,572</b>	<b>91,576</b>	<b>174,458</b>
Financial items	-13,499	-13,123	-2,618	-11,690	–	–	–	–	-16,117	-24,813
<b>Profit/loss after financial items</b>	<b>51,505</b>	<b>71,476</b>	<b>23,954</b>	<b>67,149</b>	–	<b>14,592</b>	<b>0</b>	<b>-3,572</b>	<b>75,459</b>	<b>149,645</b>
Group-wide costs	–	–	–	-3,572	–	–	–	3,572	–	–
<b>Profit before tax</b>	<b>51,505</b>	<b>71,476</b>	<b>23,954</b>	<b>63,577</b>	–	<b>14,592</b>	<b>0</b>	<b>0</b>	<b>75,459</b>	<b>149,645</b>
Tax	-11,889	-17,029	-5,509	-14,615	–	–	–	–	-17,398	-31,644
<b>NET PROFIT FOR THE YEAR</b> <i>– of which attributable to shareholders of the Parent Company</i>	<b>39,616</b>	<b>54,447</b>	<b>18,445</b>	<b>48,962</b>	–	<b>14,592</b>	<b>0</b>	<b>0</b>	<b>58,061</b>	<b>118,001</b>
Basic earnings per share, SEK <sup>4)</sup>	5.84	8.02	2.71	7.21	–	2.15	–	–	8.55	17.38
Diluted earnings per share, SEK <sup>4)</sup>	5.63	7.92	2.54	6.93	–	2.06	–	–	8.17	16.91

<sup>1)</sup> Spin-off operations refer to the Precision Components business unit (AGES). The business unit was consolidated up to and including 30 April 2014. The spin-off has been valued at the business unit's consolidated book value as at 30 April 2014, totalling SEK 330 million, and has reduced the Group's equity by the corresponding amount. No revaluation of fair value has taken place because such a revaluation would affect the profit for the year in a way that does not provide a true and fair view. The fair value at the time the spin-off occurred is estimated to be SEK 950 million.

<sup>2)</sup> Profit from discontinued operations relates to the sale of a property in Tallinn. This sale, which was completed in February 2013, led to a capital gain which was reclassified in 2014 to profit from discontinued operations. Profit from the operating property activities is negligible and has therefore not been reclassified.

<sup>3)</sup> For 2013, non-recurring items amounted to SEK 2 million in profit from spin-off operations and SEK 14 million in profit from discontinued operations, totalling SEK 16 million.

<sup>4)</sup> Based on net profit for the year.

## Note 2

### Segment reporting

The information on segments is provided from the management's perspective, which corresponds to the way in which the information is presented internally. The Group reports on the following segments: Industrial Solutions, Precision Technology and Rotational Moulding. The operations within each segment are described on pages 46 and 47. The segments are reported in accordance with the same accounting policies as the Group. Undistributed items mainly refer to the Parent Company. In May 2014, the Precision Components segment was separated from the Group by means of a spin-off.

#### Net sales by segment

	2014				2013		
	Net sales			of which customer-specific products and systems <sup>1)</sup>	Net sales		
	External	Internal	Total		External	Internal	Total
Industrial Solutions	580,541	180	580,721	72%	623,042	347	623,389
Precision Technology	194,166	1,634	195,800	97%	188,940	539	189,479
Rotational Moulding	199,073	9	199,082	55%	173,068	18	173,086
Eliminations	–	-1,823	-1,823		–	-904	-904
Undistributed items	–	–	–		3,572	–	3,572
<b>Continuing operations</b>	<b>973,780</b>	<b>0</b>	<b>973,780</b>	<b>74%</b>	<b>988,622</b>	<b>0</b>	<b>988,622</b>
Precision Components			245,394				608,411
Eliminations			-597				-4,335
<b>Group total</b>			<b>1,218,577</b>				<b>1,592,698</b>

<sup>1)</sup> Products and systems with associated services are sold both as customer specific and proprietary products.

Market conditions are applied to transactions between the segments. XANO has one major customer which generates revenue accounting for more than 10 per cent of the Group's total revenue. Income from this customer amounted to SEK 214 million during 2014, mainly reported through the Industrial Solutions segment.

#### Profit/loss items by segment

	2014			2013		
	Intra-Group reported profit before tax	Distribution of Group-wide costs	Profit before tax	Intra-Group reported profit before tax	Distribution of Group-wide costs	Profit before tax
Industrial Solutions	45,133	-2,916	42,217	66,961	-3,012	63,949
Precision Components	23,954	–	23,954	67,149 <sup>1)</sup>	-3,572	63,577
Precision Technology	14,805	-2,284	12,521	9,365	-2,520	6,845
Rotational Moulding	14,226	-2,268	11,958	11,997	-2,244	9,753
Undistributed items	-22,659	7,468	-15,191	-5,827 <sup>2)</sup>	11,348	5,521
<b>Group total</b>	<b>75,459</b>	<b>0</b>	<b>75,459</b>	<b>149,645</b>	<b>0</b>	<b>149,645</b>

<sup>1)</sup> This figure includes non-recurring items totalling SEK 2 million attributable to capital gains from the sales of real estate.

<sup>2)</sup> This figure includes non-recurring items totalling SEK 14 million attributable to capital gain from the sale of real estate.

	2014				2013			
	Interest income	Interest expenses	Tax	Depreciation	Interest income	Interest expenses	Tax	Depreciation
Industrial Solutions	583	-4,254	-10,027	-19,427	1,216	-4,930	-14,762	-16,390
Precision Components	481	-3,097	-5,509	-8,897	2,008	-13,693	-14,615	-27,084
Precision Technology	173	-2,690	-2,901	-16,207	380	-3,674	-1,734	-16,867
Rotational Moulding	597	-2,581	-1,864	-7,181	641	-2,524	-2,249	-6,235
Undistributed items	-1,538	-2,843	2,903	-788	-3,752	1,239	1,716	-1,949
<b>Group total</b>	<b>296</b>	<b>-15,465</b>	<b>-17,398</b>	<b>-52,500</b>	<b>493</b>	<b>-23,582</b>	<b>-31,644</b>	<b>-68,525</b>

#### Assets and liabilities by segment

	2014				2013			
	Assets	Liabilities	Investments	Deferred tax liabilities	Assets	Liabilities	Investments	Deferred tax liabilities
Industrial Solutions	430,850	107,017	12,392	6,136	401,283	96,822	28,298	7,831
Precision Components	–	–	-485,799 <sup>1)</sup>	–	739,117	151,612	22,263	45,480
Precision Technology	266,659	44,503	26,789	13,897	249,586	42,704	12,807	14,650
Rotational Moulding	162,798 <sup>2)</sup>	25,163	8,914	1,431	147,693 <sup>2)</sup>	20,716	4,708	1,733
Undistributed items	18,361	34,291	620	11,734	19,247	24,192	-51,779	13,154
<b>Group total</b>	<b>878,668</b>	<b>210,974</b>	<b>-437,084</b>	<b>33,198</b>	<b>1,556,926</b>	<b>336,046</b>	<b>16,297</b>	<b>82,848</b>

<sup>1)</sup> Including distributed non-current assets amounting to SEK 535,426 thousand.

<sup>2)</sup> Deferred tax assets constitute SEK 4,694 thousand (6,293).

Assets by segment refer to all assets. Liabilities by segment consist of operating liabilities excluding interest-bearing liabilities. Investments consist of purchases and sales of property, plant and equipment as well as intangible non-current assets, including increases and reductions resulting from the acquisition and disposal of subsidiaries. In 2014, the Industrial Solutions, Precision Technology and Rotational Moulding segments have all boosted their total operating assets, such as inventories and trade receivables.

## Sales by geographic market

	2014		2013	
	Revenue	%	Revenue	%
Sweden	585,856	60%	600,336	61%
Norway	71,502	7%	69,603	7%
China	43,843	5%	13,446	1%
The Netherlands	32,638	3%	6,166	1%
Germany	32,350	3%	52,963	5%
North America	29,958	3%	83,363	8%
Rest of Europe	163,898	17%	134,907	14%
Other	13,735	2%	27,838	3%
<b>Continuing operations</b>	<b>973,780</b>	<b>100%</b>	<b>988,622</b>	<b>100%</b>

Sales by geographic market refer to total income from external customers according to where the customers are located.

## Assets by geographic market

	2014		2013	
	Non-current assets	Investments	Non-current assets	Investments
Sweden	404,238	-448,989	893,877	51,338
Norway	44,270	2,785	45,817	983
Estonia	38,278	-254	41,156	-40,790
China	23,299	3,117	21,536	3,746
Rest of Europe	8,550	6,257	1,042	1,020
<b>Group total</b>	<b>518,635</b>	<b>-437,084</b>	<b>1,003,428</b>	<b>16,297</b>

Reported value of assets and investments by geographic market according to where the assets are located.

## Note 3

## Employees and personnel costs

Average no. of employees	2014		2013	
	of which men	%	of which men	%
Sweden	456	85%	462	85%
China	84	81%	76	80%
Estonia	67	93%	63	89%
Norway	43	93%	40	93%
Poland	21	71%	19	74%
Finland	4	75%	4	75%
<b>Continuing operations</b>	<b>675</b>	<b>85%</b>	<b>664</b>	<b>85%</b>
<i>Spin-off operations</i>				
Sweden	117	84%	330	84%
China/Hong Kong	1	75%	4	75%
<b>Group total</b>	<b>793</b>	<b>85%</b>	<b>998</b>	<b>85%</b>

Proportion of men amongst Board members/ senior executives	2014		2013	
	Board members	Senior executives	Board members	Senior executives
<i>Parent Company</i>				
Board members	86%		83%	
Senior executives	50%		67%	
<i>Operating subsidiaries</i>				
Board members	67%		98%	
Senior executives	70%		72%	

Salaries, other remuneration and social security costs	2014		2013	
	Salaries and remuneration	Social security costs	Salaries and remuneration	Social security costs
	214,587	79,618	213,880	78,069
<i>(of which pension costs<sup>1, 2, 3, 4, 5)</sup></i>	<i>(18,807)</i>	<i>(17,445)</i>		
<b>Continuing operations</b>	<b>294,205</b>	<b>291,949</b>		

<sup>1)</sup> Of the Group's pension costs, SEK 4,042 thousand (3,967) relates to the Group's Board and CEO. The Group's outstanding pension obligations for these amount to SEK 0 thousand (0).

<sup>2)</sup> The year's cost for pension obligations taken out with Alecta (reported as a defined contribution plan) amounts to SEK 5,382 thousand (4,505). Alecta's surplus can be distributed to the insurance policyholders and/or the insured parties. At the end of 2014, Alecta's surplus in the form of the collective insurance level amounted to 143 per cent (148). The fee for the coming year is estimated to be on a par with that charged for 2014.

<sup>3)</sup> Pension costs do not include special employer's contribution. Special employer's contribution is reported amongst social security costs.

<sup>4)</sup> The Group's Norwegian company had a pension obligation concerning early retirement from the age of 62, which was classified as a defined benefit pension plan. Costs concerning the pension plan are reported as personnel costs and amount to SEK 0 thousand (-13).

<sup>5)</sup> One of the Group's Swedish subsidiary companies has a pension obligation secured through endowment insurance. The sum paid was recognised as an asset and pension liability, respectively, and amounts to SEK 400 thousand.

Salaries, other remuneration and social security costs	2014	2013
Salaries and remuneration	256,671	323,124
Social security costs	95,553	118,816
<i>(of which pension costs<sup>1, 2)</sup></i>	<i>(21,818)</i>	<i>(24,102)</i>
<b>Group total</b>	<b>352,224</b>	<b>441,940</b>

<sup>1)</sup> Of the Group's pension costs, SEK 4,510 thousand (5,016) relates to the Group's Board and CEO. The Group's outstanding pension obligations for these amount to SEK 0 thousand (0).

<sup>2)</sup> The year's cost for pension obligations taken out with Alecta (reported as a defined contribution plan) amounts to SEK 5,957 thousand (6,221).

Change in pension obligation, Norway	2014	2013
Opening balance	357	1,122
Difference in estimate	-	-13
Remuneration paid	-367	-679
Translation differences	10	-73
<b>Closing balance</b>	<b>0</b>	<b>357</b>

Breakdown of salaries and other remuneration	2014		2013	
	Board and MD	Other employees	Board and MD	Other employees
Sweden	15,489	158,282	15,571	158,192
<i>(of which bonuses)</i>	<i>(261)</i>		<i>(107)</i>	
Norway	990	15,988	965	16,642
<i>(of which bonuses)</i>	<i>(111)</i>		<i>(31)</i>	
China	1,386	10,157	1,235	10,300
<i>(of which bonuses)</i>	<i>(200)</i>		<i>(180)</i>	
Estonia	346	7,113	320	6,279
<i>(of which bonuses)</i>	<i>(-)</i>		<i>(-)</i>	
Poland	613	2,512	571	2,265
<i>(of which bonuses)</i>	<i>(76)</i>		<i>(72)</i>	
Finland	-	1,711	-	1,540
<i>(of which bonuses)</i>	<i>(-)</i>		<i>(-)</i>	
<b>Continuing operations</b>	<b>18,824</b>	<b>195,763</b>	<b>18,662</b>	<b>195,218</b>
<i>(of which bonuses)</i>	<i>(648)</i>		<i>(390)</i>	
<i>Spin-off operations</i>				
Sweden	1,561	40,000	3,769	103,865
<i>(of which bonuses)</i>	<i>(-)</i>		<i>(150)</i>	
China/Hong Kong	379	144	1,136	474
<i>(of which bonuses)</i>	<i>(-)</i>		<i>(-)</i>	
<b>Group total</b>	<b>20,764</b>	<b>235,907</b>	<b>23,567</b>	<b>299,557</b>
<i>(of which bonuses)</i>	<i>(648)</i>		<i>(540)</i>	

## Remuneration for Board members and senior executives

The Annual General Meeting decided to approve the Board's proposal for guidelines for remuneration and other employment conditions for senior executives. The conditions must be market-based. In addition to a fixed basic salary, senior executives may receive variable remuneration, which must be limited and based on the trend in results or the return on equity compared with set goals. The variable component may not exceed the equivalent of three months' fixed salary. Senior executives shall have market pension conditions which must be premium-based. Any employee in the Group's management may terminate their employment by giving six months' notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary shall be payable to the CEO. The Board shall be entitled to deviate from the guidelines if there are exceptional reasons for doing so in an individual case. The Board has appointed a remuneration committee, which during the year consisted of Chairman Tord Johansson and Director Fredrik Rapp.

Remuneration for the CEO and other senior executives consists of basic salary, variable remuneration, other benefits and pension premiums. "Other senior executives" refers to

the CFO who, together with the CEO, makes up the Group management. In the first half of 2014 and throughout the previous year, the deputy CEO was also included in other senior executives and Group management. The division between basic salary and variable remuneration is determined in proportion to the responsibilities and authority of the executive in question. The variable remuneration is based on results in relation to individually set targets.

The Annual General Meeting decided that the Board's fee of SEK 1,360 thousand should be distributed with SEK 700 thousand payable to the Chairman and SEK 110 thousand payable to each of the other ordinary Board members for the period up to and including the next annual general meeting. The Annual General Meeting further decided that remuneration for tasks undertaken in the remuneration committee should amount to SEK 20 thousand per person and remuneration for tasks undertaken in the audit committee should amount to SEK 30 thousand per person. During 2014, SEK 130 thousand was carried as an expense for these tasks. After leaving his post at the company, Board member Sune Lantz has provided assistance within his normal professional area of expertise and for these services has received a fee of SEK 400 thousand.

During the period 1 January to 30 June 2014, Group management consisted of CEO Sune Lantz, Deputy CEO Lennart Persson and CFO Marie Ek Jonson. Sune Lantz stood down on 1 July 2014 and, during the period 1 July to 31 December 2014, Group management consisted of CEO Lennart Persson and CFO Marie Ek Jonson. Sune Lantz received salary and car benefits totalling SEK 1,226 thousand (2,560) during the period 1 January to 30 June 2014. The comparative figure refers to the full year 2013. Lennart Persson received salary and car benefits totalling SEK 1,449 thousand during the period 1 July to 31 December 2014. Other senior executives received salary and car benefits totalling SEK 2,040 thousand (2,836).

Senior executives have a defined contribution pension plan with a retirement age of 65. According to the contract, the pension premium for the CEO is 30 per cent of the pensionable salary. The pension premium for the former CEO was 35 per cent of the pensionable salary. There is a pension agreement for other senior executives corresponding to the collectively agreed ITP plan. In addition to this, there is an option to reallocate salary withdrawals (known as salary sacrifice) to additional pension contributions. The pension premium for other senior executives amounted to an average of 24 per cent (20) of the pensionable salary. "Pensionable salary" refers to the basic salary and car benefits plus an average of the last three years' variable remuneration. The pension costs including salary sacrifice for the current CEO amounted to SEK 433 and to SEK 429 thousand (854) for the previous CEO. Pension costs including salary sacrifice for other senior executives amounted to SEK 547 thousand (682).

The company and CEO have a mutual six-month period of notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the CEO, no severance pay is payable. For other senior executives, there is a period of notice of six months by either party. In the event of notice on the part of the company, severance pay totalling six months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the senior executive, no severance pay is payable.

## Note 4

### Personnel costs

Personnel costs by function	2014	2013
Cost of goods sold	-231,256	-225,693
Selling expenses	-49,649	-47,323
Administrative expenses	-29,384	-30,228
Spin-off operations	-66,829	-167,457
	<b>-377,118</b>	<b>-470,701</b>

## Note 5

### Depreciation

Depreciation by function	2014	2013
Cost of goods sold	-37,394	-37,286
Selling expenses	-4,676	-3,010
Administrative expenses	-960	-963
Other operating expenses	-573	-182
Spin-off operations	-8,897	-27,084
	<b>-52,500</b>	<b>-68,525</b>

Depreciation by type of asset	2014	2013
Other intangible non-current assets	-2,215	-1,672
Land and buildings	-9,270	-12,141
Plant and machinery	-33,958	-48,176
Equipment, tools, fixtures and fittings	-7,057	-6,536
	<b>-52,500</b>	<b>-68,525</b>

## Note 6

### Other external costs

Other external costs by function	2014	2013
Cost of goods sold	-81,307	-80,755
Selling expenses	-38,959	-37,915
Administrative expenses	-13,368	-13,098
Spin-off operations	-29,964	-70,262
	<b>-163,598</b>	<b>-202,030</b>

## Note 7

### Auditors' remuneration

Continuing operations	2014	2013
<i>Ernst &amp; Young</i>		
Audit assignment	-1,004	-846
Audit activities other than audit assignment	-223	-38
Tax consultancy services	-83	-202
Other services	-28	-61
	<b>-1,338</b>	<b>-1,147</b>
<i>Other auditors</i>		
Audit assignment	-206	-209
Other services	-	-140
	<b>-206</b>	<b>-349</b>
<b>Total</b>	<b>1,544</b>	<b>-1,496</b>

"Audit assignment" refers to the review of the annual report, interim reports, the administration by the Board and CEO and the corporate governance report.

## Note 8

### Other operating income

Continuing operations	2014	2013
Rental income	999	1,586
Exchange gains on operating receivables/liabilities	3,254	3,803
Other	1,383	1,884
	<b>5,636</b>	<b>7,273</b>

## Note 9

### Other operating expenses

Continuing operations	2014	2013
Loss on sale of shares in subsidiary	-	-9
Cost of leased premises	-943	-635
Exchange losses on operating receivables/liabilities	-2,709	-3,873
Other	-625	-771
	<b>-4,277</b>	<b>-5,288</b>

## Note 10

### Financial income

Continuing operations	2014	2013
Profit from other securities	–	148
Interest income	679	5,969
Exchange gains on financial assets/liabilities	3,129	2,426
	<b>3,808</b>	<b>8,543</b>

## Note 11

### Financial costs

Continuing operations	2014	2013
Interest expenses	-13,232	-17,373
Exchange losses on financial assets/liabilities	-4,075	-4,293
	<b>-17,307</b>	<b>-21,666</b>

## Note 12

### Tax on profit for the year

Continuing operations	2014	2013
Current tax	-11,685	-13,486
Deferred tax	-204	-3,543
	<b>-11,889</b>	<b>-17,029</b>

Group total	2014	2013
Current tax	-17,659	-29,087
Deferred tax	261	-2,557
	<b>-17,398</b>	<b>-31,644</b>

The difference between the Swedish income tax rate 22% and the effective tax rate arises as follows:

Continuing operations	2014	2013
Reported profit before tax	51,505	71,476
Tax according to Swedish income tax rate	-11,331 22%	-15,725 22%
<i>Tax effect of</i>		
– consolidated amortisation of surplus values	-6 0%	-6 0%
– deviation in tax rate in non-Swedish companies	453 -1%	-272 1%
Capital gain from sale of shares	– –	-2 0%
Adjustment of current tax for previous periods	-13 0%	-104 0%
Other tax-related adjustments	-992 2%	-920 1%
<b>Reported tax</b>	<b>-11,889 23%</b>	<b>-17,029 24%</b>

## Note 13

### Intangible non-current assets

#### Goodwill

Accumulated acquisition values	2014	2013
Opening balance	500,520	502,467
Acquisition of subsidiaries	22,996	–
Distribution of subsidiary	-351,560	–
Translation differences for the year	115	-1,947
<b>Closing balance</b>	<b>172,071</b>	<b>500,520</b>

Accumulated amortisation	2014	2013
Opening balance	-1,624	-1,624
<b>Closing balance</b>	<b>-1,624</b>	<b>-1,624</b>

Accumulated impairment costs	2014	2013
Opening balance	-102	-102
<b>Closing balance</b>	<b>-102</b>	<b>-102</b>

Closing residual value	170,345	498,794
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Goodwill is distributed between the Group's cash-generating units, which consist of segments. Estimates of the recovery value include assumptions regarding growth, income trends and investments, including investments in working capital. Assumed growth, depending on the segment, amounts to 3–5 per cent (3–13) for the forecast period and thereafter staying at 3 per cent (3). Assumed operating margins amount to 10–13 per cent (10–14) in the long term. The assumptions concerning growth and margins are based on the results of previous years and the management's expectations concerning market developments. Investment amounts are based on forecasts and subsequently stay at the same level as the amortisation.

Every year, the Group performs impairment tests for goodwill. A discount rate (WACC) of 10.8 per cent (11.4) before tax was used for this year's test.<sup>1)</sup> This year's test showed no impairment indication. A number of sensitivity analyses were performed in which the sustained growth rate was set at 1.5 percentage points, the operating margin was reduced by 2 percentage points relative to the forecast level or the discount rate was increased by 1 per cent. None of the analyses show any impairment indication.

<sup>1)</sup> The discount rate consists of a risk-adjusted return requirement, which in addition to risk-free interest, includes a risk premium based on the average market risk premium on the Swedish equity market with a premium supplement based on the size of the company and the company's costs for borrowed capital, adjusted for the gearing ratio derived from market data.

Goodwill by segment	2014	2013
Industrial Solutions	69,065	69,065
Precision Technology	75,945	75,945
Rotational Moulding	25,335	25,220
Spin-off operations	–	328,564
	<b>170,345</b>	<b>498,794</b>

#### Other intangible non-current assets

Accumulated acquisition values	2014	2013
Opening balance	21,941	18,560
New acquisitions	254	3,687
Divestments and disposals	-2	–
Translation differences for the year	201	-306
<b>Closing balance</b>	<b>22,394</b>	<b>21,941</b>

Accumulated scheduled amortisation	2014	2013
Opening balance	-13,151	-11,688
Divestments and disposals	-6	–
Amortisation according to plan for the year	-2,215	-1,672
Translation differences for the year	-92	209
<b>Closing balance</b>	<b>-15,464</b>	<b>-13,151</b>

Closing residual value according to plan <sup>1)</sup>	6,930	8,790
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	Remaining amortisation period, years	
<sup>1)</sup> of which		
Trademarks	2	588 914
Patents	2	241 360
Capitalised expenditure for research and development	4	5,353 6,891
Other	3	748 625

## Note 14

### Property, plant and equipment

#### Land and buildings

Accumulated acquisition values	2014	2013
Opening balance	389,552	449,609
New acquisitions	1,513	558
Acquisition of subsidiaries	8,108	–
Distribution of subsidiary	-140,182	–
Divestments and disposals	-92	-63,397
Reclassifications	1,424	2,654
Translation differences for the year	3,106	128
<b>Closing balance</b>	<b>263,429</b>	<b>389,552</b>

Accumulated scheduled depreciation	2014	2013
Opening balance	-146,764	-145,095
Acquisition of subsidiaries	-3,801	–
Distribution of subsidiary	62,629	–
Divestments and disposals	60	10,527
Depreciation according to plan for the year	-9,270	-12,141
Translation differences for the year	-1,135	-55
<b>Closing balance</b>	<b>-98,281</b>	<b>-146,764</b>

Accumulated impairment losses	2014	2013
Opening balance	-3,078	-3,078
Acquisition of subsidiaries	3,078	–
<b>Closing balance</b>	<b>0</b>	<b>-3,078</b>

Closing residual value according to plan <sup>1)</sup>	2014	2013
<sup>1) of which land</sup>	23,217	27,386

#### Plant and machinery

Accumulated acquisition values	2014	2013
Opening balance	943,375	937,749
New acquisitions	47,730	46,666
Acquisition of subsidiaries	22,023	–
Distribution of subsidiary	-562,966	–
Divestments and disposals	-22,911	-38,162
Reclassifications	7,507	374
Translation differences for the year	5,919	-3,252
<b>Closing balance</b>	<b>440,677</b>	<b>943,375</b>

Accumulated scheduled depreciation	2014	2013
Opening balance	-732,159	-722,210
Acquisition of subsidiaries	-19,655	–
Distribution of subsidiary	474,363	–
Divestments and disposals	19,760	34,162
Reclassifications	-239	338
Depreciation according to plan for the year	-33,958	-48,176
Translation differences for the year	-2,554	3,727
<b>Closing balance</b>	<b>-294,442</b>	<b>-732,159</b>

Closing residual value according to plan	2014	2013
	146,235	211,216

#### Equipment, tools, fixtures and fittings

Accumulated acquisition values	2014	2013
Opening balance	110,976	109,082
New acquisitions	7,400	5,702
Acquisition of subsidiaries	3,317	–
Distribution of subsidiary	-26,495	–
Divestments and disposals	-4,469	-3,745
Reclassifications	2,739	2,380
Translation differences for the year	1,002	-2,443
<b>Closing balance</b>	<b>94,470</b>	<b>110,976</b>

Accumulated scheduled depreciation	2014	2013
Opening balance	-90,071	-89,264
Acquisition of subsidiaries	-3,017	–
Distribution of subsidiary	22,272	–
Divestments and disposals	4,296	3,672
Reclassifications	239	-338
Depreciation according to plan for the year	-7,057	-6,536
Translation differences for the year	-609	2,395
<b>Closing balance</b>	<b>-73,947</b>	<b>-90,071</b>

Closing residual value according to plan	2014	2013
	20,523	20,905

#### Construction in progress

Accumulated acquisition values	2014	2013
Opening balance	17,675	6,639
New acquisitions/advance payments	14,088	17,315
Distribution of subsidiary	-15,805	–
Divestments and disposals	–	-688
Reclassifications	-11,670	-5,408
Translation differences for the year	37	-183
<b>Closing balance</b>	<b>4,325</b>	<b>17,675</b>

## Note 15

### Inventories

	2014	2013
Raw material and consumables	57,212	83,021
Work in process	63,590	93,887
Finished products and goods for resale	43,330	60,323
Advance payments to suppliers	2,337	10,294
	<b>166,459</b>	<b>247,525</b>

Write-downs totalling SEK 1,964 thousand (1,642) have been made.



## Note 16

### Trade receivables etc.

	2014	2013
Trade receivables	128,151	249,481
Tax asset	17,097	8,707
Other receivables	6,455	7,765
Accrued income	1,655	1,719
Currency derivatives <sup>1)</sup>	–	43
	<b>153,358</b>	<b>267,715</b>

<sup>1)</sup> The item relates to a currency instrument measured at fair value, belonging to valuation level 2 under IFRS 13.

## Note 17

### Financial receivables

Cash and cash equivalents include the balance in the current account and Group currency accounts.

	2014	2013
<b>Cash and cash equivalents</b>		
Cash and bank balances	31,826	26,600
Short-term investments	1,164	1,164
<b>Amount at year-end</b>	<b>32,990</b>	<b>27,764</b>

Age distribution as of 31/12/2014	Maturity .....			Total
	< 30 days	31–90 days	91–360 days	
Trade receivables	94,321	27,100	6,730	128,151
Percentage distribution	74	21	5	100
Cash and cash equivalents	32,990	–	–	32,990
Percentage distribution	100	–	–	100

The fair value of financial receivables is estimated to be the same as their carrying amount in all material respects.

Distribution by currency as of 31.12.2013	Trade receivables	Cash and cash equivalents
SEK	78,867	3,412
USD	17,060	349
EUR	13,017	4,595
NOK	7,035	7
Other currencies	12,172	24,627
	<b>128,151</b>	<b>32,990</b>

Age distribution as of 31/12/2014	Time since maturity .....			Total
	6–30 days	31–90 days	> 90 days	
Trade receivables overdue	6,440	7,147	5,753	19,340
Percentage distribution	33	37	30	100

Losses reported on trade receivables for the year amount to SEK 59 thousand (792), of which SEK 27 thousand constitutes actual losses. A required write-down of outstanding receivables has been carried out at SEK 326 thousand (956).

## Note 18

### Earnings per share

#### Continuing operations

	2014	2013
<b>Basic earnings per share</b>		
Net profit for the year, SEK thousands	39,616	54,447
Average number of outstanding shares, thousands	6,789	6,789
<b>Basic earnings per share, SEK</b>	<b>5.85</b>	<b>8.00</b>

	2014	2013
<b>Diluted earnings per share</b>		
Net profit for the year, SEK thousands	39,616	54,447
Interest expense on convertible bonds, SEK thousands <sup>1)</sup>	1,327	1,434
Issue expenses for convertible bonds, SEK thousands	46	46
<b>Adjusted income, SEK thousands</b>	<b>40,989</b>	<b>55,927</b>
Average number of outstanding shares, thousands	6,789	6,789
Adjustment for presumed conversion of convertible bonds, thousands	485	275
<b>Average number of shares at the calculation of earnings per share, thousands</b>	<b>7,274</b>	<b>7,064</b>
<b>Diluted earnings per share, SEK</b>	<b>5.65</b>	<b>7.90</b>

<sup>1)</sup> Constitutes current interest for convertible loan adjusted to market interest rate.

#### Group total

	2014	2013
<b>Basic earnings per share</b>		
Net profit for the year, SEK thousands	58,061	118,001
Average number of outstanding shares, thousands	6,789	6,789
<b>Basic earnings per share, SEK</b>	<b>8.55</b>	<b>17.40</b>

	2014	2013
<b>Diluted earnings per share</b>		
Net profit for the year, SEK thousands	58,061	118,001
Interest expense on convertible bonds, SEK thousands <sup>1)</sup>	1,327	1,434
Issue expenses for convertible bonds, SEK thousands	46	46
<b>Adjusted income, SEK thousands</b>	<b>59,434</b>	<b>119,481</b>
Average number of outstanding shares, thousands	6,789	6,789
Adjustment for presumed conversion of convertible bonds, thousands	485	275
<b>Average number of shares at the calculation of earnings per share, thousands</b>	<b>7,274</b>	<b>7,064</b>
<b>Diluted earnings per share, SEK</b>	<b>8.20</b>	<b>16.90</b>

<sup>1)</sup> Constitutes current interest for convertible loan adjusted to market interest rate.

With regard to the number of shares and convertible bonds, see Note 19.

From 1 May 2014, the average number of outstanding shares after dilution has increased by the number of shares which will be added at full conversion as a result of a recalculated conversion rate.

## Note 19

### Share capital etc.

Distribution of share capital	31/12/2014	1/1/2014
Class A shares	1,950,000	1,950,000
Class B shares	4,978,974	4,978,974
<b>Total number of shares</b>	<b>6,928,974</b>	<b>6,928,974</b>
Quotient value, SEK	5	5
Share capital, SEK	34,644,870	34,644,870

The total number of shares is 6,928,974, of which 140,000 are held by the company. The average number of outstanding shares during the year amounted to 6,788,974.

On 1 July 2012, convertible bonds with a nominal value of SEK 30 million were issued. After recalculation of the conversion rate due to the distribution of the shares in AGES Industri AB in 2014, the convertible loan corresponds to 588,234 Class B shares in the event of full conversion.

Class A shares give entitlement to ten votes and Class B shares entitlement to one vote. The number of votes, following deductions for the company's own holding, amounts to 24,338,974.

The proposed dividend amounts to SEK 2.50 per share.

## Note 20

### Other reserves

Cumulative translation difference	2014	2013
Opening balance	723	-3,061
Translation differences for the year	14,692	2,404
Hedging of currency risk in non-Swedish activities	83	1,380
Distribution of subsidiary	-7	-
<b>Closing balance</b>	<b>15,491</b>	<b>723</b>

Investment in shares in the subsidiary in Norway has partly been hedged by taking out a loan in NOK.

Hedging reserve	2014	2013
Opening balance	-2,710	-8,980
Changes for the year	-9,773	6,270
<b>Closing balance</b>	<b>-12,483</b>	<b>-2,710</b>

The amounts concern the effective component of value change in derivative instruments used for hedge accounting.

On the balance sheet date of 31 December 2014, there were fixed lock-in interest-rate swaps with a total nominal amount of SEK 150 million.

Total other reserves	3,008	-1,987
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## Note 21

### Borrowings etc.

Utilised overdraft facilities are reported as current liabilities.

Non-current liabilities	2014	2013
Maturity date between one and five years after balance sheet date	200,845	341,468
Maturity date more than five years after balance sheet date	13,800	12,501
	<b>214,645</b>	<b>353,969</b>
Bank overdraft facilities	2014	2013
Bank overdraft facilities granted	215,383	369,478
Unutilised amount	-131,942	-209,095
<b>Utilised amount</b>	<b>83,441</b>	<b>160,383</b>

Current portion of non-current liabilities	20,425	62,919
<b>Total interest-bearing liabilities</b>	<b>318,511</b>	<b>577,271</b>

With regard to fixed rate periods and interest rate risks, see Note 32.

### Maturity analysis of non-discounted cash flow

Non-current liabilities	2014	2013
<i>Calculated outflow<sup>1)</sup></i>		
Between one and five years after balance sheet date	217,968	349,362
More than five years after balance sheet date	15,977	14,779
	<b>233,945</b>	<b>364,141</b>

<sup>1)</sup> The value for 2014 includes estimated future interest payments.

## Note 22

### Convertible loan

The company has an outstanding convertible loan reported at SEK 29,247 thousand. The nominal value is SEK 30 million. The convertible loan runs until 30 June 2016 with an annual interest rate corresponding to STIBOR 3M plus 2.7 per cent (3.18 per cent for the current period). During the period 1–10 June 2016, convertible bonds can be redeemed against shares. The original conversion rate was SEK 109. Due to the distribution of the shares in AGES Industri AB to the XANO shareholders, the conversion rate has been recalculated in accordance with section 8E of the terms and conditions. The recalculated conversion rate is SEK 51. The nominal value of the loan is SEK 109 per convertible bond. Given that the loan is subordinate to other liabilities and the Group's financial position in general, the interest rate cannot be regarded as corresponding to a market interest rate. The market interest rate for this loan was assessed at 7.08 per cent (government bonds interest rate at the time of issue, 1.08 per cent, with a 6.0 per cent supplement for risk premium). Borrowings that accrue interest at a rate that differs from the market interest rate are recognised at the market value and the difference is added to the company's share premium reserve. Interest is charged to the income statement at the market interest rate over the term of the loan. At the same time, the reported liability will increase in the balance sheet so that it corresponds to the nominal sum at the end of the loan term. The market value for the convertible debenture loan has been calculated by a present value computation of future interest payments and the loan's nominal value. Recorded interest for the year is SEK 1,561 thousand and corresponds to 5.2 per cent of the actual liability. The income statement is also charged with issue costs which arose in connection with taking out the convertible loan.

## Note 23

### Other provisions

Non-current	2014	2013
Guarantee commitments	1,634	1,551
Pension commitments	1,171	929
Deferred land registration costs	224	224
	<b>3,029</b>	<b>2,704</b>
<i>Estimated maturity time</i>		
Between one and five years after the balance sheet date	2,805	2,480
More than five years after the balance sheet date	224	224

	Guarantee commitments	Pension commitments
Opening balance	1,551	929
Provisions for the year	1,513	106
Payments/utilisation for the year	-1,430	-367
Reclassifications	-	568
Distribution of subsidiary	-	-75
Translation differences for the year	-	10
<b>Closing balance</b>	<b>1,634</b>	<b>1,171</b>

## Note 24 Deferred tax liability

### Temporary differences

Temporary differences arise if the reported and taxable values of assets or liabilities are different. Temporary differences for the following items have resulted in deferred tax liabilities and deferred tax assets.

	2014	2013
Non-current assets, Group items <sup>1)</sup>	29,138	70,766
Buildings, subsidiaries	12,083	557
Untaxed reserves		
Excess depreciation, machinery and equipment	31,007	56,427
Tax allocation reserves	95,367	253,158
Derivative instruments	-16,004	-3,474
Other items	-711	-852
<b>Total</b>	<b>150,880</b>	<b>376,582</b>
<b>Tax at 22%</b>	<b>33,194</b>	<b>82,848</b>
Rounding	4	-
<b>Deferred tax liability</b>	<b>33,198</b>	<b>82,848</b>
Non-Swedish items with diverging tax rate <sup>2)</sup>	-4,694	-6,293
<b>Net deferred tax liability</b>	<b>28,504</b>	<b>76,555</b>
Deferred tax liability brought forward	-76,555	-71,466
Acquisition of subsidiaries	-2,995	-
Distribution of subsidiary	48,010	-
Translation differences	19	-760
Rounding	-1	-3
<b>Deferred tax expense relating to temporary differences</b>	<b>-3,018</b>	<b>4,326</b>
– of which reported in		
Net profit for the year	-261	2,557
Other comprehensive income	-2,757	1,769

<sup>1)</sup> Relates primarily to consolidated carrying amounts as a result of fair value measurement in connection with the acquisition of subsidiaries.

<sup>2)</sup> Relates to the business in Norway. In view of actions taken and expected future development, the businesses are expected to generate positive results in coming years; hence the loss carry forward is fully utilised. As there is no legal right of offset, the asset is reported as a deferred tax asset in the balance sheet.

The Group's judgement is that deferred tax is not covered by the disclosure requirement regarding maturity date according to IAS 1.61, since there is often uncertainty as to when a deferred tax triggers a payment.

## Note 25 Trade payables etc.

	2014	2013
Advance payments from customers	28,885	21,633
Trade payables	62,631	112,277
Salary and holiday pay liabilities	28,731	44,261
Accrued social security contributions	18,506	26,795
Other accrued expenses	6,735	7,338
Other non-interest-bearing liabilities	11,702	18,069
	<b>157,190</b>	<b>230,373</b>
Derivative instruments <sup>1)</sup>	16,870	4,895

<sup>1)</sup> The derivatives relate to interest-rate swaps that are valued at their fair value and belong to valuation level 2 under IFRS 13. The year's change in value, SEK -12,530 thousand (8,039) excluding tax, is effectively hedged and has been reported as "Change in hedging reserve" in the consolidated statement of comprehensive income.

## Note 26 Financial liabilities

### Age distribution of current liabilities

As of 31/12/2014	Maturity			Total
	< 30 days	31–90 days	91–360 days	
Trade payables	50,757	11,698	176	62,631
Percentage distribution	81	19	0	100
Derivative instruments	866	-	16,004	16,870
Percentage distribution	5	-	95	100
Borrowings <sup>1)</sup>	-	-	83,441	83,441
Percentage distribution	-	-	100	100
Current portion of non-current liabilities <sup>2)</sup>	1,286	4,118	15,021	20,425
Percentage distribution	6	20	74	100
				<b>183,367</b>

<sup>1)</sup> Refers to bank overdraft facilities.

<sup>2)</sup> The total value of the non-discounted cash flows amounts to SEK 20,984 thousand and includes estimated future interest payments.

### Distribution by currency

As of 31/12/2014	Current	Non-current
SEK	116,506	196,357
EUR	20,348	15,536
NOK	43,119	2,103
Other currencies	3,394	649
	<b>183,367</b>	<b>214,645</b>

### Valuation

As of 31/12/2014	Carrying amount	Fair value
Borrowings	142,324	142,324
Convertible loan	29,247	30,000
Leasing liabilities	63,499	-
Bank overdraft facilities	83,441	83,441
Trade payables	62,631	62,631
Derivative instruments	16,870	16,870
	<b>398,012</b>	

The fair value of financial liabilities, with the exception of the convertible loan and lease liabilities, is estimated to be the same as their carrying amount in all material respects.

## Note 27 Pledged assets

	2014	2013
<b>For own liabilities</b>		
Property mortgages	55,785	83,044
Floating charges	69,663	76,198
Assets with right of repossession	6,610	1,923
Shares in subsidiaries	226,307	557,535
	<b>358,365</b>	<b>718,700</b>
<b>Other pledged assets</b>		
Pledged endowment insurance with pension obligation	400	400
	<b>400</b>	<b>400</b>
<b>Total</b>	<b>358,765</b>	<b>719,100</b>

## Note 28

### Contingent liabilities

	2014	2013
Guarantees	–	33
Pension obligations	2,889	2,909
	<b>2,889</b>	<b>2,942</b>

## Note 29

### Leases

#### Finance leases

Items covered by finance lease contracts are reported in the consolidated financial statements as below. Finance leases concern the lease of machinery.

The standard terms for the Group's finance lease contracts are adjustable rate of interest and a lease term of seven years, with a residual value of 25 per cent of the acquisition value.

During the year, lease payments in respect of finance leases amounted to SEK 12,349 thousand (13,762).

#### Plant and machinery

Accumulated acquisition values	2014	2013
Opening balance	141,286	127,135
New acquisitions	23,991	22,858
Distribution of subsidiary	-47,309	–
Divestments and disposals	-13,110	-8,707
Closing balance	<b>104,858</b>	<b>141,286</b>

Accumulated scheduled depreciation	2014	2013
Opening balance	-59,622	-54,980
Distribution of subsidiary	15,456	–
Divestments and disposals	10,901	6,744
Depreciation according to plan for the year	-10,010	-11,386
Closing balance	<b>-43,275</b>	<b>-59,622</b>

Closing residual value according to plan	2014	2013
	<b>61,583</b>	<b>81,664</b>

Borrowings, finance leases	2014	2013
Current component, maturity date within one year	12,136	17,500
Non-current component		
– maturity date between one and five years	37,538	51,047
– maturity date in excess of five years	11,341	12,501
	<b>61,015</b>	<b>81,048</b>

Borrowings are estimated at the current value of future lease fees.

Interest expenses of SEK 2,014 thousand (2,639) relating to financial leases have been charged to the income statement.

#### Operating leases

Lease payments in respect of operating lease contracts amounted to SEK 8,509 thousand (8,235) during the year and mainly constituted minimum lease payments.

Contracted future fees for operating leases	2014	2013
Maturity date within one year	7,469	7,542
Maturity date between one and five years	3,693	9,539
Maturity date in excess of five years	–	–
	<b>11,162</b>	<b>17,081</b>

Operating leases mainly concern rent for premises and car leases.

## Note 30

### Cash flow

The income statement and balance sheet items for transactions which were not carried out as deposits or withdrawals were adjusted in the cash flow. In addition to the adjustment for actual interest and taxes paid, consideration is given to exchange rate effects, profit on sales of non-current assets, write-downs, effects of finance leases, reclassification between short- and long-term items, etc.

#### Acquisitions of subsidiaries/assets and liabilities

In 2014, all the shares in Solna Pressgjuteri AB and ADC of Sweden AB were acquired. During 2013, SEK 300 thousand was received and recognised as income in response to a settlement with the seller of Kungsörs Mekaniska Verkstad AB with regard to defects. Payment has been made of transaction costs of SEK 2 thousand relating to acquisitions in 2012.

The total value of acquired assets and liabilities, purchase prices and the effect on the Group's liquid assets was as follows:

2014	Reported values in subsidiaries	Fair value adjustment	Consolidated fair value
Intangible non-current assets	–	22,996	22,996
Property, plant and equipment	5,175	1,800	6,975
Financial non-current assets	750	–	750
Current assets <sup>1)</sup>	28,105	–	28,105
Non-current liabilities	-2,649	-396	-3,045
Current liabilities	-15,781	–	-15,781
<b>Net assets/purchase price</b>	<b>15,600</b>	<b>24,400</b>	<b>40,000</b>

<sup>1)</sup> Trade receivables are recognised in the amount of SEK 18 million and are expected to be received in full. Cash and cash equivalents are recognised in the amount of SEK 390 thousand.

Acquisitions	2014	2013
Intangible non-current assets	22,996	–
Property, plant and equipment	6,975	–
Financial non-current assets	750	–
Current assets	28,105	–
Non-current liabilities	-3,045	–
Current liabilities	-15,781	–
Profit/loss items	–	-298
<b>Total purchase prices</b>	<b>40,000</b>	<b>-298</b>
Liquid assets in acquired businesses	-390	–
Transaction costs	277	–
<b>Total cash flow attributable to acquired businesses</b>	<b>39,887</b>	<b>-298</b>

#### Distribution/divestments of subsidiary/assets and liabilities

In 2014, the Precision Components business unit was distributed to the shareholders. During 2013, the additional purchase price for the shares in Eslöv Mekaniska Verkstad AB was finally adjusted by SEK 3.2 million, which corresponded to the estimated amount.

The total value of divested assets and liabilities, purchase prices and the effect on the Group's liquid assets was as follows:

Distribution/divestments	2014	2013
Intangible non-current assets	351,560	–
Property, plant and equipment	183,106	–
Financial non-current assets	760	–
Current assets	286,792	3,200
Non-current liabilities	-184,830	–
Current liabilities	-308,182	-128
	<b>329,206</b>	<b>3,072</b>
Capital gain/loss	–	-9
Distribution of shares in subsidiary	-330,333	–
<b>Total cash flow</b>		
– attributable to spin-off operations	<b>-1,127</b>	–
– attributable to divested operations	–	<b>3,063</b>

In the cash flow statement, SEK 28 million (72) of the cash flow from operating activities, SEK -50 million (-440) of the cash flow from investing activities and SEK 23 million (368) of the cash flow from financing activities related to spun-off entities. Of the investments made in 2013, SEK -420 million concerned intra-Group transactions. In addition to this, SEK 0 million (59) of the cash flow from investing activities related to a sold property recognised as discontinued operations.

#### Interest

During the financial year, interest paid amounted to SEK 15,128 thousand (23,728) and interest received to SEK 881 thousand (694).

## Note 31

### Business combinations/divestments

ADC of Sweden AB and Solna Pressgjuteri AB were acquired in 2014. The purchase price, paid in cash, amounted to SEK 40 million. Solna Pressgjuteri and ADC of Sweden were initially a part of XANO's Precision Components business unit and provided existing operations with additional competence and access to new market segments. Consolidation of the acquired entities in XANO was effective as of 1 April 2014. These businesses have contributed SEK 6 million in net revenue and SEK 0 million in net profit after the deduction of write-offs from surplus values and financial costs attributable to the acquisition. If the acquired entities had been included in the Group during the whole period, revenue for spin-off operations would have amounted to SEK 268 million, while the net profit for the period for spin-off operations would have been SEK 19 million after the financial costs attributable to the acquisitions. The acquisitions will have no impact on revenue or profit for continuing operations. The acquisitions bring surplus values totalling SEK 25 million distributed amongst buildings (SEK 2 million) and goodwill, relating to customer relations and synergies (SEK 23 million). The transaction costs amount to SEK 277 thousand.

The supplementary purchase price for the shares in Eslöv Mekaniska Verkstad AB, which were sold in 2012, was finally settled in 2013. Furthermore, the purchase price for the acquisition of shares in Kungsörs Mekaniska Verkstad AB was adjusted. The amount has been recognised as income under other operating income. Additional transaction costs relating to sale of the shares in Eslöv Mekaniska Verkstad AB for the amount of SEK 9 thousand, and to the acquisition of ITB Teknik i Unnaröd AB for the amount of SEK 2 thousand, respectively, have been charged against operating profit.

The acquired and divested assets and liabilities are specified in Note 30 Cash flow.

## Note 32

### Risks

#### FINANCIAL RISKS

XANO is exposed to financial risks through its international activities. Financial risks refer to changes in the Group's cash flow resulting from changes in exchange rates and interest levels as well as liquidity, financing and credit risks.

The Group's policy for managing financial risks is determined by the Board and creates a framework for risk management. The aim is to reduce the cost of capital procurement as well as the financial risk in a cost-efficient manner. The Parent Company has a central role in managing financial activities, which means that the Group can make use of economies of scale and better examine financial risks.

#### Currency risks

The Group's activities are exposed to currency risks mainly within the following three areas:

- » Transaction risks
- » Risks from translation of subsidiaries' income statements
- » Risks from translation of subsidiaries' balance sheets

#### Transaction risks

The transaction risk arises due to the commercial payment flows that take place in a currency other than the local currency of each subsidiary. The Group's policy is not to hedge these commercial flows. Because of the changes made to the Group's structure and their impact on currency flows, this policy may be amended. The flows are monitored continuously in order to minimise transaction risks.

The proportion of invoicing in foreign currency in 2014 was 36 per cent for continuing operations. 68 per cent of the Group's manufacturing took place in Sweden. The majority of the Group's products are sold in their country of manufacture. The major exceptions are deliveries from Swedish manufacturing units to foreign end customers and deliveries from manufacturing units in Estonia to the Swedish and Norwegian market. The transaction risks occur in the latter cases as well as during the purchase of material.

A simplified breakdown by currency of the Group's income and cost structure for 2014 is shown in the table below.

Share (%) of	SEK	USD	EUR	Other
Invoicing	64	10	13	13
Cost of goods sold	60	1	19	20

The Group is mainly exposed to changes in EUR, where the net flow in 2014 has been negative, and in USD, where the net flow in 2014 has been positive. In addition to this, subsidiaries hold receivables primarily in USD and NOK and borrowings in EUR. An average change of 5 per cent in all currencies against the Swedish krona would give an impact on profit before tax of approx. SEK 2 million for the corresponding flow. In the event of a change of 5 per cent in either EUR or USD against the Swedish krona, the impact on profit before tax over a period of one year would be approx. SEK 3 million and SEK 6 million respectively.

#### Risk from translation of subsidiaries' income statements

Translation of non-Swedish subsidiaries' income statements into Swedish kronor takes place at an average rate. If invoicing and net profit in the remaining Group companies are the same as in 2014, a 5 per cent change to the Swedish krona against all other currencies would affect invoicing by around SEK 12 million and net profit by around SEK 1 million.

#### Risk from translation of subsidiaries' balance sheets

Translation risks are attributable to changes caused by currency fluctuations for net assets in foreign currencies, which are translated into Swedish kronor. Foreign subsidiaries' net assets were valued at SEK 170 million at year-end. On translation of the subsidiaries' balance sheets, exchange rate fluctuations have affected other comprehensive income for 2014 positively by SEK 15 million. The currency exposure that arises through investments in foreign net assets is partially hedged by taking out loans in the corresponding currency. The Group's translation risks relate primarily to changes in EUR and CNY against SEK. A change of five per cent in either EUR or CNY against the Swedish krona would have an impact on Group equity of SEK 4 million and SEK 3 million respectively, based on the current net assets.

#### Interest rate risks

Interest rate risks refer to the risk that changes in the interest rate level will affect the Group's financial results negatively through increased borrowing costs. Financing mainly takes place through borrowing from banks. The average interest rate (interest expenses in relation to the average interest-bearing liabilities) was 3.5 per cent (3.9). On the balance sheet date, the Group's interest-bearing liabilities amounted to SEK 319 million (577), of which SEK 69 million (277) is financed at a variable interest rate. The average fixed rate period for the remaining borrowings is 53 months and the average interest rate at year-end was 2.9 per cent. The net result of a one (1) per cent increase in interest rates is approx. SEK -0.7 million on an annual basis.

Interest-rate swap agreements are used to change the fixed-rate interest period in the desired direction as well as reducing the effect of interest rate fluctuations. As of the balance sheet date, interest-rate swap agreements worth a total nominal sum of SEK 150 million were in place.

#### Fixed rate period for borrowings

Maturity date	Amount (SEK 000)	Average interest rate (%) <sup>1)</sup>	Share (%)
2017	150,000	3.12	64
2018 and later	100,000	2.65	36
<b>Total</b>	<b>250,000</b>	<b>2.93</b>	<b>100</b>

<sup>1)</sup> Exclusive of margin incurred on variable rate loans for swap agreements.

#### Liquidity and financing risks

Liquidity and financing risks refer to not being able to fulfil payment obligations as a result of insufficient liquidity or difficulty in taking out external loans. XANO actively seeks to ensure a high level of financing preparedness and effective capital procurement by always having confirmed lines of credit. The majority of the Group's borrowing comes from banks and with the loans in each company's local currency. Parent companies also lend funds within the Group at market terms, usually at a variable interest rate. The payment capacity (liquid assets including credit that has been granted but not utilised relative to net revenue) amounted to 26 per cent on the balance sheet date.

**Credit risks**

Credit risks refer to the risk of a contracting party being unable to fulfil its undertakings in a financial transaction. For XANO, credit risks are primarily associated with trade receivables. The risk of customer losses (bad debt) is managed through defined procedures for credit controls and claims management. The Group's customers are primarily large, well-established companies with a good ability to pay, spread across a number of industries and geographic markets, which has meant that customer losses have historically been low. The maximum credit risk concerning the Group's trade receivables corresponds to the reported value of SEK 128 million.

**OPERATIONAL RISKS**

Operational risks are associated with both customers and suppliers, as well as other external factors and the Group's own activities.

From a Group perspective, the customer base is broad and varied in terms of both industry and size. The Group has attempted to minimise the risks that exist in connection with customers' requests for production in low-cost countries by offering production at its own foreign units where capacity has been significantly increased.

As regards input goods, metal represents a dominant raw material together with plastic, often produced from oil-based products. Raw material prices are dependent on world market prices and exchange rate fluctuations, as well as production capacity. The number of raw materials is very large, as metals and plastic raw materials occur in many variants. However, price fluctuations for raw materials have a limited effect on the Group's results, as many agreements with customers contain raw material clauses. The management of price risks forms part of day-to-day work and imposes demands concerning ongoing cost rationalisation and productivity improvements.

Within the Group's product area there is always a risk that products may need to be recalled due to faults. To avoid these risks, the Group companies use quality control systems.

The Group has satisfactory protection against the traditional insurance risks such as fire, theft, liability, stoppages, etc. through the insurance policies taken out.

## Note 33

### Capital management

XANO's objective, during strong and stable growth, is to achieve a good return on equity with limited financial risk. In order to achieve this, a stable cash flow and a strong balance

sheet are required with an equity/assets ratio greater than 30 per cent. At the end of 2014, the equity/assets ratio was 40 per cent (41).

The Group's financing is dependent on certain financial key ratios agreed with the Group's main bank being achieved. The relevant key ratios relate to the Group's risk capital participation and net liabilities in relation to profit. The earnings for the year have meant that the key ratios concerned are within the agreed levels.

It is the Board's intention that the dividend should follow the earnings trend over an extended period and correspond to between 20 and 40 per cent of the profit after tax.

## Note 34

### Related party transactions

XANO's related parties consist of senior executives, Board members and companies that are subject to the controlling interest of XANO's Board members or senior executives in subsidiaries.

In addition to the payments referred to in Note 3, Board members and senior executives have received normal share dividends. Senior executives have also received the right to acquire employee convertibles in accordance with decisions made at the Annual General Meeting. The share and convertible holdings of Board members and senior executives as of the balance sheet date are presented on pages 88 and 89.

Kieryd Gård AB, controlled by the Chairman of the Board Tord Johansson, and Pomona-gruppen AB, under the controlling interest of Board member Fredrik Rapp, are major XANO shareholders. Apart from the share dividend, no transactions have taken place between these holding companies and XANO.

Transactions take place between XANO's subsidiaries and companies which are subject to the controlling interest of XANO's Board members or senior executives in subsidiaries. These transactions constitute part of the companies' normal activity and take place under market conditions. During 2014, sales from XANO's subsidiaries to ITAB Shop Concept AB with subsidiaries and AGES Industri AB with subsidiaries amounted to SEK 2 million and SEK 1 million respectively. ITAB and AGES are under the controlling interest of Tord Johansson and Pomona-gruppen AB. Other related party transactions do not come to any noteworthy sum.

As of the balance sheet date, amounts payable to and receivable from related parties do not come to any noteworthy sum.

# Definitions

**Basic earnings per share**

Net profit in relation to the average number of outstanding shares.

**Capital employed**

Balance sheet total less non-interest-bearing liabilities.

**Cash flow from operating activities per share**

Cash flow from operating activities in relation to the average number of outstanding shares.

**Diluted earnings per share**

Net profit plus costs relating to convertible loan in relation to the average number of outstanding shares plus the average number of shares added at conversion of outstanding convertibles.

**Direct yield**

Proposed dividend in relation to the share price on the balance sheet date.

**Equity per share**

Equity in relation to the number of outstanding shares on the balance sheet date.

**Equity/assets ratio**

Equity in relation to total capital.

**Gross margin**

Gross profit in relation to net sales.

**Interest coverage ratio**

Profit after financial items plus financial expenses in relation to financial expenses.

**Operating margin**

Operating profit in relation to net sales.

**Profit margin**

Profit after financial items in relation to net sales.

**Proportion of risk-bearing capital**

Equity plus provisions for taxes in relation to total capital.

**Return on capital employed**

Profit after financial items plus financial expenses in relation to average capital employed.

**Return on equity**

Net profit in relation to average equity.

**Return on total capital**

Profit after financial items plus financial expenses in relation to average total capital.

**Total capital**

Total equity and liabilities (balance sheet total).

## Income statements

<b>PARENT COMPANY (SEK thousands)</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
Net sales		7,468	11,348
Cost of goods sold		–	–
<b>Gross profit</b>		<b>7,468</b>	<b>11,348</b>
Selling expenses	1, 2	-2,489	-2,520
Administrative expenses		-14,107	-14,283
Other operating expenses	1, 2, 3	-33	–
<b>Operating profit/loss</b>		<b>-9,161</b>	<b>-5,455</b>
Result from participations in Group companies	4	94,967	66,088
Interest income and similar profit/loss items	5	8,853	27,536
Interest expense and similar profit/loss items	6	-26,470	-21,942
<b>Profit after financial items</b>		<b>68,189</b>	<b>66,227</b>
Appropriations	7	-5,687	-14,889
<b>Profit before tax</b>		<b>62,502</b>	<b>51,338</b>
Tax	8	-5,945	-9,878
<b>NET PROFIT FOR THE YEAR</b>		<b>56,557</b>	<b>41,460</b>

## Statement of comprehensive income

<b>PARENT COMPANY (SEK thousands)</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
Net profit for the year		56,557	41,460
Other comprehensive income		–	–
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>56,557</b>	<b>41,460</b>

## Balance sheets

PARENT COMPANY (SEK thousands)	Note	31/12/2014	31/12/2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Property, plant and equipment</i>			
Equipment, tools, fixtures and fittings	9	331	259
		<b>331</b>	<b>259</b>
<i>Financial non-current assets</i>			
Participations in Group companies	10	52,761	310,398
Receivables from Group companies		10,735	–
		<b>63,496</b>	<b>310,398</b>
<b>Total non-current assets</b>		<b>63,827</b>	<b>310,657</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		390,937	558,213
Other receivables	11	7,418	3,250
Prepayments and accrued income		1,045	1,199
		<b>399,400</b>	<b>562,662</b>
<i>Short-term investments</i>			
		5	5
<i>Cash and bank balances</i>	14	2,731	5,195
<b>Total current assets</b>		<b>402,136</b>	<b>567,862</b>
<b>TOTAL ASSETS</b>		<b>465,963</b>	<b>878,519</b>



PARENT COMPANY (SEK thousands)	Note	31/12/2014	31/12/2013
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	12	34,645	34,645
Statutory reserve		8,899	8,899
		<b>43,544</b>	<b>43,544</b>
<i>Non-restricted equity</i>			
Share premium reserve		4,295	4,295
Profit brought forward		8,437	251,770
Net profit for the year		56,557	41,460
		<b>69,289</b>	<b>297,525</b>
<b>Total equity</b>		<b>112,833</b>	<b>341,069</b>
<b>Untaxed reserves</b>	13	<b>69,205</b>	<b>63,518</b>
<b>Provisions</b>			
Provisions for pensions and similar obligations		674	–
<b>Total provisions</b>		<b>674</b>	<b>–</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	14, 15	144,782	143,345
		<b>144,782</b>	<b>143,345</b>
<i>Current liabilities</i>			
Bank overdraft facilities	14, 15	55,945	124,993
Trade payables		610	565
Liabilities to Group companies		61,923	195,686
Other liabilities	14	16,269	4,706
Accruals and deferred income		3,722	4,637
		<b>138,469</b>	<b>330,587</b>
<b>Total liabilities</b>		<b>283,251</b>	<b>473,932</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>465,963</b>	<b>878,519</b>
<b>Pledged assets</b>	15	<b>47,262</b>	<b>304,899</b>
<b>Contingent liabilities</b>	16	<b>131,853</b>	<b>335,174</b>

## Statement of changes in equity

PARENT COMPANY (SEK thousands)	Note	Share capital	Statutory reserve	Share premium reserve <sup>1)</sup>	Other non-restricted equity	Total equity
<b>Equity, 1 January 2013</b>		<b>34,645</b>	<b>8,899</b>	<b>4,295</b>	<b>275,531</b>	<b>323,370</b>
Net profit for the year		–	–	–	41,460	41,460
Other comprehensive income		–	–	–	–	–
<b>Comprehensive income for the year</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>41,460</b>	<b>41,460</b>
Dividend paid		–	–	–	-23,761	-23,761
<b>Equity, 31 December 2013</b>		<b>34,645</b>	<b>8,899</b>	<b>4,295</b>	<b>293,230</b>	<b>341,069</b>
Net profit for the year		–	–	–	56,557	56,557
Other comprehensive income		–	–	–	–	–
<b>Comprehensive income for the year</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>56,557</b>	<b>56,557</b>
Dividend paid in cash		–	–	–	-27,156	-27,156
Dividend paid by distribution of shares in subsidiary		–	–	–	-257,637	-257,637
<b>Equity, 31 December 2014</b>	12	<b>34,645</b>	<b>8,899</b>	<b>4,295</b>	<b>64,994</b>	<b>112,833</b>

<sup>1)</sup> The share premium reserve is part of non-restricted equity.

## Cash flow statements

PARENT COMPANY (SEK thousands)	Note	2014	2013
<b>Operating activities</b>			
Operating profit/loss		-9,161	-5,455
<i>Adjustments for non-cash items etc.</i>			
Depreciation		93	83
Other		91	–
Group contribution		44,967	66,088
Dividend received		50,000	–
Interest paid/received, net value	17	-4,641	-2,514
Income tax paid		-10,151	-12,529
<b>Cash flow from operating activities before changes in working capital</b>		<b>71,198</b>	<b>45,673</b>
<b>Change in working capital</b>			
Increase (-) / decrease (+) in current receivables		160,757	-20,955
Increase (+) / decrease (-) in current liabilities		-133,997	93,779
<b>Cash flow from operating activities</b>		<b>97,958</b>	<b>118,497</b>
<b>Investing activities</b>			
Purchase of financial non-current assets		-165	-247,805
Sale of financial non-current assets		–	466,000
<b>Cash flow from investing activities</b>		<b>-165</b>	<b>218,195</b>
<b>Financing activities</b>			
<i>Increase (+) / decrease (-) in non-current liabilities</i>			
Repayment of debt		–	-160,000
Dividend paid		-27,156	-23,761
<i>Increase (+) / decrease (-) in current liabilities</i>			
Repayment of debt		–	-40,000
Change in bank overdraft facilities		-69,048	-108,039
<i>Increase (-) / decrease (+) in non-current receivables</i>			
Payment of loan receivables		-4,131	–
<b>Cash flow from financing activities</b>		<b>-100,335</b>	<b>-331,800</b>
<b>Cash flow for the year</b>		<b>-2,542</b>	<b>4,892</b>
Cash and cash equivalents at the beginning of the year		5,200	5
Exchange-rate differences in cash and cash equivalents		78	303
<b>Cash and cash equivalents at the end of the year</b>	17	<b>2,736</b>	<b>5,200</b>

# Accounting policies

*The annual report has been prepared in accordance with the Swedish Annual Accounts Act and recommendations and statements of the Swedish Financial Reporting Board.*

## General

The Parent Company applies the same accounting policies as the Group except for the cases described below. The Parent Company's financial statements are prepared in accordance with recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The deviations that occur between the Parent Company's and the Group's policies are caused by limitations in the scope to apply IFRS to the Parent Company as a result of the Swedish Annual Accounts Act and, in some cases, for tax reasons. The accounting policies are unchanged compared with the previous year.

## Receivables and liabilities

Receivables have been recognised at the amount they are expected to accrue. Receivables and liabilities in foreign currency have been translated at the balance sheet date rate. Translation differences relating to operating receivables and liabilities are reported under operating profit, while translation differences attributable to financial receivables and liabilities are included under net financial income.

## Related party transactions

100 per cent (100) of the Parent Company's net sales comes from invoicing to subsidiaries. Of the Parent Company's operating expenses, 4 per cent (4) is invoicing from subsidiaries.

There are significant financial receivables and liabilities between the Parent Company and subsidiaries which accrue interest at the market rate.

In addition to what is referred to in Note 1, Board members and senior executives have received normal share dividends. Senior executives have also received the right to acquire employee convertibles in accordance with decisions made at the Annual General Meeting.

As the owner, the Parent Company has a related party relationship with its subsidiaries, see Note 10.

Kieryd Gård AB, controlled by the Chairman of the Board Tord Johansson, and Pomona-gruppen AB, under the controlling interest of Board member Fredrik Rapp, are major XANO shareholders. Apart from the share dividend, no transactions have taken place between these holding companies and XANO.

## Participating interests in Group companies

Participating interests are valued according to the cost method. Dividends from subsidiaries are recognised as income. The items are tested for impairment annually and the interests are valued at the highest consolidated value, i.e. the subsidiary's adjusted equity with a supplement for consolidated surplus values.

## Non-current assets

Non-current assets are valued at the acquisition value less accumulated depreciation and any impairment costs. If there is an indication that an asset has reduced in value, the asset's recoverable amount is calculated. If the reported value exceeds the recoverable amount, the asset is written down to a value corresponding to the recoverable amount.

Depreciation is included in the costs for each function. Depreciation is calculated systematically over the expected utilisation period as follows:

Machinery and equipment	3–10 years
-------------------------	------------

## Liquid assets

Liquid assets (cash and cash equivalents) constitute cash and bank balances and investments with a term of no more than three months.

## Cash flow

Cash flow is reported by applying the indirect method. This means that the net profit/loss is adjusted for transactions that have not resulted in deposits or withdrawals during the period and for any income and costs related to the cash flow of investing or financing activities.

## Financial assets and liabilities

Financial assets and liabilities are generally reported at the acquisition value. Impairment costs concerning financial non-current assets are recognised if a permanent reduction in value has been confirmed.

XANO uses currency derivatives and interest-rate swaps to control the uncertainty in currency flows and future interest-rate streams in regard to Group borrowings with variable interest rates. Since these derivatives are not hedged effectively in the company, they are valued at their fair value via the income statement in accordance with Section 14 in Chapter 4 of the Swedish Annual Accounts Act. The interest coupon share is regularly reported as either interest income or interest expense in the income statement.

Convertible bonds consist of a composite financial instrument with the character of both a liability and of equity. These are reported partly as a financial liability and partly as an equity instrument.

## Income

The Parent Company offers its subsidiaries services relating to business development, organisation, finance, etc. Income from services is reported under the period in which the service was performed. Intra-Group sales occur at market prices.

## Group contribution

Group contributions received from subsidiaries are recognised as financial income.

## Taxes

Reported income taxes include tax that will be paid for the current year and any changes to deferred tax. Tax assets and liabilities are valued at nominal amounts and in accordance with the current tax rules and tax rates. Deferred tax is calculated on temporary differences that arise between reported values and taxable values of assets and liabilities.

Deferred tax liabilities are normally reported for all taxable temporary differences, while deferred tax assets are reported to the extent it is likely that the sums may be utilised.

In the Parent Company, due to the link between reporting and taxation, deferred tax liabilities associated with untaxed reserves are reported as part of untaxed reserves.

## Bank overdraft facilities, Group currency accounts

The subsidiaries' claims on and debts to internal lines of credit are recognised as liabilities to and receivables from Group companies. The Group's total claim on/debt to the bank is recognised as an asset/liability in the Parent Company. Interest at the market rate is applied to the subsidiaries' claims and debts.

# Notes

(All amounts in SEK thousands unless otherwise indicated.)

## Note 1

### Employees and personnel costs

Average no. of employees	2014	of which men	2013	of which men
Sweden	5	20%	6	33%

Proportion of men amongst Board members/senior executives	2014	2013
Board members	86%	83%
Senior executives	50%	67%

Salaries, other remuneration and social security costs	2014	2013
Salaries and remuneration	7,467	7,980
Social security costs	4,391	4,712
(of which pension costs) <sup>1, 2)</sup>	(1,578)	(1,685)
	<b>11,858</b>	<b>12,692</b>

<sup>1)</sup> Of the Parent Company's pension costs, SEK 1,409 thousand (1,536) relates to Board members and senior executives. The company's outstanding pension commitments for these amount to SEK 0 thousand (0).

<sup>2)</sup> Pension costs do not include special employer's contribution.

Break-down of salaries and other remuneration	2014	2013
Board members and senior executives	6,002	6,518
(of which bonuses)	(-)	(-)
Other employees	1,465	1,462
	<b>7,467</b>	<b>7,980</b>

#### Remuneration for Board members and senior executives

The Annual General Meeting decided to approve the Board's proposal for guidelines for remuneration and other employment conditions for senior executives. The conditions must be market-based. In addition to a fixed basic salary, senior executives may receive variable remuneration, which must be limited and based on the trend in results or the return on equity compared with set goals. The variable component may not exceed the equivalent of three months' fixed salary. Senior executives shall have market pension conditions which must be premium-based. Any employee in the Group's management may terminate their employment by giving six months' notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary shall be payable to the CEO. The Board shall be entitled to deviate from the guidelines if there are exceptional reasons for doing so in an individual case. The Board has appointed a remuneration committee, which during the year consisted of Chairman Tord Johansson and Director Fredrik Rapp.

Remuneration for the CEO and other senior executives consists of basic salary, variable remuneration, other benefits and pension premiums. "Other senior executives" refers to the CFO who, together with the CEO, makes up the Group management. In the first half of 2014 and throughout the previous year, the deputy CEO was also included in other senior executives and Group management. The division between basic salary and variable remuneration is determined in proportion to the responsibilities and authority of the executive in question. The variable remuneration is based on results in relation to individually set targets.

The Annual General Meeting decided that the Board's fee of SEK 1,360 thousand should be distributed with SEK 700 thousand payable to the Chairman and SEK 110 thousand payable to each of the other ordinary Board members for the period up to and including the next annual general meeting. The Annual General Meeting further decided that remuneration for tasks undertaken in the remuneration committee should amount to SEK 20 thousand per person and remuneration for tasks undertaken in the audit committee should amount to SEK 30 thousand per person. During 2014, SEK 130 thousand was carried as an expense for these tasks. After leaving his post at the company, Board member Sune Lantz has provided assistance within his normal professional area of expertise and for these services has received a fee of SEK 400 thousand.

During the period 1 January to 30 June 2014, Group management consisted of CEO Sune Lantz, Deputy CEO Lennart Persson and CFO Marie Ek Jonson. Sune Lantz stood down on 1 July 2014 and, during the period 1 July to 31 December 2014, Group management consisted of CEO Lennart Persson and CFO Marie Ek Jonson. Sune Lantz received

salary and car benefits totalling SEK 1,226 thousand (2,560) during the period 1 January to 30 June 2014. The comparative figure refers to the full year 2013. Lennart Persson received salary and car benefits totalling SEK 1,449 thousand during the period 1 July to 31 December 2014. Other senior executives received salary and car benefits totalling SEK 2,040 thousand (2,836).

Senior executives have a defined contribution pension plan with a retirement age of 65. According to the contract, the pension premium for the CEO is 30 per cent of the pensionable salary. The pension premium for the former CEO was 35 per cent of the pensionable salary. There is a pension agreement for other senior executives corresponding to the collectively agreed ITP plan. In addition to this, there is an option to reallocate salary withdrawals (known as salary sacrifice) to additional pension contributions. The pension premium for other senior executives amounted to an average of 24 per cent (20) of the pensionable salary. "Pensionable salary" refers to the basic salary and car benefits plus an average of the last three years' variable remuneration. The pension costs including salary sacrifice for the current CEO amounted to SEK 433 and to SEK 429 thousand (854) for the previous CEO. Pension costs including salary sacrifice for other senior executives amounted to SEK 547 thousand (682).

The company and CEO have a mutual six-month period of notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the CEO, no severance pay is payable. For other senior executives, there is a period of notice of six months by either party. In the event of notice on the part of the company, severance pay totalling six months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the senior executive, no severance pay is payable.

## Note 2

### Depreciation

Depreciation by function	2014	2013
Selling expenses	-14	-12
Administrative expenses	-79	-71
	<b>-93</b>	<b>-83</b>

Depreciation by type of asset	2014	2013
Equipment, tools, fixtures and fittings	-93	-83
	<b>-93</b>	<b>-83</b>

## Note 3

### Auditors' remuneration

	2014	2013
<b>Ernst &amp; Young</b>		
Audit assignment	-260	-267
Audit activities other than audit assignment	-207	-38
Tax consultancy services	-47	-173
Other services	-	-44
	<b>-514</b>	<b>-522</b>

"Audit assignment" refers to the review of the annual report, interim reports, the administration by the Board and CEO and the corporate governance report.

## Note 4

### Result from participations in Group companies

	2014	2013
Dividends from Group companies	50,000	-
Group contributions received	44,967	66,088
	<b>94,967</b>	<b>66,088</b>

**Note 5****Interest income and similar profit/loss items**

	2014	2013
Interest income, Group companies	7,122	15,020
Interest income, other	1,332	10,560
Exchange-rate differences	399	1,956
	<b>8,853</b>	<b>27,536</b>

Other interest income includes a value change of SEK 0 thousand (8,039) relating to interest-rate swaps valued at their fair value. Exchange rate differences comprise changes in value amounting to SEK 0 thousand (43) relating to currency derivatives measured at fair value.

**Note 6****Interest expense and similar profit/loss items**

	2014	2013
Interest expense, Group companies	-1,662	-3,854
Interest expense, other	-23,701	-15,945
Exchange-rate differences	-1,107	-2,143
	<b>26,470</b>	<b>-21,942</b>

Other interest expense includes a value change of SEK -12,530 thousand (0) relating to interest-rate swaps valued at their fair value.

**Note 7****Appropriations**

	2014	2013
Change in excess depreciation	41	71
Tax allocation reserve, change for the year	-5,728	-14,960
	<b>-5,687</b>	<b>-14,889</b>

**Note 8****Tax on profit for the year**

	2014	2013
Current tax	-5,945	-9,878
	<b>-5,945</b>	<b>-9,878</b>

Tax totals 10 per cent (19). Tax-exempt dividends have contributed to the lower tax expense in 2014.

**Note 9****Property, plant and equipment****Equipment, tools, fixtures and fittings**

Accumulated acquisition values	2014	2013
Opening balance	1,340	1,340
New acquisitions	165	-
Divestments and disposals	-266	-
Closing balance	<b>1,239</b>	<b>1,340</b>

Accumulated scheduled depreciation	2014	2013
Opening balance	-1,081	-998
Divestments and disposals	266	-
Depreciation according to plan for the year	-93	-83
Closing balance	<b>-908</b>	<b>-1,081</b>

Closing residual value according to plan	331	259
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## Note 10

### Participations in Group companies

Accumulated acquisition values	2014	2013
Opening balance	310,398	528,593
Distribution of shares in subsidiary	-257,637	-
Intra-Group disposals	-	-466,000
New share issue in subsidiary	-	247,805
<b>Closing balance</b>	<b>52,761</b>	<b>310,398</b>

#### Parent Company holdings

Business name	Corporate identity number	Registered office	Number of shares	Share of equity	Book value
Cipax Industri AB	556261-0096	Jönköping, Sweden	1,000	100%	3,483
XANO Automation AB	556432-6329	Jönköping, Sweden	5,000	100%	17,153
XANO Evolution AB	556412-4070	Jönköping, Sweden	46,200	100%	5,499
XANO Fastigheter AB	556237-3265	Jönköping, Sweden	30,500	100%	4,541
XANO Precision AB	556220-3294	Jönköping, Sweden	1,000	100%	22,085
					<b>52,761</b>

#### Subsidiary holdings

Business name	Corporate identity number	Registered office	Number of shares	Share of equity
Ackurat Industriplast AB	556076-4564	Växjö, Sweden	10,000	100%
Ackurat Sp. z o. o	0000357275	Gdansk, Poland	100	100%
Ackurat Suomen Oy	0535817-5	Helsinki, Finland	630	100%
Albins Mekaniska Verkstad AB	556440-4233	Köping, Sweden	1,000	100%
Cipax AB	556065-7875	Norrköping, Sweden	200	100%
Cipax AS	990 374 031	Bjørkelangen, Norway	10,100	100%
Cipax Eesti AS	10092500	Taebala, Estonia	400	100%
Cipax Oy	2188914-4	Helsinki, Finland	1,000	100%
Fredriksons Automation AB	556548-6882	Vadstena, Sweden	1,000	100%
Fredriksons Verkstads AB	556420-7537	Vadstena, Sweden	5,000	100%
Fredriksons Industry (Suzhou) Co Ltd	022735	Suzhou, China	-	100%
Kungsörs Mekaniska Verkstad AB	556141-4243	Kungsör, Sweden	1,500	100%
AB LK Precision Invest	556258-1644	Stockholm, Sweden	1,000	100%
AB LK Precision Parts	556237-5377	Stockholm, Sweden	2,000	100%
Mikroverktyg AB	556020-8828	Södertälje, Sweden	1,000	100%
NPB Automation AB	556266-7948	Jönköping, Sweden	1,000	100%
Ornplast Sp. z o. o	0000404285	Lodz, Poland	2,000	100%
Resinit AB	556332-1263	Västervik, Sweden	1,000	100%
VIAB Konsult AB	556506-0802	Jönköping, Sweden	1,000	100%
XANO Fastigheter Eslöv AB	556605-1529	Eslöv, Sweden	1,000	100%
XANO Fastigheter Ljungarum AB	556202-5220	Jönköping, Sweden	2,796,000	100%
XANO Fastigheter Länna AB	556176-5271	Stockholm, Sweden	1,000	100%

13 of the subsidiaries are industrial companies whilst the rest are companies with limited operations such as sales companies, holding companies, real estate companies and dormant companies.

## Note 11

### Other receivables

	2014	2013
Tax asset included totalling	7,412	3,206
	<b>7,412</b>	<b>3,206</b>

Derivatives are reported under other receivables and amount to SEK 0 thousand (43) in total. This item relates to currency derivatives valued at fair value.

## Note 12

### Share capital

Distribution of share capital	31/12/2014	1/1/2014
Class A shares	1,950,000	1,950,000
Class B shares	4,978,974	4,978,974
<b>Total number of shares</b>	<b>6,928,974</b>	<b>6,928,974</b>
Quotient value, SEK	5	5
Share capital, SEK	34,644,870	34,644,870

The total number of shares is 6,928,974, of which 140,000 are held by the company. The average number of outstanding shares during the year amounted to 6,788,974.

On 1 July 2012, convertible bonds with a nominal value of SEK 30 million were issued. After recalculation of the conversion rate due to the distribution of the shares in AGES Industri AB in 2014, the convertible loan corresponds to 588,234 Class B shares in the event of full conversion.

Class A shares give entitlement to ten votes and Class B shares entitlement to one vote. The number of votes, following deductions for the company's own holding, amounts to 24,338,974.

The proposed dividend amounts to SEK 2.50 per share.

## Note 13

### Untaxed reserves

	2014	2013
Tax allocation reserve, allocated 2008	–	3,278
Tax allocation reserve, allocated 2009	1,076	1,076
Tax allocation reserve, allocated 2010	14,050	14,050
Tax allocation reserve, allocated 2011	16,061	16,061
Tax allocation reserve, allocated 2012	13,897	13,897
Tax allocation reserve, allocated 2013	14,960	14,960
Tax allocation reserve, allocated 2014	9,006	–
	<b>69,050</b>	<b>63,322</b>
Accumulated excess depreciation	155	196
	<b>69,205</b>	<b>63,518</b>

Deferred tax liabilities represent SEK 15,225 thousand (13,974) of untaxed reserves.

## Note 14

### Liabilities

Non-current liabilities	2014	2013
Maturity date between one and five years after balance sheet date	144,782	143,345
Maturity date more than five years after balance sheet date	–	–
	<b>144,782</b>	<b>143,345</b>
Current liabilities	2014	2013
Bank overdraft facilities, Group currency accounts	55,945	124,993
Current portion of non-current borrowings	–	–
	<b>55,945</b>	<b>124,993</b>
<b>Total interest-bearing liabilities</b>	<b>200,727</b>	<b>268,338</b>
Bank overdraft facilities	2014	2013
Bank overdraft facilities granted, Group currency accounts	170,000	320,000
Unutilised amount	-114,055	-195,007
<b>Utilised amount</b>	<b>55,945</b>	<b>124,993</b>

The Parent Company's liquid assets, including lines of external credit granted but not utilised, totalled SEK 151 million (270) on the balance sheet date.

The company has an outstanding convertible loan reported at SEK 29,247 thousand. The nominal value is SEK 30 million. The convertible loan runs until 30 June 2016 with an annual interest rate corresponding to STIBOR 3M plus 2.7 per cent (3.18 per cent for the current period). During the period 1–10 June 2016, convertible bonds can be redeemed against shares. The original conversion rate was SEK 109. Due to the distribution of the shares in AGES Industri AB to the XANO shareholders, the conversion rate has been recalculated in accordance with section 8E of the terms and conditions. The recalculated conversion rate is SEK 51. The nominal value of the loan is SEK 109 per convertible bond. Given that the loan is subordinate to other liabilities and the Group's financial position in general, the interest rate cannot be regarded as corresponding to a market interest rate. The market interest rate for this loan was assessed at 7.08 per cent (government bonds interest rate at the time of issue, 1.08 per cent, with a 6.0 per cent supplement for risk premium). Borrowings that accrue interest at a rate that differs from the market interest rate are recognised at the market value and the difference is added to the company's share premium reserve. Interest is charged to the income statement at the market interest rate over the term of the loan. At the same time, the reported liability will increase in the balance sheet so that it corresponds to the nominal sum at the end of the loan term. The market value for the convertible debenture loan has been calculated by a present value computation of future interest payments and the loan's nominal value. Recorded interest for the year is SEK 1,561 thousand and corresponds to 5.2 per cent of the actual liability.

Derivatives totalling SEK 16,870 thousand (4,895) are included in current liabilities. The item relates to interest-rate swaps valued at their fair value. The year's change in value of SEK -12,530 thousand (8,039), excluding tax, is reported among financial items in the income statement.

Cash and bank deposits include the balance in the current account and Group currency accounts, amounting to SEK 2,729 thousand (5,193)



**Note 15****Pledged assets**

	2014	2013
Shares in subsidiaries	47,262	304,899
	<b>47,262</b>	<b>304,899</b>

**Note 16****Contingent liabilities**

	2014	2013
Guarantees in favour of subsidiaries	129,073	332,265
Pension commitments	2,780	2,909
	<b>131,853</b>	<b>335,174</b>

**Note 17****Cash flow****Interest**

Interest paid amounted to SEK 13,350 thousand (20,218) and interest received SEK 8,709 thousand (17,704).

	2014	2013
<b>Liquid assets</b>		
Cash and bank balances	2,731	5,195
Short-term investments	5	5
<b>Amount at year-end</b>	<b>2,736</b>	<b>5,200</b>

**Note 18****Risks**

The Parent Company is exposed to financial risks through its international activities. Financial risks refer to changes in exchange rates and interest levels. A statement on the Group's main financial and operational risks can be found in Note 32 on pages 69 and 70.

The undersigned certify that the consolidated financial statements and the annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting policies respectively, and give a true and fair view of the financial positions and results of the Group and the Company, and that the Directors' report gives a fair review of the development of the operations, financial positions and results of the Group and the Company and describe substantial risks and uncertainties that the Group companies face.

The annual report and consolidated financial statements for XANO Industri AB (publ) for 2014 have been approved for publication by the Board of Directors.

The financial statements will be presented to the Annual General Meeting on 6 May 2015 for adoption.

Jönköping, 10 March 2015

Tord Johansson  
*Chairman*

Fredrik Rapp  
*Vice chairman*

Stig-Olof Simonsson  
*Board member*

Per Rodert  
*Board member*

Petter Fägersten  
*Board member*

Eva-Lotta Kraft  
*Board member*

Sune Lantz  
*Board member*

Lennart Persson  
*CEO*

Our audit report was submitted on 19 March 2015.

Stefan Engdahl  
*Authorised public accountant*

Stefan Landström Andersson  
*Authorised public accountant*

# Audit report

To the annual general meeting of XANO Industri AB (publ), corporate identity number 556076-2055

## Report on the annual report and consolidated financial statements

We have audited the annual report and consolidated financial statements of XANO Industri AB (publ) for the year 2014. The annual report and consolidated financial statements of the company are included in the printed version of this document on pages 46–81.

### *Responsibilities of the Board of Directors and the CEO for the annual report and consolidated financial statements*

The Board of Directors and the CEO are responsible for the preparation and fair presentation of an annual report and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act, and for such internal controls as the Board of Directors and the CEO determine is necessary to enable the preparation of an annual report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the annual report and consolidated financial statements 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 in order to obtain reasonable assurance that the annual report and consolidated financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides a true and fair representation, in all material respects, of the financial position of the parent company as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Swedish Annual Accounts Act. It is also our opinion that the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and provide a true and fair representation, in all material respects, of the financial position of the Group as at 31 December 2014 and of its financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act. The Directors' report is consistent with the other parts of the annual report and consolidated financial statements.

We therefore recommend that the annual general meeting adopt the income statement and balance sheet for the parent company and the statement of comprehensive income and financial position for the Group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual report and consolidated financial statements, we have examined the proposed appropriation of the company's profit or loss and the administration of the Board of Directors and the CEO of XANO Industri AB (publ) for the year 2014.

### *Responsibilities of the Board of Directors and the CEO*

The Board of Directors is responsible for proposing the appropriation of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Swedish Companies Act.

### *Auditor's responsibility*

Our responsibility is to express an opinion, with reasonable assurance, on the proposed appropriation 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 appropriation of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Swedish Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual report and consolidated financial statements, 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 CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish 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 opinion.

### *Opinions*

We recommend to the annual general meeting that the profit be appropriated in accordance with the proposal in the Directors' report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Jönköping, 19 March 2015

Stefan Engdahl  
Authorised public accountant

Stefan Landström Andersson  
Authorised public accountant

# Annual General Meeting

*Wednesday 6 May 2015 at 3 pm  
at XANO's premises at Industrigatan 14 B in Jönköping.*

**Notification** Shareholders wishing to attend the AGM must be included in the share register managed by Euroclear Sweden AB on 29 April 2015 and must notify the company of their intention to attend the AGM no later than 4 pm on Wednesday 29 April 2015 at the following address: XANO Industri AB, Industrigatan 14 B, SE-553 02 Jönköping, Sweden, or by telephone on +46 (0)36 31 22 00 or by email at info@xano.se.

Shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own name well in advance of 29 April 2015 in order to be entitled to attend the AGM.

**Dividend** The Board of Directors proposes a dividend of SEK 2.50 per share. The record date will be 8 May 2015. If the AGM approves the proposal, the dividend will be issued by Euroclear on 13 May 2015.

**Nomination committee** A nomination committee was appointed at the 2014 AGM consisting of Ulf Hedlundh (Chairman), Fredrik Rapp and Anders Rudgård. The task of this committee prior to the 2015 AGM is to nominate a Chairman of the Board and other Board members, auditors, a chairman for the AGM and propose fees for the Board and auditors.

**Business** The AGM will consider the business that, in accordance with the Swedish Companies Act and the Articles of Association, must be considered at the AGM, such as the presentation of the annual report and the auditor's report, decisions concerning issues such as adoption of the income statements and balance sheets, discharge from liability of Board members and the CEO, as well as the election of Board members and auditors.

Other agenda items will be stated in the notice of the AGM, published in the Official Swedish Gazette and on the company's website no later than four weeks before the meeting. The convening notice is also distributed to all shareholders together with the annual report in April.

# Corporate governance report 2014

## Swedish Corporate Governance model

Corporate governance in Swedish listed companies is regulated by a combination of written rules and generally accepted practices. The framework includes the Swedish Companies Act ("the Act") and the rules that apply in the regulated market in which the company's shares are quoted. In addition, all listed Swedish companies have been covered by the Swedish Code of Corporate Governance ("the Code") since 1 July 2008.

The Act stipulates that the company must have three decision-making bodies: the shareholders' meeting, the Board of Directors and the CEO. There must also be a controlling body, an auditor, who is appointed by the shareholders' meeting. The Act stipulates which tasks the respective bodies have and which responsibilities fall upon the people making up the bodies. The Code complements the Act by setting higher requirements in certain areas, but also by making it possible for companies to deviate from these in specific circumstances if this will lead to better corporate governance.

## Corporate governance at XANO

XANO Industri AB (publ) is a Swedish public limited company whose overall goal is to generate long-term value for its shareholders and other stakeholders. XANO shares are listed on NASDAQ OMX Stockholm in the Small Cap segment. The information requirements that XANO is subject to as a result of this can be found in the "Rule Book for Issuers" published by the stock exchange.

XANO has been covered by the Code since 1 July 2008. This corporate governance report describes XANO's corporate governance, management and administration, in addition to the internal controls that are in place concerning financial reporting.

## Shareholders

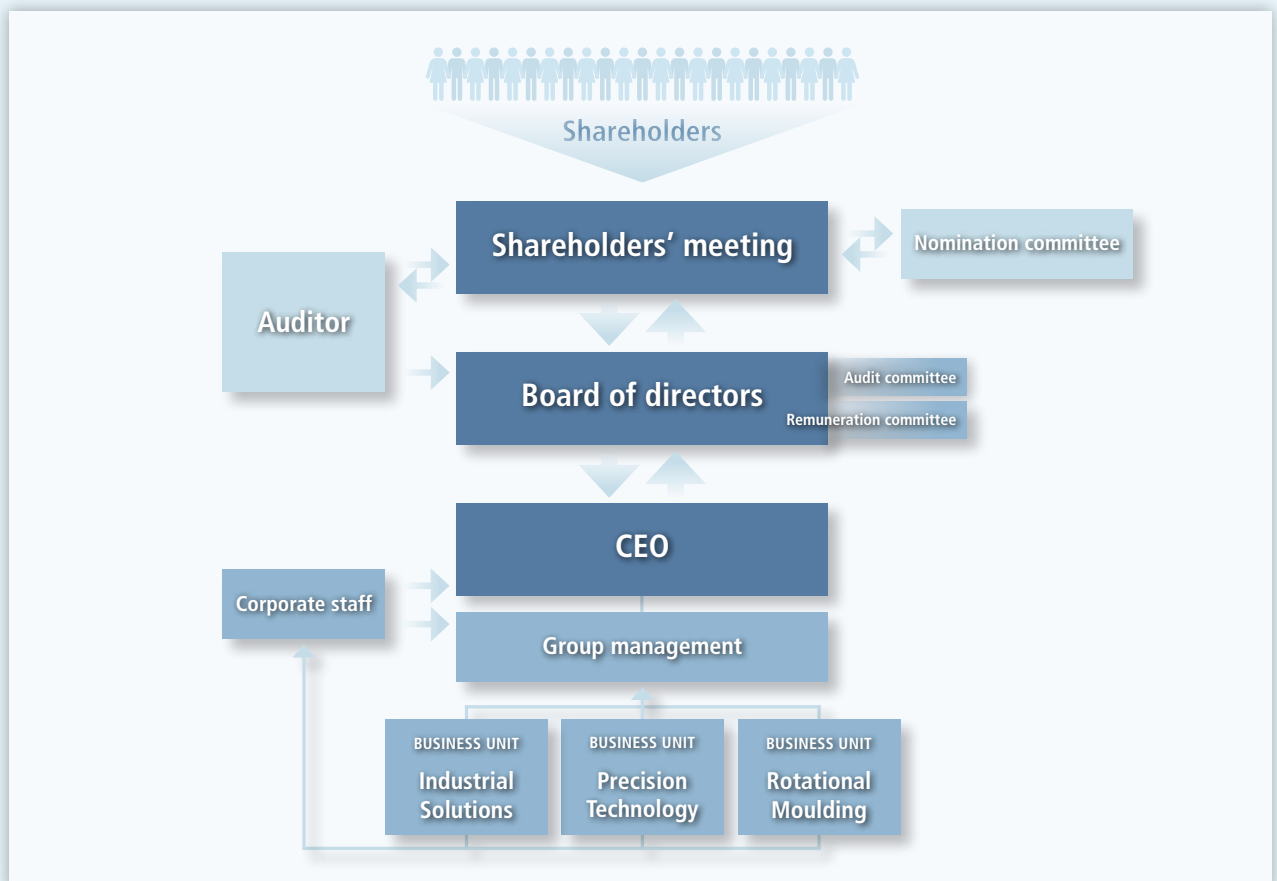
At the end of 2014, there were 1,677 shareholders in XANO, of which 1,547 were physical persons representing 18.5 per cent of the votes and 38.9 per cent of the capital. Institutional holdings constituted 2.6 per cent of the votes and 9.3 per cent of the share capital. The ten largest shareholders accounted for 94.4 per cent of the votes and 81.1 per cent of the capital. There are currently two shareholders who each control more than ten per cent of the capital and the votes for all shares in the company. Tord Johansson controls 27.5 per cent of the capital and 55.1 per cent of the votes through his own and related parties' holdings. Pomona-gruppen AB holds 31.0 per cent of the capital and 28.6 per cent of the votes. Information concerning holdings relates to share after deduction of the company's own holdings.

## Shareholders' meeting

The shareholders' meeting is the forum in which the shareholders' influence is exercised. It is the company's highest decision-making body and has a superior position in relation to the company's Board and the CEO. According to the Articles of Association, notices convening a shareholders' meeting must be issued through advertising in the Official Swedish Gazette and on the company website. Confirmation that notices convening the meeting have been placed must be published in Dagens Industri.

## Annual General Meeting

The Annual General Meeting (AGM) assembles once a year in order to decide on matters such as the adoption of the annual report and consolidated financial statements, the discharge of the Board of Directors and CEO from liability and to decide on the allocation of profits from the previous year. The meeting also elects the Board of Directors and, when necessary, auditors. All shareholders who are directly registered in the share register and who have regis-



tered their attendance in time can attend the meeting and vote on behalf of all their shares. Shareholders who are unable to attend themselves may be represented by a proxy.

#### Annual General Meeting 2014

XANO's 2014 AGM was held on Thursday 8 May. 59 shareholders, whose holdings accounted for 94 per cent of the votes and 73 per cent of the total number of outstanding shares, were represented at the meeting. XANO's Board and management, as well as the company's auditors and representatives from the nomination committee, were present at the meeting. The following key decisions were made:

- » Cash dividends of SEK 4.00 per share, amounting to a total of SEK 27.2 million.
- » Distribution of the shares in the wholly-owned AGES Industri AB.
- » Re-election of Board members Tord Johansson, Stig-Olof Simonsson, Fredrik Rapp, Petter Fägersten, Eva-Lotta Kraft and Per Rodert. Election of Sune Lantz as Board member. Re-election of Tord Johansson as Chairman of the Board.
- » Composition of the nomination committee ahead of the 2015 AGM.
- » Authority for the Board of Directors to take decisions concerning acquisitions and transfer of the company's own shares.
- » Authority for the Board of Directors to take decisions concerning new share issue.

#### Annual General Meeting 2015

XANO's 2015 AGM will take place on Wednesday 6 May at 3 pm at the company's premises at Industrigratan 14 B in Jönköping. Further information can be found on page 83 of the annual report for 2014.

#### Board of Directors

The task of the Board of Directors is to manage the company's affairs on behalf of the shareholders. According to the Articles of Association, the Board must be made up of at least three and no more than eight members, with a maximum of eight deputies. According to the Code, deputies are not to be appointed for members elected by the AGM. XANO's Board currently consists of seven ordinary members: Tord Johansson (Chairman), Fredrik Rapp, Stig-Olof Simonsson, Petter Fägersten, Eva-Lotta Kraft, Per Rodert and Sune Lantz. Stig-Olof Simonsson, Eva-Lotta Kraft and Per Rodert are independent of the company's major shareholders. Tord Johansson and Fredrik Rapp are dependent in relation to major shareholders in their capacity as shareholders. As a result of being hired by and recently leaving a company affiliated to major shareholders respectively, Petter Fägersten and Sune Lantz are also considered to be dependent in relation to major shareholders. By virtue of his former employment as CEO, Sune Lantz is judged to be dependent in relation to the company and the company management. All other members are independent of the company and the company management. The Articles of Association do not contain any specific regulations concerning the appointment and dismissal of Board members or changes to the Articles of Association.

The work of XANO's Board of Directors is governed both by laws and recommendations and by the Board's rules of procedure, which are adopted once a year. These rules of procedure contain rules concerning matters such as the distribution of work between the Board of Directors and the CEO, financial reporting and investments.

The Board of Directors held eight meetings during the 2014 financial year. Each ordinary meeting considers the following fixed items: review of the minutes of the previous meeting, general review of the business units with follow-up on the latest report and comparison with the forecast as well as financing and liquidity. In addition to fixed reporting items, the Board of Directors also decides on issues of a more general nature, such as the Group's strategy, structural and organisational matters, policies, guidelines, acquisi-

tions and major investments.

One of the company's auditors participates in at least one of the Board's meetings each year. The auditors' observations arising from the audit of the company's accounts, procedures and internal controls are presented at this meeting.

In addition to the fixed items mentioned above, the programme for 2014 included the following main items:

##### *No 1 – 7 February*

Year-end report 2013, report from audit committee, the auditors' report of their general observations arising from the audit of the 2013 financial statements, forthcoming change of CEO.

##### *No 2 – 20 March (phone)*

Issues concerning the spin-off of AGES, acquisition discussions.

##### *No 3 – 6 May*

Interim report 3 months, revised forecast for 2014, report from remuneration committee, pre-requisites prior to AGM.

##### *No 4 – 27 June (phone)*

Adoption of recalculated conversion rate for XANO convertible 2012/2016.

##### *No 5 – 9 July (phone)*

Interim report 6 months.

##### *No 6 – 17 September*

Group strategy, information on Fredriksons.

##### *No 7 – 6 November (phone)*

Interim report 9 months, annual programme for 2015.

##### *No 8 – 11 December*

Forecast for 2015, evaluation of the Board's and the CEO's work.

#### Audit committee

The task of the audit committee is to prepare the Board's work by quality assuring the company's financial reporting, regularly meeting the company's auditor to inform themselves of the audit's direction and scope, as well as discussing the coordination between the external audit and the internal controls and the view of the company's risks, setting guidelines for which services other than auditing may be handled by the company's auditor, evaluating the audit work and informing the company's nomination committee of the outcome of the evaluation as well as assisting the nomination committee in its proposals for auditors and fees for audit work. In 2014, XANO's audit committee comprised the Board members Tord Johansson, Stig-Olof Simonsson and Per Rodert (Committee Chairman).

#### Remuneration committee

The task of the remuneration committee is to prepare issues relating to remuneration and other employment conditions for the company management. The remuneration committee at XANO also has the task of dealing with issues relating to remuneration and other employment conditions for the managing directors of other companies in the Group. In 2014, XANO's remuneration committee comprised the Board members Tord Johansson, who is also Committee Chairman, and Fredrik Rapp.

#### CEO

The Board appoints the CEO to take care of the day-to-day administration of the company. Sune Lantz was CEO in the first half of 2014. The current CEO, Lennart Persson, took up the position on 1 July 2014 after having been Deputy CEO since 1998.

#### Group management

During the first half of the year, Group management consisted of CEO Sune Lantz, Deputy CEO Lennart Persson and CFO Marie Ek Jonson. As of 1 July 2014, Group management consists of CEO Lennart Persson and CFO Marie Ek Jonson.

### Corporate staff

There is a staff function reporting directly to the CEO which is responsible for business development, finance, insurance, purchasing, IT, communications, consolidated financial statements and group-wide administration. This is where projects involving all or a number of the Group's companies are managed. Manuals and policies regulating work at the subsidiaries are drawn up in the respective areas.

### Business units

At the start of 2014, the Group was made up of four reporting business units: Industrial Solutions, Precision Components, Precision Technology and Rotational Moulding. In May 2014, the Precision Components business unit was spun off from XANO and the Group is now made up of three reporting business units. The operational management for the business units reports directly to the CEO. Through Group staff functions, supporting documentation for decisions for the Board and CEO are collated within the other areas.

### Nomination committee

The nomination committee is the body of the shareholders' meeting's tasked with the preparation of decisions to be made by the meeting concerning appointment matters with the aim of establishing a sound basis for consideration of such matters.

Following a proposal by the main shareholders Tord Johansson and Pomona-gruppen AB, which together represent 84 per cent of votes and 59 per cent of the capital in XANO, a nomination committee was appointed composed of Ulf Hedlundh as chairman, along with Fredrik Rapp and Anders Rudgård. The task of the committee prior to the 2015 AGM is to nominate a Chairman of the Board and other Board members, auditors, a chairman for the AGM, and propose fees for the Board and auditors. The nomination committee has evaluated the work of the Board and so far held one meeting prior to the AGM, during which minutes were taken, in addition to a high level of contact between the committee members.

### Auditors

A registered auditing company, or one or two auditors of whom at least one must be an authorised public accountant, with or without deputy auditors, must be elected by the shareholders' meeting to examine the company's

annual report, the consolidated financial statements and other financial statements as well as the administration by the Board and CEO. The auditors' report to the shareholders will be made at the AGM via the audit report.

The ordinary election of an auditor for XANO last took place at the AGM in 2013 for the term of office up until the AGM in 2014. The current auditors are Stefan Engdahl (head auditor) and Stefan Landström Andersson, both authorised public accountants at Ernst & Young Jönköping. Alongside the work for XANO Industri AB, Stefan Engdahl undertakes auditing work for companies including Doro AB, Hexpol AB and Kabe AB. Stefan Landström Andersson undertakes auditing work for companies including Trioplast Industrier AB.

### Deviations from the Code

There are no deviations to report for 2014.

### Principles for the remuneration of senior executives, incentive schemes, etc.

The Board of Directors proposes that the AGM reach a decision concerning guidelines for the determination of salaries and other remuneration for the CEO and other senior executives.

The guidelines that were adopted by the 2014 AGM require the conditions to be market-based. In addition to a fixed basic salary, senior executives may receive variable remuneration, which must be limited and based on the trend in results or the return on equity compared with set goals. The variable component may not exceed the equivalent of three months' fixed salary. Senior executives must have market pension conditions, which must be premium-based. Any member of the Group's management can terminate their employment by giving six months' notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary will be payable to the CEO. The Board is entitled to deviate from the guidelines if there are exceptional reasons for doing so in each individual case.

At the 2012 AGM, it was decided to issue convertible bonds to employees, which also covers the Group management. There are no outstanding share-related or share price-related incentive schemes.

### Internal controls concerning financial reporting

In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal controls which aim to protect the company's assets and thereby the shareholders' investments.

### Composition of the Board of Directors and Committees 2014/2015

Name	Elected	Board position	Independent in relation to the company and company management	Independent in relation to major shareholders	Participation in Board meetings 2014	Participation in Remuneration Committee 2014	Participation in Audit Committee 2014	Board fee including committee remuneration, SEK
Tord Johansson	1979	Chairman	Yes	No <sup>1)</sup>	8 (8)	1 (1)	1 (1)	750,000
Petter Fägersten	2011	Member	Yes	No <sup>1)</sup>	8 (8)	–	–	110,000
Eva-Lotta Kraft	2012	Member	Yes	Yes	8 (8)	–	–	110,000
Sune Lantz	2014	Member	No <sup>2)</sup>	No <sup>1)</sup>	5 (5) <sup>3)</sup>	–	–	110,000
Fredrik Rapp	2004	Member	Yes	No <sup>1)</sup>	8 (8)	1 (1)	–	130,000
Per Rodert	2013	Member	Yes	Yes	8 (8)	–	1 (1)	140,000
Stig-Olof Simonsson	2002	Member	Yes	Yes	8 (8)	–	1 (1)	140,000
								1,490,000

<sup>1)</sup> Tord Johansson and Fredrik Rapp are dependent in relation to major shareholders in their capacity as shareholders. As a result of being hired by and recently leaving a company affiliated to major shareholders respectively, Petter Fägersten and Sune Lantz are also considered to be dependent in relation to major shareholders.

<sup>2)</sup> By virtue of his former employment as CEO, Sune Lantz is judged to be dependent in relation to the company and the company management.

<sup>3)</sup> Sune Lantz was appointed in May 2014.

More information on the Board members and Group management is given on pages 88 and 89.

### Financial reporting

All units report their financial results each month. These reports are consolidated and form the basis of quarterly reports and operational monitoring. This operational monitoring is carried out in accordance with an established structure where incoming orders, invoicing, liquidity, capital tie-up and other key ratios of importance for the Group are collated and form the basis of analysis and action by the management and controllers at different levels. Other important group-wide elements of the internal controls are business plans and the annual forecasting process.

For communication with external parties, there is an information policy which is intended to ensure that all information obligations are fulfilled correctly and in full.

### Control environment

The primary task of the audit committee is to monitor the accounting and reporting processes and to ensure the quality of these reports and processes. Responsibility for maintaining an effective control environment and the ongoing work relating to risk management and internal controls concerning financial reporting rests with the CEO. In turn, managers at various levels within the company have this responsibility within their respective areas. Responsibilities and authorities are defined in documents including CEO instructions, instructions concerning authorisation rights, manuals and other policies, procedures and codes. The Board of Directors establishes the Group's key policies concerning communications, credit, financing and risk management. The Group management establishes other policies and instructions, and responsible corporate functions issue guidelines and monitor the application of the regulations.

The Group's accounting and reporting rules are set out in a finance manual which is available to all finance personnel. Together with laws and other external regulations, the organisational structure and internal regulations constitute the control environment.

### Risk assessment

XANO regularly analyses risks by reviewing the risk of errors within the financial reporting of important income statement and balance sheet items. Operational risks are also assessed.

### Control activities

The purpose of control activities is to identify, prevent and correct errors and deviations. Policies and guidelines are particularly important for accurate accounting, reporting and information provision and also define the control activities that must be carried out. XANO policies and guidelines are updated on an ongoing basis both in documents and through meetings. Control activities cover areas such as attestation procedures, account reconciliation, analytical follow-up and the control of IT systems. Every unit is also visited regularly by representatives from the business unit and Group management teams during which the internal controls and financial reporting are evaluated. The Group management reports the result of its work on internal controls to the Audit Committee.

In 2014 the internal controls work focused on IT security. The Group has produced a new IT security policy and in conjunction with this all companies must compile a local IT security manual containing guidelines on system and document management. During 2013, particular emphasis was placed on introducing the XANO Group's procedures at the newly acquired subsidiaries. In addition, a project was implemented in order to ensure proper stock valuation and individual obsolescence evaluation.

### Monitoring

The Group management and controllers monitor the financial reporting and key business events on an ongoing basis. At each Board meeting, financial developments are reviewed against forecasts and an assessment is made as to what extent approved investments are following established plans. The audit committee evaluates the internal controls, company code and key accounting issues on an ongoing basis. One of the company's auditors participates in at least one of the Board's meetings each year and at every audit committee meeting to present the auditors' observations.

XANO has so far not considered it necessary to establish a separate internal audit function. The work relating to internal controls is carried out within the framework of other activities and primarily takes place using central resources. It is the company's view that this evaluation largely corresponds to the work that is performed by an internal audit function in other companies. Certain aspects of the internal controls are reviewed by the auditors on an ongoing basis. The matter of a separate internal audit function will be reviewed again during 2015.

Jönköping, 10 March 2015

Tord Johansson  
Chairman

Fredrik Rapp  
Vice chairman

Per Rodert  
Board member

Stig-Olof Simonsson  
Board member

Petter Fägersten  
Board member

Eva-Lotta Kraft  
Board member

Sune Lantz  
Board member

### Auditor's opinion on the corporate governance report

To the annual general meeting of XANO Industri AB (publ), corporate identity number 556076-2055

It is the Board of Directors that is responsible for the corporate governance report for 2014 and for preparing it in accordance with the Swedish Annual Accounts Act.

We have read the corporate governance report and based on that reading and our knowledge of the company and the Group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

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

Jönköping, 19 March 2015

Stefan Engdahl  
Authorised public accountant

Stefan Landström Andersson  
Authorised public accountant

## Board of Directors



**Tord Johansson**

(born 1955)

**Chairman, elected in 1979.**

**Principal education:** Graduate in industrial management.

**Principal professional experience:** Managing director ITAB.

**Other directorships:** Chairman of the boards of ITAB Shop Concept AB, Kieryd Gård AB and SW Exergon AB. Member of the boards of AGES Industri AB, Blue Wall Construction AB and Eolus Vind AB.

**Shareholding in XANO:** 1,282,200 Class A shares and 587,575 Class B shares.



**Fredrik Rapp**

(born 1972)

**Vice Chairman, elected in 2004.**

**Principal education:** Graduate economist.

**Principal professional experience:** Managing director and investment manager Pomona-gruppen, managing director Talk Telecom.

**Other directorships:** Chairman of the boards of Binar AB, EstInvest AB, Borgstena Group AB and Serica Consulting AB. Member of the boards of ITAB Shop Concept AB, AGES Industri AB, AB Segulah, Pomona-gruppen AB, Nordic Flow Group AB, PrimeKey Solutions AB and TM Web Express AB.

**Shareholding in XANO:** 540,000 Class A shares and 1,567,045 Class B shares.



**Eva-Lotta Kraft**

(born 1951)

**Board member, elected in 2012.**

**Principal education:** Graduate engineer, MBA.

**Principal professional experience:** Area manager Alfa Laval and Siemens-Elementa, strategy and marketing director FOI.

**Other directorships:** Member of the boards of Boule Diagnostics AB, NIBE Industrier AB and Opus Group AB.

**Shareholding in XANO:** 100 Class B shares.



**Per Rodert**

(born 1953)

**Board member, elected in 2013.**

**Principal education:** Graduate in business administration.

**Principal professional experience:** Managing director Rörvik Timber. Managing director and CFO Munksjö.

**Other directorships:** Member of the boards of Alfaro AB and DevPort AB.

**Shareholding in XANO:** –



**Stig-Olof Simonsson**

(born 1948)

**Board member, elected in 2002.**

**Principal education:** BA.

**Principal professional experience:** Managing director SYSteam.

**Other directorships:** Chairman of the boards of Simonssongruppen AB and TOSITO Invest AB. Member of the board of ITAB Shop Concept AB.

**Shareholding in XANO:** 194,360 Class B shares.



**Petter Fägersten**

(born 1982)

**Board member, elected in 2011.**

**Principal education:** Graduate economist.

**Principal professional experience:** Marketing director ITAB Shop Concept Jönköping.

**Other directorships:** Member of the board of ITAB Industrier AS.

**Shareholding in XANO:** 150,200 Class B shares.



**Sune Lantz**

(born 1953)

**Board member, elected in 2014.**

**Principal education:** Economics and auditing.

**Principal professional experience:** CEO ITAB/XANO, auditor, bank official.

**Other directorships:** Chairman of the board of AGES Industri AB. Member of the board of ITAB Shop Concept AB.

**Shareholding in XANO:** 97,400 Class B shares.

**Convertible holding in XANO:** nom. SEK 3,270,000.

*Details concerning the number of shares refer to holdings on 31 December 2014 and include, where applicable, holdings via related parties and holdings where the given Board member is able to exert a controlling interest.*

## Auditors

**Stefan Engdahl**

(born 1967)

**Authorised public accountant, elected 2008.** Ernst & Young Jönköping.

**Stefan Landström Andersson**

(born 1963)

**Authorised public accountant, elected 2009.** Ernst & Young Jönköping.



## Group management



### Marie Ek Jonson

(born 1967)

**CFO, joined the company in 1992.**

**Principal education:** Graduate in business administration.

**Principal professional experience:** Controller ITAB.

**Shareholding in XANO:** –

**Convertible holding in XANO:** nom. SEK 981,000.

### Lennart Persson

(born 1968)

**CEO, joined the company in 1998.**

**Principal education:** Engineering graduate.

**Principal professional experience:** CIO Eldon Vasa, business controller ITAB, managing director ITAB Kaluste and ITAB Plast.

**Shareholding in XANO:** 11,000 Class B shares.

**Convertible holding in XANO:** nom. SEK 3,270,000.

**Significant shareholding or ownership interests in associated companies:** –

# Addresses

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