Annual Report 2012






Proffice

KEEP IMPROVING

Welcome to Proffice.

Proffice AB is a Swedish company governed by Swedish law. All values are expressed in the Swedish krona. Unless otherwise stated, figures in parentheses refer to 2011. Data on markets and competition are Proffice's own estimates unless a specific source is stated. These estimates are based on the best and most recent data available from published sources in the public sector and staffing industry.
Revised annual report, pages 13–47.

Proffice Care has assignments for Doctors Without Borders.

In 2012 Proffice Care in Norway initiated a partnership with Doctors Without Borders. This allows doctors the opportunity to work for Proffice Care for shorter or longer periods during their time at home while preparing for any future service work. In return, Proffice Care gets access to health professionals with broad medical experience, which strengthens Proffice's role as a player in the Nordic region.

We are taking our employees down from the sky.

For 2012, our goal was to reduce overall air travel by ten per cent.

By requiring every employee to always ask themselves whether their upcoming trip is necessary or whether it can be replaced by video or telephone conferencing, and by deciding that we will only take certain train routes, we have been able to reach and exceed that goal. In 2012, we reduced overall air travel by 22 per cent .

More than 2,000 hours of charity work.

Proffice works with selected non-profit organisations by contributing what we know best: competence. This gives our company, our employees, and our partners a chance to evolve and grow.

Proffice has chosen to focus on three areas that we think are particularly important: working life and diversity, children and youth, and the environment. We work with Transfer, Plan Sweden, Rescue Mission, and others.

In 2012, we contributed more than 2,000 man-hours to our partners – more than twice as many as the year before.

2012 in brief: Increased revenue despite deteriorating market conditions.

Income statement

SEK million	2012	2011	2010	2009	2008
Revenue	4,876	4,770	4,095	3,908	4,266
Other operating income	40	–	–	–	–
Operating costs	-4,790	-4,526	-3,930	-3,728	-4,110
Operating profit before depreciation and write-down	**126**	**244**	**165**	**180**	**156**
Depreciation of non-current assets (excl. goodwill)	-16	-17	-25	-20	-11
Write-down of goodwill	–	-9	–	–	-30
Operating profit	**110**	**218**	**140**	**160**	**115**
Financial items	-10	5	-1	0	15
Profit after financial items	**100**	**223**	**139**	**160**	**130**
Tax	-22	-69	-42	-49	-59
Profit for the year for remaining units	**78**	**154**	**97**	**111**	**71**
Profit after tax for discontinued units	–	–	–	–	0
Profficce fully year	**78**	**154**	**97**	**111**	**71**

Key ratios[1]

	2012	2011	2010	2009	2008
Operating margin before write-down of goodwill, %	2.3	4.8	3.4	4.1	3.4
Operating margin, %	2.3	4.6	3.4	4.1	2.7
Return on equity, %	12.9	22.0	15.7	19.5	14.5
Equity/assets ratio, %	28.5	35.7	36.5	39.5	34.6
Basic earnings per share, SEK	1.11	2.02	1.20	1.45	0.86
Equity per share, SEK	7.46	10.27	8.99	9.03	7.44
Cash flow from operating activities per share, SEK	0.00	1.88	0.83	2.89	1.84
Dividend per share, SEK	0.30[2]	1.13	0.75	0.50	–

[1] Definition key ratios, see page 52

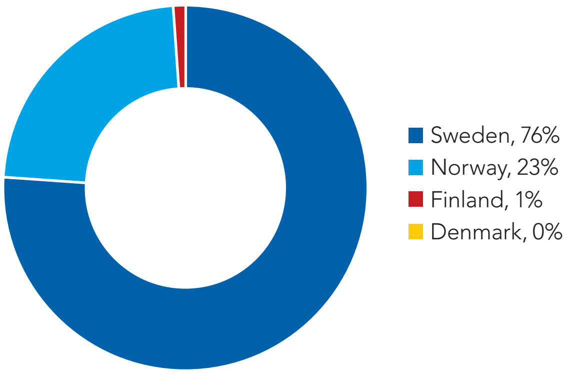
[2] Proposed dividend

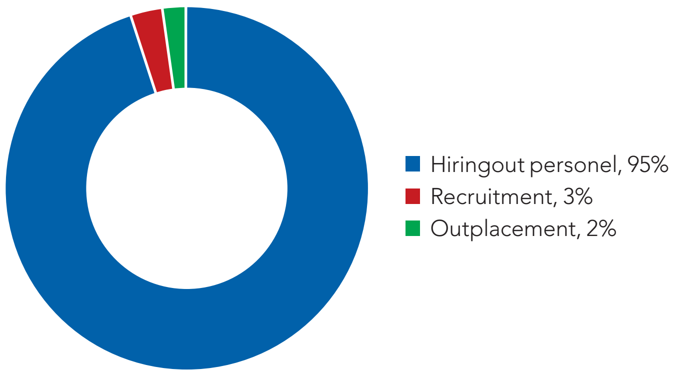
Ownership structure as per 31 Dec 2012

	A shares	B shares	Share of capital, %	Share of voting rights, %*
Capman Public Market Investment	2,000,000	4,061,688	8.83	23.08
Christer Hägglund via company	1,000,000	6,260,150	10.57	15.60
Swedbank Robur Funds	–	11,917,462	17.35	11.43
Lars Murman	1,000,000	–	1.46	9.59
Handelsbanken Funds	–	4,645,688	6.76	4.46
Nordea Investment Funds	–	3,538,152	5.15	3.39
Fourth Swedish National Pension Fund	–	3,118,575	4.54	2.99
Unionen	–	2,557,100	3.72	2.45
Carlson Funds	–	1,833,135	2.67	1.76
Svenska Lärarfonder	–	1,556,147	2.27	1.49
Total 10 largest owners	**4,000,000**	**39,488,097**	**63.32**	**76.26**

* Votes are adjusted for company shares.

Proffice's markets





Market share in Sweden, the ten largest players

2012		2011	
Manpower	21.30%	Manpower	23.80%
Proffice	**17.60%**	**Proffice**	**17.40%**
Adecco	12.20%	Adecco	12.30%
Uniflex	7.19%	Uniflex	7.54%
Academic Work	6.46%	Lernia	6.64%
Lernia	6.41%	Academic Work	6.54%
Poolia	3.70%	Poolia	4.45%
Logent	3.20%	StudentConsulting	2.65%
Arena Personal	2.37%	Logent	2.35%
StudentConsulting	2.33%	Randstad	1.83%

Source: Swedish Staffing Agencies

Market share in Norway, the ten largest players

2011*		2010	
Adecco Norge	25%	Adecco Norge	28%
Manpower	24%	Manpower	24%
Jobzone	7%	**Proffice AS**	**7%**
Proffice AS	**7%**	Jobzone	6%
ISS Personalhuset AS	4%	ISS Personalhuset AS	5%
Xtra Personell	4%	Xtra Personell	4%
Kelly Services Norge AS	3%	Kelly Services Norge AS	4%
Workshop Bemanning	2%	Top Temp AS	2%
Top Temp AS	2%	Helsenor AS	1%
DB-gruppen	1%	Rett bemanning	1%

Source: The Norwegian National Federation of Service Industries.

Data on market share for Norway in 2012 had not yet been made available when this publication went to print.

Events during the year

January–March

- Proffice acquired minority share in Dfind earlier than planned
- Proffice was named a supplier to Region Skåne. The contract runs for two years with the option of a two-year extension
- Lars Kry, president and CEO, was designated 2012 Manager of the Year. The award was instituted and is awarded by Chef (Manager) magazine

April–June

- Proffice Industry & Logistics was further specialised on 1 April Staffing outsourcing was placed under a special company called Proffice Logistic Solutions AB
- Proffice was named a supplier to Posten Logistik. The framework agreement runs for three and a half years with the option of a two-year extension
- Proffice and the Uppstart Malmö Foundation began a partnership to support entrepreneurs in order to create more jobs in the Malmö region
- Proffice Green Jobs is the name of Proffice's new specialist service in the environmental field
- Proffice expanded its collaboration with CGI (Logica). The parties concluded a framework agreement that runs three years
- Proffice started a business network for discussing diversity

July–September

- The Swedish Public Employment Service awarded Proffice a contract as lead supplier in its recently completed recruitment procurement
- Dfind Engineering AS was started up in Norway. The new specialist company works with the recruitment and staffing of engineers
- Benno Eliasson was named new Proffice CFO. He took office 1 December
- Proffice was named a new supplier to Swerock, a subsidiary of Peab. The agreement concerns logistics services for establishing an iron ore mine in Pajala in Norrbotten County

October–December

- PostNord and Proffice signed a three-year contract for recruitment services in the Nordic region
- The Swedish Legal, Financial, and Administrative Services Agency did not award Proffice a letter of allotment for participation in the procurement of staffing services for government agencies
- Proffice was awarded a contract as main supplier in the Swedish National Board of Health and Welfare's staffing procurement. The agreement runs for two years with the option of a two-year extension
- Proffice Aviation was established in Finland through Proffice Aviation OY, a new subsidiary. The operation will involve more than 100 cabin crew employees
- Proffice was selected by AstraZeneca as a Managed Service Provider, an exclusive partner for all AstraZeneca's staffing in Sweden
- Proffice implemented an action plan and decided to reduce administrative expenses by SEK 250 million on an annual basis. The plan is estimated to impact earnings by SEK 30–50 million, mostly in Q4

Statement by the CEO: Proffice is growing despite tougher times.

Proffice continued to grow and gain market share, and revenue for the full year 2012 is Proffice's highest ever. After starting with strong growth in the first two quarters, we faced a much more uncertain economic climate by September. The shift to lower demand in the second half of the year reduced full-year earnings, primarily in Sweden and Finland. Our Norwegian operation accounted for the most growth in the Group, and Denmark improved its profitability during the year by breaking even.

Revenue data from Swedish Staffing Agencies' member firms show negative growth in the industry for the year. In that context, it is gratifying that our Swedish operation grew over the same period. Despite the weaker economy, we have managed to win our customers' trust and gain market share in a highly competitive market through increasingly specialised products and services.

Well prepared for changing conditions

Due to our geographic dispersion in the Nordic countries and our balanced service offering, we are less vulnerable to cyclical fluctuations as a Group. This is not the first time that Proffice has faced a recession, either. As shown by past experience, we have good capacity to face ups and downs and are now also a natural partner for companies in need of flexible staffing.

I am satisfied with the action programme that was quickly initiated when demand fell in September. Operations are now well adapted to the current economic situation. While we are prepared to take further measures if times get even tougher, we know that the streamlining now being implemented will be evident when demand recovers.

We grow by putting more people to work

To achieve our long-term goals, we continue to work with what drives our business forward: getting people and companies to develop and grow. Proffice is in many respects a unique company; we can only grow by putting more people to work. If we grow, everybody wins – our company, the community, our customers, and individuals. Being able to influence the development of companies as well as communities and to promote increased diversity in the labour market is something that I am passionate about. Therefore, over the past year Proffice has taken a number of initiatives, including creating a diversity network, partnering with Uppstart Malmö, and conducting a diversity seminar in Almedalen.

By constantly focussing on competence, we give rise to a more flexible and secure labour market.

It is clear that tough times give rise to creativity and thus many new opportunities.

Factors for ensured growth

We had yet another eventful year in 2012 on our way to becoming the most successful staffing company in the Nordics. As we look back on the year as a whole, I would like to highlight some of the factors that contributed to our achievements:

1 Growth in Norway

Our efforts in Norway continued according to plan, the labour market is more favourable, and we see great potential for growth. Proffice Norway accounted for the most growth in the Group and for increased profitability.

2 Specialisation strategy

We have continued to build on our successful specialisation strategy, and strong growth in Industry & Logistics is a good example of generating good results by keeping focussed. Through the start-up of Dfind Finance and Dfind Engineering in Norway and with new finely-honed products and services in the IT, aviation, mining, and other industries, we are establishing a strong position within business areas that are in heavy demand in the Nordic market.

3 Action programme

Proffice acted early and decisively to meet the economic downturn. To ensure future profitability, the Group's various business areas and support functions were extensively streamlined.

4 Closer customer relationships

Intensified sales activities during the year paid off. In 2012, we increased the number of customer visits by about 18 per cent compared with 2011. At the same time, we increased our proportion of small and medium-sized customers, leaving us in a better position to increase margins on hard-pressed market prices. During the year we continued to earn our customers' trust through new and closer strategic customer relationships, including AstraZeneca, the Swedish Public Employment Service, and Norwegian HINAS.

5 A high-performance basic platform

Our basic platform with shared processes and systems makes for substantial scalability that benefits everyone – employees, candidates, and our customers. The implementation of our new ERP system continued during the year and is an important investment for continued profitability and growth.

6 A strong corporate culture

We need the best leaders to inspire the engagement and peak performance of our employees. During the year, three additional leadership programs were conducted for about fifty Group managers. A second round of ProLab (our own nursery for promoting an entrepreneurial corporate culture) was also completed, thereby creating opportunities for companies and people to grow and learn.

2013 outlook

Through the Group's five focus areas for 2013 (Industry & Logistics, Norway, sales, sourcing, and effectiveness), we continue our long-term effort of becoming the most successful staffing agency in the Nordics. We are taking a humble approach to economic trends in 2013. Although we are ready for weak demand in the first half of the year, we know that we can quickly reorganise our business when the economy picks up again. Our exciting journey continues, and it is clear that tough times give rise to creativity and thus many new opportunities in 2013.

Our employees – our most important resource

Strategies and plans are all very well but, in my opinion, it is our employees that make all the difference. Our ambition is to have the best staff in the industry. I can proudly say that I think that is already the case today.

Whatever the state of the economy, our competence, flexibility, and agility will become increasingly important in the labour market. We solve our customers' needs in a passionate, attentive, and solution focused manner.

Lars Kry
President and CEO

Our vision

Proffice aims to be the most successful staffing company in the Nordic region.

Our business concept

We offer people and companies potential to develop by being a passionate, attentive, and solutionoriented staffing company.

+5 % -points more than the market

6% EBITA

To attain our market objective of growing by five percentage points more than the market with improved profitability, we must continue to always want to be best, want to ensure we have the most satisfied customers, and attract the best employees.

FOCUS AREAS 2013

EFFECTIVENESS | SALES | INDUSTRY & LOGISTICS | NORWAY | SOURCING

GOALS

AREA	OBJECTIVE	TARGETS
MARKET	We aim to grow faster than the staffing market within the fields in which we specialise through a balanced combination of organic growth and acquisitions.	Revenue growth: We aim to outgrow the market by 5 percentage points each year, so cementing Proffice's position as the Nordic region's leading staffing company.
CUSTOMER	Customers will perceive us as the best staffing company in the market in the segments in which we specialise.	Customer satisfaction: We aim to increase customer satisfaction by at least one point each year (long-term target 75) . 50% of revenue to come from SME customers.
PERSONNEL	We aim to attract the best employees in the staffing sector who will constantly improve through interesting assignments with attractive customers, and through clear and value-based leadership.	Management satisfaction: We aim to increase manager satisfaction by at least one point each year (long-term target 68).
FINANCIAL	We will, over time, ensure financial stability that allows for self-financed expansion and makes us an attractive investment for our share-holders.	Profitability: We aim for an operating margin (EBITA) above 6%.

Five strategies for profitability, growth, and scalability.

Proffice's main strategy is product leadership through specialisation, which makes us a more attractive partner to people and companies. It also increases profitability and makes us less sensitive to economic fluctuations.

Strong sales culture

Proffice has built a strong sales culture that combines common methods with liberal individual freedom. We can never afford to relax. We become a long-term business partner for our customers by staying proactive and focused on solutions. Each year we make more than 80,000 sales calls in the Nordics. Many of them are made after receiving tips from colleagues in other sections of the Proffice Group.

One Proffice

A common platform for finance, IT, communication, and HR allows Proffice to grow while improving its profitability. As a result, our operations can grow faster than our costs. Implementation of the new Group-wide ERP system that was launched in late 2011 continued in 2012. It is an effective platform with potential for high scalability that benefits everyone – employees, candidates, and customers alike.

Specialisation and innovation

Proffice specialises in several industries and competence areas. As a result, customers and candidates meet Proffice specialists with an understanding of their exact challenges. In 2012, several new services were presented, such as the Proffice Green Jobs product (staffing and recruitment in environmental professions) and the company Dfind Engineering (staffing and recruitment of engineers). Both are the fruit of our nursery for internal entrepreneurs: the Proffice Opportunity Lab (ProLab). ProLab provides opportunities for interesting projects to develop in a year-long program that includes support from experts inside and outside the company. It also makes Proffice a more attractive employer that appeals to very talented people.

Balanced products

Proffice's services help people and companies develop and grow through their financial ups and downs. With its staffing, recruitment, and outplacement services and operations in four countries, Proffice can hold its own in the face of economic change. We can expand our business dealings with customers and become an even more essential partner.

Selective acquisitions

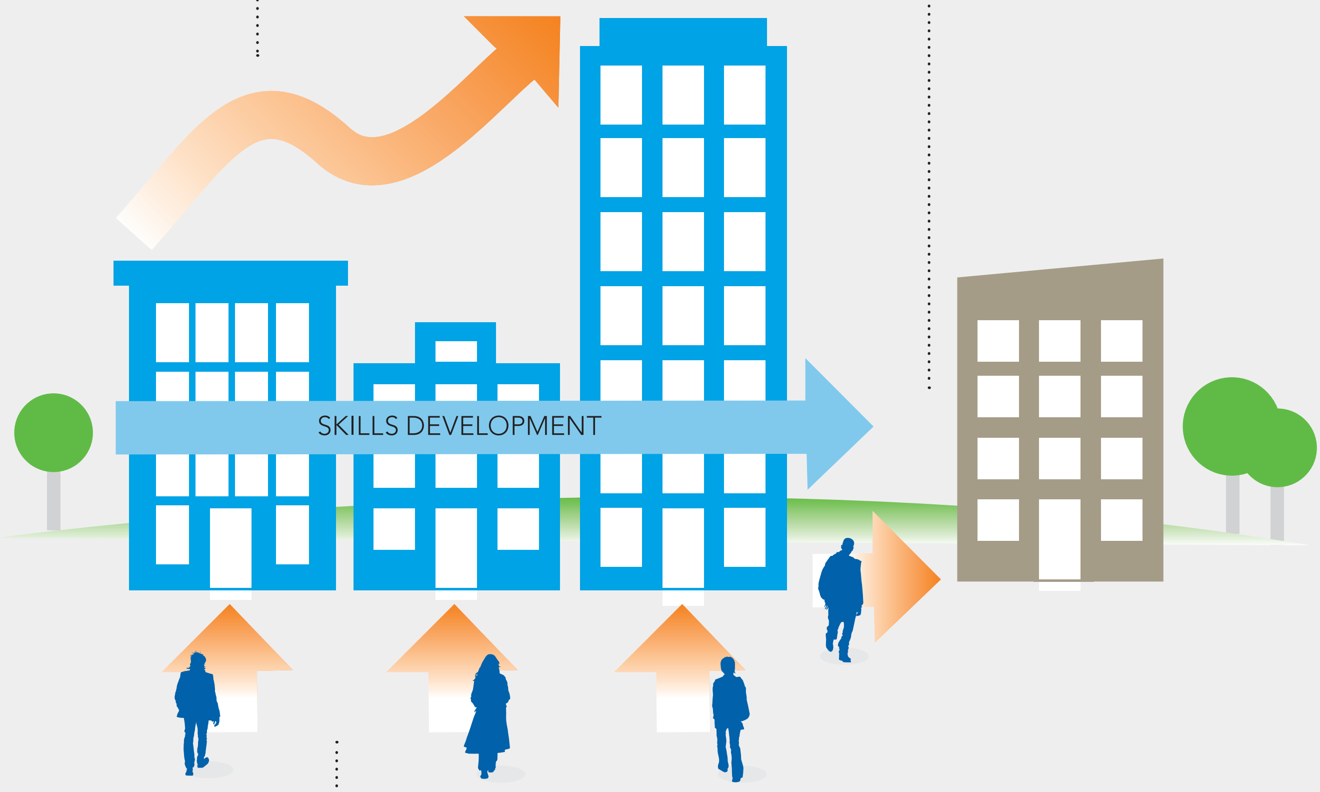
Proffice will mainly grow organically. We also make selective acquisitions to strengthen our specialisation. In Q1 Proffice acquired a minority share in Dfind earlier than planned, demonstrating a clear focus on the essential IT segment where there is high demand in the Nordic market.

Our offer:
growth opportunities.

Through our passion and attentiveness, we help people, companies, and organisations grow and progress, become stronger, and sometimes take steps toward outplacement. We improve our customers' competitive strength and enhance their ability to handle challenges, regardless of the economy, through our three main products: hiring personnel, providing help with recruitment, and outplacement. The fact is that someone gets a job through us every four minutes.

HIRING OUT OF PERSONNEL
We give our customers the right expertise and create effective solutions that increase mobility.

OUTPLACEMENT
Proffice offers support and strategy for individuals and companies in change.



RECRUITMENT
Finding talented employees is difficult. Proffice helps you find your next star.

The market: specialists in a generic market.

The staffing sector is characterised by tough competition and low entry barriers. The Nordic market is dominated by three major players: Proffice, Manpower, and Adecco.

Proffice has grown from generalist to Nordic staffing specialist with in-depth knowledge of the special conditions in the Nordic market. Our distinctive image as a product leader within the staffing industry also gives a boost to our position in relation to competence and strategic partnerships.

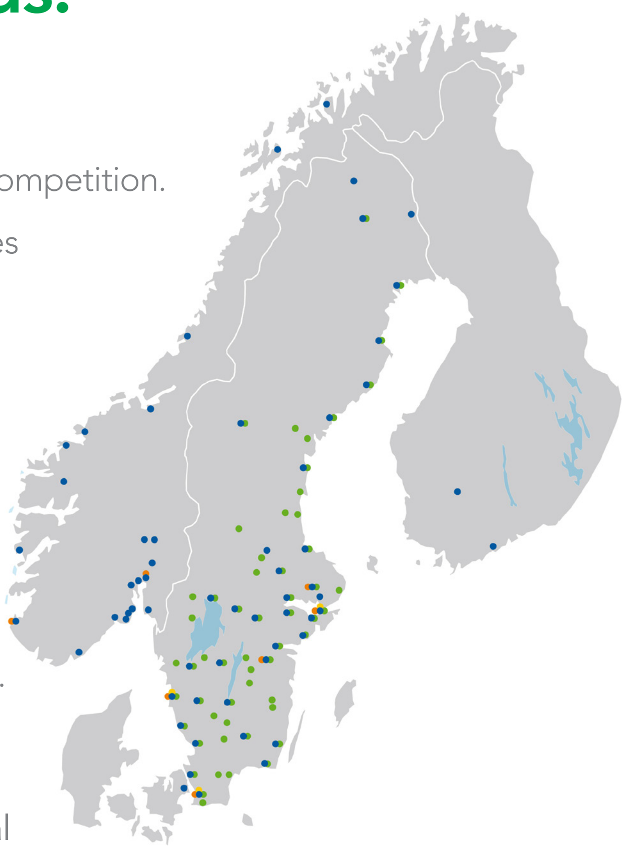
Room for growth

Globally, the staffing industry employs nearly 10 million persons full time, generating more than EUR 200 billion in revenue. The Swedish staffing industry consists of 500 companies with revenues of SEK 25 billion. The penetration index is just above 1 per cent in Sweden, which is below the European average.

Price pressure

Tough competition in the industry has driven down prices. Proffice's strategy of going from generalist to specialist is more beneficial for the customer, thus making us more valuable to the customer and increasing price levels and profitability. We have also sharpened our focus on economically stable areas.

Governing trends: value drivers.



* Globalisation and international competition.
* Increased migration of workforces between countries.
* Shorter production cycles.
* Technological developments increasing demands on skills.
* Large wave of retirements.
* Declining influx of young people.
* Increasing competition for talent.
* Younger generations have a different approach to work and greater expectations for personal development.
* The days of the gold watch are over. Changing jobs frequently is no longer seen as something negative.

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FIVE-YEAR SUMMARY FOR THE GROUP

	2012	2011	2010	2009	2008
INCOME STATEMENT, SEK million					
Revenue	4,876	4,770	4,095	3,908	4,266
Other operating income	40	–	–	–	–
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Profit after tax for discontinued units	–	–	–	–	0
Profit for the year	**78**	**154**	**97**	**111**	**71**
CASH FLOW, SEK million					
Cash flow from operating activities before change in working capital	29	168	93	145	148
KEY RATIOS[1]					
Net change in revenue, %	2.2	16.0	4.8	-8.4	12.5
Operating margin before goodwill impairment, %	2.3	4.8	3.4	4.1	3.4
Operating margin, %	2.3	4.6	3.4	4.1	2.7
Profit margin, %	2.3	4.7	3.4	4.1	3.0
Return on capital employed, %	14.7	32.9	22.5	26.5	26.0
Return on equity, %	12.9	22.0	15.7	19.5	14.5
Return on total capital, %	6.0	12.4	8.8	10.4	10.0
Total assets, SEK million	1,795	1,959	1,678	1,571	1,500
Equity, SEK million	512	700	615	620	519
Equity/assets ratio, %	28.5	35.7	36.5	39.5	34.6
Net working capital, SEK million	48	-3	-62	-111	-45
Capital employed, SEK million	774	747	628	643	564
Net debt/equity ratio	0.3	-0.2	-0.3	-0.4	-0.2
Interest coverage ratio	9.3	75.3	34.8	23.8	9.1
Average number of employees	8,285	8,607	6,627	5,773	7,776
Revenue per employee, SEK thousand	589	554	618	677	549
Value added per employee, SEK thousand	516	481	513	545	457
SHARE DATA					
Number of shares at year-end, thousand	68,678	68,678	68,623	69,724	69,724
Average number of basic shares, thousand	68,678	68,185	68,404	69,528	69,724
Average number of diluted shares, thousand	68,678	68,213	68,641	69,528	69,724
Basic earnings per share, SEK	1.11	2.02	1.20	1.45	0.86
Diluted earnings per share, SEK	1.11	2.02	1.19	1.45	0.86
Equity per share, SEK	7.46	10.27	8.99	9.03	7.44
Cash flow from operating activities per share, SEK	0.00	1.88	0.83	2.89	1.84
Dividend per share, SEK	0.30[2]	1.13	0.75	0.50	–
Year-end market price, SEK	22.40	21.50	35.70	26.00	8.00
Average number of shares traded per day, thousand	64	92	132	171	80

[1] For the definition of key ratios, see page 52.
[2] Proposed dividend.

DIRECTORS' REPORT

The board and CEO of Proffice AB (publ), corporate registration number 556089-6572, are pleased to present the following Annual Report and consolidated financial statements for the fiscal year 2012. Figures in parentheses refer to the previous fiscal year.

Business concept
Proffice's business concept is to enable people and businesses to develop and grow by being a passionate, attentive, solution-oriented staffing company.

Operations
Proffice is one of the largest staffing specialist companies in the Nordics, with more than 10,000 employees. By being passionate and attentive, Proffice helps people and companies find ways forward.

The Board of Directors is domiciled in Stockholm. Operations are organised and monitored with regard to the countries in which the Group is active. Sweden, Norway, Finland, and Denmark have been defined as operating segments.

Within each country, Proffice's operations are divided into three operating areas: Staffing, Recruitment, and Outplacement. Staffing is the basis of our operations and means that Proffice can provide personnel for shorter or longer assignments. The Recruitment operating area provides recruitment consultants with broad experience in Proffice's specialist areas. The Outplacement operating area helps individuals transition from one job to another.

Financial goals
Proffice governs the business based on business plans, goals, and strategies. The current business plan was adopted in 2009 and is valid through 2013. The overall financial goals identified by the Board are:

- Average long–term operating margin should be at least 6 per cent
- Dividends should be 50 per cent of consolidated profit after tax on average
- Capital structure: The quick ratio should be 2.5 per cent of revenue, the cash conversion rate should be 55–60 per cent after tax, and the debt/equity ratio should not exceed 50 per cent

Key events in 2012
Q1
- Proffice acquired minority share in Dfind earlier than planned
- Proffice was named a supplier to Region Skåne. The contract runs for two years with the option of a two-year extension
- Lars Kry, president and CEO, was designated 2012 Manager of the Year. The award was instituted and is awarded by Chef (Manager) magazine

Q2
- Proffice Industry & Logistics was further specialised on 1 April Staffing outsourcing was placed under a special company called Proffice Logistic Solutions AB
- Proffice was named a supplier to Posten Logistik. The framework agreement runs for three and a half years with the option of a two-year extension
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Q3
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- Benno Eliasson was named new Proffice CFO. He took office 1 December
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Q4
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- Proffice was awarded a contract as main supplier in the Swedish National Board of Health and Welfare's staffing procurement. The agreement runs for two years with the option of a two-year extension
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- Proffice was selected by AstraZeneca as a Managed Service Provider, an exclusive partner for all AstraZeneca's staffing in Sweden
- Proffice implemented an action programme and decided to reduce administrative expenses by SEK 250 million on an annual basis. The plan is estimated to impact earnings by SEK 30–50 million, mostly in Q4

Consolidated revenue and profit
Consolidated revenue totalled SEK 4,876 million (4,770), a 2 per cent revenue increase year-on-year. This increase is largely attributable to the Staffing operating areas in Sweden and Norway.

The figures were affected by the acquisition of Komet in Q3 2011. Komet contributed SEK 178 million (88) to consolidated revenue in 2012.

Consolidated operating profit totalled SEK 110 million (218). Operating profit was affected by SEK 40 million (0) in other operating income concerning deviations between actual additional purchase prices from previous acquisitions and previously estimated outcomes.

The operating margin totalled 2.3 per cent (4.6). In Sweden, the margin totalled 3.5 per cent (7.1). The year-on-year decline in operating profit was mainly due to these factors: 2012 had 4.5 fewer work days, increased expenses for guaranteed wages, price pressure, and non-recurring costs of SEK 50 million in connection with the action plan initiated in Q4.

Profit after financial items for 2012 totalled SEK 100 million (223), corresponding to a profit margin of 2.3 per cent (4.7). Net finance costs for 2012 totalled SEK -10 million (5); financial items include exchange differences of SEK -2 million (1).

Taxes
Consolidated tax expense for the year totalled SEK -22 million (-69). The tax rate for the year was 22 per cent (31). As of 1 January 2013, the corporate tax rate was reduced from 26.3 to 22.0 per cent in Sweden. In view of the reduction, a revaluation of consolidated outgoing deferred taxes was done at the end of 2012. The revaluation resulted in an SEK 5 million reduction in the year's tax expense.

Financial position and liquidity
At 31 December 2012, cash and cash equivalents totalled SEK 94 million (120). Unappropriated liquid assets totalled SEK 265 million (325), including unused credit undertakings. Interest-bearing liabilities totalled SEK 262 million (47). The SEK 215 million change is primarily attributable to the non-settled additional purchase price for acquiring the remaining 49 per cent of Dfind AB and short-term borrowings of SEK 89 million. In addition, the debt decreased since the conditional purchase price related to Komet did not fall due.

Consolidated equity at 31 December 2012 totalled SEK 512 million (700) and the equity/assets ratio was 28.5 per cent (35.7). Consolidated equity was impacted during the year by the effects of acquiring non-controlling interests in Dfind AB for SEK 152 million and a dividend of SEK 114 million.

After 2012 ended, the Group entered into an agreement on long-term financing with a maturity of 36 months.

Cash flow
During the year, the consolidated change in cash and cash equivalents totalled SEK -27 million (-62). Cash flow from operating activities totalled SEK 0 million (128), of which change in working capital totalled SEK -29 million (-40). The change is primarily due to the decline in operating profit. Cash flow from investing activities totalled SEK -18 million (-113), of which acquisition of intangible assets totalled SEK -16 million (-23), and acquisition of property, plant, and equipment totalled SEK -4 million (-4). Last year's expenditure includes SEK -86 million for business combinations. Purchase of intangible non-current assets relates to an expenditure of SEK 16 million on the ERP system. Cash flow from financing activities totalled SEK -9 million (-77) and consisted largely of dividends totalling SEK -92 million (-57), net borrowings totalling SEK 83 million (-8), and warrant buy-backs of SEK - million (-13).

Acquisitions
In 2012, Proffice acquired the remaining 49 per cent of Dfind AB shares for SEK 159 million. Payment of the purchase price was made on the 1 February 2013 due date. On the date of acquisition, the share of net assets for non-controlling interests totalled SEK 2 million. The effect on equity was SEK 152 million and, on the whole, affected consolidated retained profits in 2012. See Note 7, Business Combinations, for more information.

Proffice Aviation AB started the Finnish company Proffice Aviation OY and the Danish company Proffice Aviation Aps, thus laying the foundation for establishment on the Finnish and Danish markets.

Employees
The average number of full-time employees in the Group totalled 8,285 (8,607), a 4 per cent reduction. About 91 per cent of these are consultants.

Proffice recruits employees on the basis of competence, efficiency, and personal attributes. Proffice is actively involved in making use of all the knowledge and experience available. In order to recruit the best employees, the company offers competitive terms and attractive career opportunities. Proffice can motivate its consultants by offering opportunities to work on a wide range of challenging assignments. Proffice's in-house training program, Proffice Competence, helps employees progress and offers opportunities for them to take on new duties. There are differences in the terms of employment in the Nordic countries. In Sweden, consultants are normally employed for an extended period of time with a guaranteed salary. In Norway, Denmark, and Finland consultants work under contractual agreements.

Environment
Proffice's operations are not subject to reporting or permit obligations according to the Swedish Environmental Code. Proffice continues to review and improve its working methods and processes to continuously reduce negative environmental impact. Today, all support and management functions within Proffice AB, along with the Proffice Sweden AB and Proffice Norway AS in Oslo operations, comply with ISO 14001 certification.

The environmental policy of the Proffice Group is based on gradual environmental adaption of operations. Since Proffice works with services, the greatest energy is put into the work environment. To achieve positive change based on ecological principles, Proffice believes that small, everyday environmental action is at least as important as major changes.

Proffice prioritises renewable fuels for travel and energy use in offices. Proffice also works actively to reduce the need for travel by replacing physical meetings with voice, video, and web conferencing. Proffice strives to collaborate with partners and suppliers that offer green products and services and to make it easy to sort and recycle waste in offices.

Shareholding structure
At the end of 2012, Proffice had 4,384 shareholders. In terms of numbers, Swedish owners comprise the largest shareholder category, representing 56.2 per cent of total shareholders. Of the Swedish owners, 47.9 per cent are held by nominees and 8.4 per cent are privately held.

The largest shareholders are CapMan Public Market Invest with 8.8 per cent of the capital and 23.1 per cent of the votes; Christer Hägglund, through a holding company, with 10.6 per cent of the capital and 15.6 per cent of the votes; and Swedbank Robur Funds with 17.4 per cent of the capital and 11.4 per cent of the votes.

The Proffice shares
The Proffice shares have been listed on the Mid Cap segment of NASDAQ OMX Stockholm since 11 October 1999. The introduction price was SEK 21. Its ticker is PROE B. As of 31 December 2012, the total number of shares amounted to 68,677,773, of which 64,677,773 are B shares. Proffice's holdings of treasury shares totalled 438,919 B shares. No acquisitions or disposals occurred in 2012. The shares represent a quotient value of SEK 0.25 per share. The company's treasury share holdings represent about 0.64 per cent of the share capital.

The 2012 AGM authorised the Board Of Directors to decide on the issue of new shares or the purchase of Company shares as follows:

The Board was authorised, for the period until the 2013 AGM, on one or more occasions, to decide, with or without preferential rights to shareholders, on new share issues of up to 3,500,000 B shares involving an increase in the Company's share capital of no more than SEK 875,000. New shares may be issued as needed to implement or finance the acquisition of all or part of other companies or operations. Besides cash, payment for shares will be made in kind or offset as per chapter 13, section 5, paragraph 6 of the Swedish Companies Act. In each case, the issue price will be set as near the market value as possible.

The Board was also authorised, on one or more occasions, for the period until the 2013 AGM, to decide on purchase of Company shares on NASDAQ OMX Stockholm or via an acquisition proposition to shareholders, and to transfer Company shares on NASDAQ OMX Stockholm via a proposition directed to all shareholders or in conjunction with acquisitions, entailing the right to decide on deviations from shareholder's preferential rights.

The Board has decided not to exercise these opportunities.

The Board will recommend that the AGM on 23 April 2013 pass a resolution to buy back up to 10 per cent of the Company's shares. The opportunity to repurchase shares will give the Board the flexibility to make routine decisions concerning a changed capital structure over the coming year.

Price trends and sales
The Proffice share price rose 5 per cent in 2012. During the same period, the NASDAQ OMX Stockholm Mid Cap index rose 16 per cent. The highest price paid for the Proffice share during the year was SEK 29.40 and the lowest was SEK 16.30. At the end of the year, the Proffice share was quoted at SEK 22.40, which corresponds to a market value for B shares of SEK 1,449 million. In 2012, a total of 16,075,811 Proffice shares were traded.

Transactions with related companies and non-controlling interests

Transactions with related companies and non-controlling interests that affected the company's position and profit significantly are detailed in Note 19.

Risks and uncertainty factors

The Group's and Parent Company's most significant risk and uncertainty factors consist chiefly of sensitivity to economic fluctuations and market changes. The supply of qualified employees is also considered to be an uncertainty factor. Apart from this and owing to its Nordic presence, Proffice is exposed to financial risks mainly in the form of currency risks. Influential factors and financial risk management are described in detail in Notes 2 and 3. Apart from the risks described there, no other significant risks were deemed to have emerged.

Calendar effects

Proffice's revenue and earnings are affected by seasonal fluctuations due to the number of work days. Normally, Q3 and Q4 are stronger than the rest of the year because there are more work days. The normally positive calendar effects for Q3 and Q4 2012 were dampened by cutbacks in the Swedish labour market, which meant that demand for staffing services decreased and guaranteed wage expenses increased in H2.

The year was affected by having 4.5 fewer work days than the previous year.

Corporate governance report

Proffice prepared a corporate governance report containing statement of the chairman of the board as a separate document from the annual report. The Company has published the report on its website, www.proffice.com

Events after the balance sheet date

HINAS Helseføretakenes Innkjopsservice renewed its trust in Proffice Care AS by signing a new framework agreement. The agreement governs specialists for Norwegian hospitals throughout the country. The new agreement took effect 1 February 2013 and is valid for two years with the option of a two-year extension.

Annika Nordlander was appointed sales director for Proffice Nordic Sales. She was previously a founder at Dfind IT, where she also was CEO for four years. Annika took up her new post 25 March, succeeding Carina Björkefors.

Proffice was contracted to manage Eniro's recruitment of sales reps and customer service staff in Sweden, Norway, and Denmark. The agreement runs for two years.

After 2012 ended, the Group entered into an agreement on long-term financing with a maturity of 36 months.
Christer Hägglund and Katarina Mellström will resign from the Board at Proffice's AGM on 23 April.

Proffice's Nomination Committee proposes the election of Lars Johansson and Susanna Marcus as new members of the Board of Directors of Proffice AB (publ) at the 2013 AGM.

Future trends

Proffice is taking a humble approach to economic trends in 2013. Nothing indicates that the market will improve in the near term, and the Proffice Group is well positioned for continued weak demand.

A solid balance sheet and strong corporate culture will ensure the best possible conditions for continued growth. Reinforcing measures have been undertaken, notably in the form of an action plan that was initiated in the latter part of 2012. In Q4, the company decided to reduce administrative expenses in order to quickly adapt operations to the prevailing situation.

Additionally, an uncertain market is often a positive climate for our business, as customers' needs for flexible competence management increases. As a result, the Proffice Group has greater opportunities to offer staffing solutions to new and existing customers, and meet its vision to be the most successful staffing company in the Nordics.

Proposal to the AGM on guidelines for remuneration of senior executives

The Board proposes that the following essentially unchanged guidelines for remuneration of senior executives be approved at the 2013 AGM.

The company shall offer market-adjusted total compensation that enables it to recruit and retain senior executives. Senior executives include those reporting directly to the CEO who have authority and responsibility for planning, management, and governance of the Group, and those reporting directly to the CEO who have performance accountability. Remuneration of the CEO and other senior executives constitutes a fixed salary and a variable component. The fixed component consists of salary, pension benefits, and other benefits, such as a car allowance.

The variable salary component can include short- and long-term portions. A maximum limit shall be imposed on the short-term variable salary component for the CEO and other senior executives and must never exceed the fixed salary.
Senior executives with performance accountability are entitled to participate in the company's long-term incentive program, which may be cash- or share-based. Cash-based programs shall be limited to six (6) monthly salaries per annum for all except the CEO, whose program is limited to sixteen (16) monthly salaries per annum.

The variable salary component is mainly based on financial targets, taking into account the cost of any bonuses; that is, the bonus shall be self-financed.

Retirement age is 65. Retirement benefits for senior executives shall be adapted to location and market. For the CEO, the company annually sets aside 30 per cent of the CEO's pensionable annual salary for pension and insurance solutions. The company shall accept a salary reduction plan as pension contribution under the condition that it is cost-free for the company.

The CEO's period of notice is 12 months on the company's part and 12 months on the CEO's part. In addition, if the company gives notice of termination, the CEO is entitled to severance pay amounting to one year's salary. For other senior executives, the notice of termination is 12 months maximum on the company's part and 6 months on the employee's part.

The Board may deviate from these guidelines if specific reasons arise in individual cases.

Guidelines for remuneration of senior executives that apply until the 2013 AGM are described in Note 10.

Parent Company

Parent Company operations consist of managing joint functions such as Finance, HR, IT, Facilities Management, Marketing, and Communication.

Parent Company revenue, earnings, and financial position

Revenue totalled SEK 313 million (243) in 2012, and most of that refers to the internal invoicing of services; SEK 4 million refers to external invoicing. The Parent Company's operating loss totalled SEK -51 million (-62). The rise in Parent Company revenue and expenses is due to the centralisation of functionality to increase efficiency. Profit after financial items totalled SEK 52 million (19). Investments in intangible non-current assets totalled SEK 16 million (18). Investments in property, plant, and equipment totalled SEK 3 million (5). Unappropriated liquid assets totalled SEK 66 million (267), including unutilised credit of SEK 23 million (205).

For more, see the description of the Group.

Proposal for appropriation of profits

The following Parent Company profit is at the disposal of the AGM:

Profit brought forward	
(of which share premium reserve SEK 29,947,113)	SEK 26,274,261
Profit for the year	SEK 56,776,298
Total	**SEK 83,050,559**

The Board proposes that the AGM distribute the profit as follows:

Dividend to shareholders (SEK 0.30x68,238,854)*	SEK 20,471,656
Carry forward to next year	SEK 62,578,903
Total	**SEK 83,050,559**

*Number of shares is adjusted for company treasury shares.

THE PROFFICE SHARE

OWNERSHIP STRUCTURE AS PER 31 DEC 2012	A shares	B shares	Share of capital, %	Share of voting rights, %
Capman Public Market Investment	2,000,000	4,061,688	8.83	23.08
Christer Hägglund via company	1,000,000	6,260,150	10.57	15.60
Swedbank Robur Funds	–	11,917,462	17.35	11.43
Lars Murman	1,000,000	–	1.46	9.59
Handelsbanken Funds	–	4,645,688	6.76	4.46
Nordea Investment Funds	–	3,538,152	5.15	3.39
Fourth Swedish National Pension Fund	–	3,118,575	4.54	2.99
Unionen	–	2,557,100	3.72	2.45
Carlson Funds	–	1,833,135	2.67	1.76
Svenska Lärarfonder	–	1,556,147	2.27	1.49
Total 10 largest owners	**4,000,000**	**39,488,097**	**63.32**	**76.26**

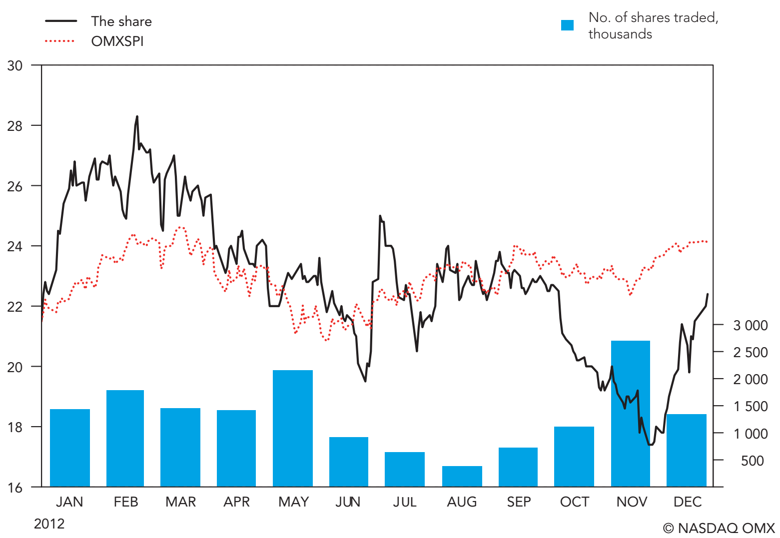
NUMBER OF SHARES AND VOTES	Shares	Votes	Percentage of shares	Percentage of votes*
A, 10 votes	4,000,000	40,000,000	5.8	38.4
B, 1 vote	64,677,773	64,677,773	94.2	61.6
Total	**68,677,773**	**104,677,773**	**100.0**	**100.0**

* Votes are adjusted for company shares, 438,919 B shares.

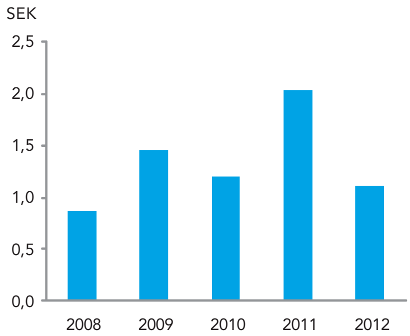
DISTRIBUTION OF SHARES AS OF 31 DEC 2012, TOTAL HOLDINGS PER SHAREHOLDER

Holdings	No. of share-holders	A shares	B shares	Holdings, %	Votes, %	Market value, SEK thousand
1–500	2,507	–	523,034	0.76	0.50	11,716
501–1,000	774	–	684,571	1.00	0.65	15,334
1,001–5,000	769	–	1,971,219	2.87	1.88	44,155
5,001–10,000	143	–	1,097,473	1.60	1.05	24,583
10,001–15,000	52	–	679,715	0.99	0.65	15,226
15,001–20,000	27	–	513,054	0.75	0.49	11,492
20,001–	112	4,000,000	59,208,707	92.03	94.78	1,326,276
Total	**4,384**	**4,000,000**	**64,677,773**	**100.00**	**100.00**	**1,448,782**

SHARE PERFORMANCE IN 2012



DILUTED EARNINGS PER SHARE



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2012	2011
Revenue	4, 5	4,876	4,770
Other operating income	6	40	–
Operating costs			
Employee expenses	8, 9, 10	-4,165	-3,925
Other operating expenses	11, 12	-625	-601
Depreciation, amortisation and write-down of non-current assets	16, 17	-16	-26
Operating profit		**110**	**218**
Earnings from financial items			
Financial revenue	13	4	7
Financial expenses	13	-14	-2
Profit after financial items		**100**	**223**
Tax	15	-22	-69
Profit for the year		**78**	**154**
Other comprehensive income			
Translation differences in foreign subsidiaries for the year	1, 2	0	-1
Comprehensive income for the year		**78**	**153**
Profit for the year attributable to			
Parent company shareholders	18, 22	76	138
Non-controlling interests	18, 22	2	16
Comprehensive income for the year attributable to			
Parent company shareholders	18, 22	76	137
Non-controlling interests	18, 22	2	16
Earnings per share attributable to parent company shareholders			
Basic earnings per share, SEK	22	1.11	2.02
Diluted earnings per share, SEK	22	1.11	2.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million 31 December	Note	2012	2011
ASSETS			
Intangible non-current assets	16	632	630
Property, plant, and equipment	17	13	19
Other investments held as non-current assets		1	1
Non-current receivables		2	4
Deferred tax assets	15	22	22
Total financial non-current assets		**25**	**27**
Total non-current assets		**670**	**676**
Tax claims	15	17	31
Accounts receivable	20	741	910
Other receivables		23	17
Prepaid expenses and accrued revenue	21	250	205
Cash and cash equivalents		94	120
Total current assets		**1,125**	**1,283**
TOTAL ASSETS		**1,795**	**1,959**

SEK million 31 December	Note	2012	2011
EQUITY AND LIABILITIES			
Share capital	22	17	17
Other contributed capital		361	361
Reserves		-16	-16
Retained earnings including profit for the year		148	299
Total equity attributable to parent company shareholders		**510**	**661**
Non-controlling interests		2	39
Total equity		**512**	**700**
Interest-bearing non-current liabilities	2	8	8
Deferred tax liability	15	38	46
Total non-current liabilities and provisions		**46**	**54**
Liabilities to credit institutions	24	89	–
Other interest-bearing current liabilities		165	39
Accounts payable		84	169
Tax liabilities	15	43	70
Other liabilities		224	248
Accrued expenses and prepaid revenue	25	632	679
Total current liabilities		**1,237**	**1,205**
Total liabilities		**1,283**	**1,259**
TOTAL EQUITY AND LIABILITIES		**1,795**	**1,959**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP SEK million	Share capital	Other contributed capital	Reserves	Retained profit incl profit for the year	Total equity attributable to parent company shareholders	Non-controlling interests	Total shareholders' equity
	Attributable to parent company shareholders						
Shareholders' equity at 1 Jan 2011	17	360	-21	226	582	33	615
Comprehensive income							
Profit for the year	–	–	–	138	138	16	154
Other comprehensive income							
Exchange differences	–	–	-1	–	-1	0	-1
Total comprehensive income	**–**	**–**	**-1**	**138**	**137**	**16**	**153**
Transactions with shareholders							
Rights issue	0	–	–	0	0	–	0
Premiums paid for options	0	1	–	–	1	–	1
Group contributions paid to associate subsidiaries	–	–	–	-1	-1	1	–
Change in Group composition	–	–	–	5	5	-5	–
Other	–	–	6	-6	–	–	–
Warrant buy-back	–	–	–	-12	-12	–	-12
Dividend	–	–	–	-51	-51	-6	-57
Total transactions with shareholders	**0**	**1**	**6**	**-65**	**-58**	**-10**	**-68**
Shareholders' equity at 31 Dec 2011	**17**	**361**	**-16**	**299**	**661**	**39**	**700**
Shareholders' equity at 1 Jan 2012	17	361	-16	299	661	39	700
Comprehensive income							
Profit for the year	–	–	–	76	76	2	78
Other comprehensive income							
Exchange differences	–	–	0	–	0	0	0
Total comprehensive income	**–**	**–**	**0**	**76**	**76**	**2**	**78**
Transactions with shareholders							
Acquisition of non-controlling interest	–	–	–	-150	-150	-2	-152
Dividend	–	–	–	-77	-77	-37	-114
Total transactions with shareholders	**–**	**–**	**–**	**-227**	**-227**	**-39**	**-266**
Shareholders' equity at 31 Dec 2012	**17**	**361**	**-16**	**148**	**510**	**2**	**512**

CONSOLIDATED STATEMENT OF CASH FLOW

SEK million	Note	2012	2011
Operating activities			
Profit after financial items		100	223
Adjustments for items not included in cash flow			
Reversed depreciation and write-downs		16	26
Deviation between actual and estimated additional purchase price		-40	–
Other items not included in cash flow		0	0
Total adjustments for items not included in cash flow		**-24**	**26**
Tax paid		-47	-81
Cash flows from operating activities before changes in working capital		**29**	**168**
Change in working capital			
Change in receivables		122	-225
Change in liabilities		-151	185
Total change in working capital		**-29**	**-40**
Cash flows from operating activities		**0**	**128**
Investing activities			
Acquisition of subsidiaries, less acquired cash and cash equivalents	7	–	-86
Acquisition of intangible non-current assets	16	-16	-23
Acquisition of property, plant, and equipment	17	-4	-4
Repayment of loans receivable		2	–
Cash flows from investing activities		**-18**	**-113**
Financing activities			
Dividends paid		-92	-57
Loans raised		150	55
Payments from warrants		–	1
Amortisation of loans		-67	-63
Warrant buy-back		–	-13
Cash flow from financing activities		**-9**	**-77**
Cash flow for the year		**-27**	**-62**
Cash and cash equivalents at start of the year		**120**	**182**
Exchange-rate difference for cash and cash equivalents		1	0
Cash and cash equivalents at year-end		**94**	**120**
Supplementary disclosure			
Interest received	13	3	5
Interest paid	13	-10	-2

INCOME STATEMENT – PARENT COMPANY

SEK million	Note	2012	2011
Revenue	19	313	243
Operating costs	19		
Employee expenses	8, 9, 10	-144	-109
Other external costs	11, 12	-212	-195
Amortisation of intangible non-current assets	16	-5	0
Depreciation of property, plant and equipment	17	-3	-1
Operating profit		**-51**	**-62**
Earnings from financial items			
Earnings from shares and participating interests in Group companies	13	108	75
Interest income and similar items	13	13	15
Interest expenses and similar items	13	-18	-9
Profit after financial items		**52**	**19**
Appropriations	14	0	-4
Tax	15	5	-3
Profit for the year		**57**	**12**

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK million	Note	2012	2011
Comprehensive income			
Profit for the year		57	12
Other comprehensive income		–	–
Comprehensive income for the year		**57**	**12**

BALANCE SHEET – PARENT COMPANY

SEK million 31 December	Note	2012	2011
ASSETS			
Non-current assets			
Intangible non-current assets	16	52	41
Property, plant, and equipment	17	6	6
Participating interests in Group companies	18, 19	687	592
Other investments held as non-current assets		1	1
Other non-current receivables from Group companies		85	89
Other non-current receivables		1	3
Deferred tax assets	15	5	–
Total financial non-current assets		**779**	**685**
Total non-current assets		**837**	**732**
Accounts receivable	20	2	481
Receivables from Group companies		120	291
Other receivables	15	10	23
Prepaid expenses and accrued revenue	21	18	11
Total current receivables		**150**	**806**
Cash and bank balances		**43**	**62**
Total current assets		**193**	**868**
TOTAL ASSETS		**1,030**	**1,600**

SEK million 31 December	Note	2012	2011
EQUITY AND LIABILITIES			
Share capital	22	17	17
Statutory reserve		277	277
Total restricted equity		**294**	**294**
Share premium reserve		30	30
Profit brought forward		-3	62
Profit for the year		57	12
Total unrestricted equity		**84**	**104**
Total equity		**378**	**398**
Untaxed reserves	23	**54**	**55**
Interest-bearing non-current liabilities	2	**8**	**8**
Liabilities to credit institutions	24	37	–
Accounts payable		26	40
Other liabilities		169	36
Accrued expenses and prepaid revenue	25	38	36
Liabilities to Group companies		320	1,027
Total current liabilities		**590**	**1,139**
TOTAL EQUITY AND LIABILITIES		**1,030**	**1,600**
Pledged assets	26	2	182
Contingent liabilities	27	–	–

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

	Restricted equity		Unrestricted equity			
Parent company SEK million	**Share capital**	**Reserve fund**	**Share premium fund**	**Accu-mulated profit**	**Profit for the year**	**Total share-holders' equity**
Shareholders' equity 1 Jan 2011	17	278	30	45	79	449
Comprehensive income						
Profit for the year	–	–	–	–	12	12
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**	**12**	**12**
Appropriation of profits	–	–	–	79	-79	0
Transactions with shareholders						
Rights issue	0	–	–	0	–	–
Premiums paid for options	–	–	–	1	–	1
Dividend	–	–	–	-51	–	-51
Warrant buy-back	–	–	–	-12	–	-12
Other	–	-1	–	–	–	-1
Total transactions with shareholders	**0**	**-1**	**–**	**-62**	**–**	**-63**
Shareholders' equity 31 Dec 2011	**17**	**277**	**30**	**62**	**12**	**398**
Shareholders' equity at 1 Jan 2012	17	277	30	62	12	398
Comprehensive income						
Profit for the year	–	–	–	–	57	57
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**	**57**	**57**
Appropriation of profits	–	–	–	12	-12	0
Transactions with shareholders						
Dividend	–	–	–	-77	–	-77
Total transactions with shareholders	**–**	**–**	**–**	**-77**	**–**	**-77**
Shareholders' equity at 31 Dec 2012	**17**	**277**	**30**	**-3**	**57**	**378**

CASH FLOW STATEMENT – PARENT COMPANY

SEK million	Note	2012	2011
Operating activities			
Profit after financial items		51	19
Adjustments for items not included in cash flow			
Reversed depreciation and write-downs		40	1
Receivable, unpaid, Group contributions		-24	–
Total adjustments for items not included in cash flow		**16**	**1**
Tax paid		14	-4
Cash flows from operating activities before changes in working capital		**81**	**16**
Change in working capital			
Change in receivables		596	-219
Change in liabilities		-718	320
Total change in working capital		**-122**	**101**
Cash flows from operating activities		**-41**	**117**
Investing activities			
Acquisition of subsidiaries	7	-1	-89
Acquisition of intangible non-current assets	16	-16	-18
Acquisition of property, plant, and equipment	17	-3	-5
Repayment of loans receivable from Group companies		11	–
Repayment of loans receivable		1	–
Cash flows from investing activities		**-8**	**-112**
Financing activities			
Dividends paid		-77	-51
Loans raised		38	–
Payments from warrants		–	1
Warrant buy-back		–	-13
Group contributions		69	–
Cash flow from financing activities		**30**	**-63**
Cash flow for the year		**-19**	**-58**
Cash and cash equivalents at start of the year		**62**	**120**
Cash and cash equivalents at year-end		**43**	**62**
Supplementary disclosure			
Interest received	13	13	14
Interest paid	13	-16	-10

NOTES

Proffice AB, the Parent Company of the Proffice Group, is a public limited company with its registered office in Stockholm, Sweden. The Proffice share is listed on the NASDAQ OMX Nordic Exchange, Mid Cap.

The annual report and consolidated financial statements were approved for publication by the Board and CEO on 20 March 2013. Final approval of the annual report and consolidated financial statements occurs at the Parent Company's AGM on 23 April 2013.

Unless otherwise specified, figures in tables represent SEK in millions. Figures in parentheses refer to the previous fiscal year.

Note 1 | Important accounting policies

Basis of preparation of the Parent Company's and Group's financial statements

Compliance with standards and regulations

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Regulations for Groups has been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases stated below in the Parent Company accounting policies section.

Valuation basis used in preparing the financial statements

Assets and liabilities are recognised at historical cost.

Functional and presentation currencies

The Parent Company's functional currency is the Swedish krona, which is also the presentation currency of the Parent Company and Group. This means that the financial statements are presented in Swedish krona. All amounts are rounded to the nearest million krona unless otherwise indicated.

Assessments and estimates in the financial statements

Preparation of the financial statements using IFRS requires company management to make assessments and estimates, and to make assumptions that affect application of the accounting policies and the recognised amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates and assessments.

Estimates and assumptions are reviewed periodically. Changes in estimates are recognised in the period the change is made if the change only affects that period, or in the period the change is made and future periods if the change affects both current and future periods.

Assessments made by management in the application of IFRS that have significant impact on the financial statements, and estimates made that can lead to significant adjustments in the following year's financial statements, are described in Note 29.

Important applicable accounting policies

The accounting policies specified below were applied consistently to all periods presented in the consolidated financial statements. Group accounting policies were also consistently applied by Group companies.

Changed accounting policies in 2012

None of the IFRS or IFRIC interpretations that for the first time are mandatory for the financial year beginning 1 January 2012 have had a material effect on the Group.

Changed accounting policies in 2013 and beyond

A number of new or revised standards and interpretive statements come into effect in future financial years and have not been applied in advance in preparing these financial statements. There are no plans to apply new or amended standards that are effective from fiscal years after 2013 in advance. To the extent that expected effects of applying the following new or amended standards and interpretations to the financial statements are not described below, Proffice has not yet assessed their effects.

IAS 1 Presentation of Financial Statements: The purpose is to improve the presentation of other comprehensive income. This means that items in other comprehensive income should be divided into items that can be reversed to the income statement and items that cannot not be reversed to the income statement.

IAS 19 Employee Benefits: The changes relate primarily to accounting of defined benefit pensions. The change means that the possibility of applying the "corridor method" is removed, meaning that changes in pension liabilities must be recognised immediately.

None of the mentioned changes are deemed to have any substantial impact on the consolidated accounts.

Classification of current and non-current items

Non-current assets and liabilities essentially consist of amounts expected to be recovered or paid after more than 12 months from the balance sheet date. Current assets and liabilities essentially consist of amounts expected to be recovered or paid within 12 months from the balance sheet date.

Operating segment reporting

An operating segment is a part of the Group that conducts business from which it may earn revenues and incur expenses and for which separate financial information is available. The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker monitors and evaluates the segment's performance and allocates resources to the operating segment. See Note 4 for an additional description of the division and presentation of operating segments.

CONSOLIDATED ACCOUNTS (CONSOLIDATION POLICIES)

General

In addition to the Parent Company, the consolidated accounts include all subsidiaries under the controlling influence of Proffice AB. Controlling influence means, directly or indirectly, the right to formulate a company's financial and operating strategies with the objective of obtaining economic benefits.

Subsidiaries are recognised using the acquisition method. Using this method, acquisition of a subsidiary is viewed as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. In the acquisition analysis, the fair value at the acquisition date of the identifiable assets acquired, liabilities assumed, and any non-controlling interest is fixed. Financial statements of subsidiaries are consolidated from the date of acquisition until the date that control ceases. In cases where the subsidiary's accounting policies do not comply with Group accounting policies, adjustments are made to the Group accounting policies.

In business combinations in which transferred consideration, any non-controlling interest, and fair value of previously owned participating interest (in step acquisitions) exceed the fair value of assets acquired and liabilities assumed that are recognised separately, the difference is recognised as goodwill. When the difference is negative (bargain acquisition), it is recognised directly in profit/loss for the year.

Consideration transferred in connection with the acquisition does not include payments for settlement of past business dealings. This type of settlement is recognised in profit/loss.

Conditional purchase prices at fair value are recognised on the date of acquisition. In cases where the conditional purchase price is presented as an equity instrument, no revaluation is done and settlement is made in equity. Other conditional purchase prices are revalued at each reporting date and the change is recognised in profit/loss for the year.

Acquisitions on or after 1 January 2010

Transaction expenditures that arise, with the exception of transaction expenditures that are attributable to issued equity instruments or debt instruments, are recognised in profit/loss for the year.

For step acquisitions, goodwill is determined on the date on which controlling influence arises. Earlier holdings are valued at fair value and the change in value is recognised in profit/loss for the year.

Remaining holdings are valued at fair value, and the change in value is recognised in profit/loss for the year when disposals lead to cessation of controlling influence.

Acquisitions made between 1 January 2004 and 31 December 2009

Transaction expenditures that arose, with the exception of transaction expenditures that were attributable to issued equity instruments or debt instruments, were included in the acquisition cost.

Acquisitions made before 1 January 2004 (date of transition to IFRS)

For acquisitions made before 1 January 2004, goodwill, after impairment testing, was recognised at a cost equal to the carrying amount under previously applicable accounting policies. The classification and accounting treatment of business combinations that occurred before 1 January 2004 was not reassessed as per IFRS 3 when preparing the consolidated opening balance under IFRS at 1 January 2004.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenues or expenses, and unrealised gains or losses arising from intra-group transactions between Group companies are eliminated in full when preparing the consolidated accounts.

Translation of foreign subsidiaries

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign operation's functional currency to the Group's reporting currency, the Swedish krona, at its exchange rate on the balance sheet date. Revenue and expenses in foreign operations are translated to the Swedish krona at an average rate that is an approximation of the exchange rates on the respective transaction date. Translation differences that arise for currency translation of foreign operations are recognised in consolidated other comprehensive income and are accumulated in a separate component of equity called the translation reserve. When disposing of foreign operations, they are realised in the operation for accumulated translation differences, when they are reclassified from translation reserve in equity to profit/loss for the year. The Parent Company's functional currency is the Swedish krona, which is also the presentation currency of the Parent Company and Group.

Transactions with non-controlling interests

If the acquisition does not apply to 100% of the subsidiary, non-controlling interest arises. There are two options, which are to recognise the non-controlling interest's share of proportional net assets or to recognise the non-controlling interest at fair value, meaning that non-controlling interest is part of goodwill. Choosing an alternative for recognising non-controlling interests can be done individually for each acquisition.

The Group treats transactions with non-controlling interests as transactions with Group shareholders. For acquisitions from non-controlling interests, the difference between the purchase price paid and the actual acquired share of the carrying amount of the subsidiary's net assets is recognised as a transaction within equity. Hence, no goodwill arises in these transactions. Gains and losses on disposals of non-controlling interests are also recognised in equity.

Losses attributable to non-controlling interest are apportioned even in cases where non-controlling interest will be negative.

REVENUE

Revenue is reported net of VAT and discounts. Consolidated revenue relates primarily to revenue from the Staffing operating area. Revenue from the Staffing operating area is recognised in conjunction with performance of the service. For fixed-price projects, revenue recognition is done according to the degree of completion of the project and considering any loss risks. Revenue in the Recruitment and Outplacement operating areas is recognised in conjunction with completion of the service as contracted. Intra-group sales are eliminated in the consolidated accounts.

Other operating income

Other operating income relates to revenues from activities outside the Group's main business.

EXPENSES

Operating expenses

Operating expenses mainly refer to employee expenses.

Operating leases

A crucial factor in the classification of leasing agreements is the extent of the economic risks and benefits associated with ownership of the actual leasing object to the lessor or lessee. To facilitate this, an annual review is conducted of all agreements individually. In 2012, the company allocated assets in accordance with operating leases, mainly for facilities and motor vehicles. Lease payments are recognised in profit/loss for the year on a straight-line basis over the term of the lease. Variable fees are expensed in the periods in which they are incurred.

FINANCIAL INCOME AND EXPENSES

Financial income comprises interest income on financial investments, dividend income, and gains on disposal of financial assets available for sale. Interest income is accrued over the duration. Dividend income is recognised when the right to receive payment is established.

Financial expenses comprise interest expense on borrowings, accounts payable, and other financial expenses.

Exchange gains and losses are reported net.

Receivables and liabilities in foreign currencies

The foreign currency receivables and liabilities of Group companies are first recognised at the transaction date rate and then revalued at the closing rate at the end of the reporting period. Realised and unrealised exchange-rate differences are recognised in the consolidated profit/loss for the year. Exchange-rate differences attributable to receivables and liabilities related to operations are recognised net among other operating income or other operating expenses. Exchange-rate differences attributable to loans and investments in foreign currencies are recognised as financial items.

TAXES

Tax recognised in profit/loss for the year consists of current and deferred tax. Current tax is tax that will be paid or received in current and prior years.

Deferred tax is calculated on temporary differences between the recognised and written-down value of assets and liabilities in the Consolidated Statement of Financial Position.

Deferred tax assets in deductible temporary differences and deficit deductions are only recognised to the extent that it is likely they will lead to lower future tax payments. Tax liabilities are always recognised. Current and deferred tax is calculated using the tax rules enacted or substantially enacted on the balance sheet date in the countries in which the Parent Company and its subsidiaries are active and generate taxable income.

INTANGIBLE NON-CURRENT ASSETS

Goodwill

For business combinations, goodwill is recognised in the consolidated statement of financial position for those cases in which transferred consideration, any non-controlling interests and the fair value of previously owned interests (in step acquisitions) exceeds the fair value of identifiable assets acquired and liabilities assumed.

Goodwill is valued at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating entities and tested at least annually for impairment loss (see Impairment section).

Other intangible non-current assets

Other intangible non-current assets include capitalised system development expenses and capitalised customer contracts.

Directly attributable external expenditures for development of software for internal use are recognised as assets in the consolidated statement of financial position, provided that future economic benefits are probable and exceed accrued expenditures. Expenditures for feasibility studies, training, and ongoing maintenance are expensed as incurred. In the consolidated statement of financial position, other intangible non-current assets are recognised at cost less accumulated depreciation and any impairment losses.

Amortisation of intangible non-current assets

Amortisation of intangible non-current assets is based on their estimated useful lives. Amortisation is on a straight-line basis over the asset's estimated useful life. Capitalisable intangible non-current assets are amortised from the date they are taken into use. The following rates of amortisation are applied:

Systems development	10 years
Customer contract	Length of agreement

Goodwill is not amortised but is tested for impairment annually, or more frequently if circumstances indicate that the asset in question has declined in value.

Useful life is reassessed annually.

See Note 16 on intangible non-current assets.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are recognised as assets in the consolidated statement of financial position when it is probable that future financial benefits will flow to the company and the cost of the asset can be measured reliably.

Property, plant, and equipment is recognised at cost less accumulated depreciation and any impairment losses. The cost includes the purchase price and costs directly attributable to bringing the asset to its destination in useable condition.

Gains or losses arising from disposal or retirement of property, plant, and equipment is the difference between the selling price and the carrying amount net of direct selling expenses. The resulting item is recognised as other operating income/expenses.

Depreciation of property, plant, and equipment

Depreciation of property, plant, and equipment is based on estimated useful life. Depreciation is on a straight-line basis over the asset's estimated useful life. The following rates of depreciation are applied:

Computers	3 years
Furniture	5–10 years
Building alterations to another party's property during the lease period	2–5 years
Other equipment	4–5 years

Depreciation methods used and useful lives of assets are reviewed at each year-end.

See Note 17 on property, plant, and equipment.

FINANCIAL INSTRUMENTS

Financial instruments recognised in the consolidated statement of financial position consist, on the assets side, of cash and cash equivalents, accounts receivable, and loans receivable. Accounts and loans payable are found among liabilities and equity.

Recognition of financial assets and liabilities

A financial asset or financial liability is carried when the company becomes party to the instrument's contractual terms. Accounts receivable are carried when invoices are sent. Loans payable are carried when the other party has delivered and contractual obligations are due for payment. Accounts payable are carried when invoices are received.

A financial asset is removed from the consolidated statement of financial position when the entitlements of the agreement are realised, fall due, or the company loses control of them. Financial liabilities are removed when contractual obligations are fulfilled or are otherwise extinguished.

Classification and valuation

A financial instrument is classified when acquired based on the purpose of the acquisition. The classification determines how the financial instrument is valued after initial recognition, as described below. Financial instruments that are not derivatives are recognised initially at cost, corresponding to the instrument's fair value plus transaction costs for all financial instruments except the category recognised at fair value via the consolidated statement of comprehensive income. These are recognised excluding transaction costs.

Cash and cash equivalents consist of cash on hand and immediately accessible balances in banks and equivalent institutions plus short-term investments with terms of less than three months from the date of acquisition, which are exposed to an insignificant risk of fluctuations in value. On each reporting date, the company evaluates whether there are any objective indications that a financial asset or group of financial assets need to be written down. The recoverable amount of assets in the investments categories that are held until they mature and loans and accounts receivable that are recognised at amortised cost are calculated as the present value of future cash flows discounted by the effective rate that applied when the assets were first recognised. Assets with short terms are not discounted. Write-downs are charged against the consolidated statement of comprehensive income.

Loans receivable and accounts receivable

Group loans and accounts receivable consist of the following items in the consolidated statement of financial position: cash and cash equivalents, accounts receivable, and accrued income. These are valued at the amortised cost.

The carrying amounts represent a good approximation of fair value since they will soon mature. Receivables with an intended period of ownership that exceeds one year constitute non-current receivables, and with an intended period of ownership shorter than one year, other receivables. Accounts receivable are recognised at the amount at which they are expected to be received less bad debts that are assessed individually. The expected term of accounts receivable is short, which is why the value is recognised at a nominal amount without discounting. Impairment of accounts receivable is recognised in operating expenses.

Cash and cash equivalents

Cash and cash equivalents constitute cash on hand, bank balances and short-term investments with a term of less than three months.

Other financial liabilities

Other Group financial liabilities consist of accounts payable and interest-bearing current and non-current liabilities. These are recognised at the amortised cost.

Carrying amounts of the current liabilities represent a good approximation of fair value since they will soon mature. Carrying amounts are also assumed to represent a good approximation of fair value when calculating fair value for non-current liabilities. The reason for this is that these liabilities bear variable interest rates, and the Group assumes that the credit margin is constant as long as there is no obvious evidence that the credit margin changed.

Investments held to maturity

Investments held to maturity are financial assets that include interest-bearing securities with fixed or fixable payments and established terms for which the company has the express intention and ability to hold until maturity. Assets in this category are valued at amortised cost.

IMPAIRMENT

The carrying amounts of the Group's assets, excluding deferred tax assets, are tested at the end of each reporting period to determine impairment. The carrying amount is also tested when an impairment loss is identified. IAS 36 Impairment of Assets is used to determine any impairment. An asset is written down if its carrying amount exceeds its recoverable amount, where the recoverable amount is defined as the higher of an asset's net realisable value and its value in use. The recoverable amount is estimated annually.

If unable to essentially determine the individual cash flows to a particular asset, and its fair value less selling expenses cannot be used, the assets, when tested for impairment, are grouped at the lowest level at which there are identifiable individual cash flows – a so-called cash generating entity. When calculating value in use, future cash flows are discounted at a discount rate that reflects the risk free interest and that risk is associated with the specific asset. Impairment losses are charged against profit/loss.

PROVISIONS

Provisions differ from other liabilities in that there is uncertainty about the date of payment or the amount required to settle the provision. Provisions are recognised in the consolidated statement of financial position when the Group has an obligation resulting from a past event that definitely or probably occurred and when the amount can be reliably estimated. Provisions are made at the amount that is the best assessment of what is required to regulate the existing obligation on the balance sheet date. Where the payment date is significant, provisions are calculated by discounting anticipated future cash flows at an interest rate before tax that reflects current market assessments of money's period value and, if applicable, the risks associated with the liability.

EMPLOYEE BENEFITS

Retirement benefits

Proffice offers its employees retirement benefits under the usual terms of each country. Employees in Sweden are covered by pension benefits as per existing collective agreements. This means that salaried employees are covered by ITP plans, and other workers as per the SAF/LO collective agreement retirement pension. In other countries, employees receive prevailing market pension solutions.

In accordance with a statement from the Swedish Financial Reporting Board's UFR 3, Classification of ITP Plans, the ITP plan is a defined-benefit plan that encompasses several employers. For fiscal year 2012, the company did not have access to such information that would enable it to recognise this plan as a defined benefit pension plan. Therefore, the ITP pension plan for those secured through an insurance policy with Alecta is recognised as a defined contribution plan.

The year's premiums for ITP plans totalled SEK 128 million (96). Retirement commitments for workers in Sweden are secured through an insurance policy with Fora. Contributions for the year for pension insurance policies with Fora amounted to SEK 27 million (19).

Certain employees are able to exchange part of their ITP plan for a defined contribution retirement plan, in which the company's only obligation is to pay the stipulated premiums.

Defined contribution plans are presented as those plans for which the company's obligation is limited to the premiums the company has agreed to pay. The company's obligations for premiums paid to defined contribution plans are recognised as an expense in profit/loss for the year as employees earn them for performing services for the company during a period.

Termination benefits

An expense for benefits in connection with termination of employment is only recognised if the company is demonstrably obligated, without a realistic possibility of withdrawal, by a formal detailed plan to prematurely terminate employment. When benefits are offered to encourage voluntary redundancy, an expense is recognised if it is likely that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Short-term employee benefits

Short-term employee benefits are calculated without discounting and are recognised as an expense when the related services are rendered.

A provision is recognised for the expected expense of profit-sharing and bonus payments when the Group has a current legal or informal obligation to make such payments as a result of services rendered by employees and the obligation can be reliably estimated.

CONTINGENT LIABILITIES (GUARANTEES)

A contingent liability is recognised when a possible obligation arises from past events whose existence is confirmed by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

PARENT COMPANY ACCOUNTING POLICIES

The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's statement on quoted companies is also applied. RFR 2 means that the Parent Company, in its own financial statements, applies all of the EU-approved IFRS and interpretations as far as possible within the framework of the Swedish Annual Accounts Act, the Swedish Act on Safeguarding of Pension Commitments, and with due regard to the relationship between accounting and taxation. This recommendation specifies which exceptions and additions must be applied with regard to IFRS.

Changed accounting policies in 2012

Unless otherwise stated below, the Parent Company accounting policies in 2012 were changed as per that which was specified for the Group above.

Changed accounting policies in 2013 and beyond

See changed accounting policies for the Group above.

Differences between Group and Parent Company accounting policies

The differences between Group and Parent Company accounting policies are indicated below. The accounting policies for the Parent Company specified below were applied consistently to all periods presented in the Parent Company's financial statements.

Classification and formats

An income statement and statement of comprehensive income are reported for the Parent Company, while in the Group these two reports constitute the consolidated statement of comprehensive income. In addition, the balance sheet and cash flow statement designations are used in the Parent Company for the reports that in the Group are called consolidated statement of financial position and statement of cash flows. The Parent Company's income statement and balance sheet are prepared in accordance with the Swedish Annual Accounts Act's schedule, while the statement of comprehensive income, statement of changes in equity, and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in Parent Company reporting versus Group reporting as seen in the Parent Company income statement and balance sheet mainly constitute reporting of financial income and expenses, non¬current assets, equity, and the existence of provisions as a separate item on the balance sheet.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company using the cost method. This means that transaction expenses are included in the carrying amount of holdings in subsidiaries.

Conditional purchase prices are valued according to the probability that the purchase price will be charged. Any changes to the provision/claim are imposed on/reduce the cost of acquisition.

Bargain acquisitions that correspond to expected future losses and expenses are withdrawn during the expected periods that the losses and expenses arise. Bargain acquisitions that arise for other reasons are recognised as provisions to the extent they do not exceed the fair value of acquired identifiable non-monetary assets. The amount exceeding this value is immediately taken up as revenue. The portion that does not exceed the fair value of acquired identifiable non-monetary assets is systematically taken up as revenue over a period that is calculated as the remaining weighted average useful life of the acquired identifiable assets that are depreciable.

Goodwill

Goodwill and other intangible assets with indefinite useful lives that are not subject to amortisation in the Group are written down in the Parent Company as per the Annual Accounts Act.

Untaxed reserves

On the Parent Company balance sheet, untaxed reserves are recognised without breakdown into equity and deferred tax liabilities, in contrast to the Group. Similarly, on the income statement for the Parent Company, there is no breakdown of appropriations into deferred tax expense.

Group contributions

Group contributions that the Parent Company receives from a subsidiary are recognised in the Parent Company using the same principles as ordinary dividends from subsidiaries. Group contributions paid by the Parent Company to subsidiaries are recognised as investments in subsidiary shares.

Note 2 Financial risk management

The Group is exposed through its operation to various financial risks: currency risk, interest rate risk, credit risk, and liquidity risk. The Group's policy for managing these risks is to try minimising potential adverse risks to the Group's financial performance. Risk management is handled centrally according to existing policies and guidelines.

Currency risks

Exchange rate risk is the risk that fair value or future cash flows vary due to changes in foreign currencies. Group companies operate in their local currency and principally in their own markets, so exchange risks in commercial flows do not arise.

However, the Group is affected by currency risks when translating net assets in foreign subsidiaries to the Swedish krona and when financing the Group internally. The company's finance policy stipulates that currency exposure and the size of the risk should be followed up, measured, and reported to the Board regularly for the purpose of facilitating future hedging decisions.

Translation of the foreign operations' net assets is from EUR, DKK, and NOK to the Swedish krona. In 2012, translation of the foreign subsidiaries affected consolidated equity by SEK 0 million (-1).

A change in exchange rates of five per cent influences consolidated earnings and would have an effect on sales of SEK +/-60 million (+/-55) and on consolidated comprehensive income of SEK +/-3 million (+/-3).

These exchange rates were used:

	2012		2011	
EXCHANGE RATE	Average	Balance sheet date	Average	Balance sheet date
EUR	8.666	8.617	9.034	8.945
DKK	1.162	1.155	1.213	1.203
NOK	1.177	1.167	1.159	1.150

Liquidity risk

Liquidity risk is the risk that the Group finds it difficult to fulfil its liability obligations. Liquidity risk arises when difficulties are experienced in financing the operation at certain points in time. Financing needs are secured by borrowing against customer invoices and through bank overdraft facilities. Financial objectives stipulate that net cash shall be 2.5 per cent, the cash conversion rate shall be 55-60 per cent, and the debt/equity ratio shall be no more than 50 per cent. The Group has non-current interest-bearing liabilities of SEK 8 million (8), of which SEK 0 million shall be paid within three months. These relate to the long-term portion of the conditional purchase price in connection with the Komet acquisition. The Group's current interest-bearing liabilities totalled SEK 254 million (39) and relate to the acquisition of non-controlling interests in Dfind AB of SEK 159 million, temporary short-term loans of SEK 89 million and the current portion of the conditional purchase price relating to Komet, which was SEK 6 million (33). As of 31 December, SEK 89 million of a total credit margin of SEK 260 million (205) had been utilised. These financial liabilities comprise a small portion of the Group's balance sheet total, and amount to SEK 346 million (208). SEK 84 million (169) constitutes accounts payable that are expected to mature within three months. The remaining SEK 262 million (39) concerns current liabilities that will mature within one year.

Interest rate risk

Interest rate risk is the risk that changes in market rates will affect earnings and cash flow. The Group's interest rate risk arises when the company finances to some extent with interest-bearing liabilities. At year-end, there was a temporary short-term loan of SEK 89 million (0), so the interest rate risk is considered marginal.

Proffice strives to structure the interest date on interest-bearing assets and liabilities in such a way that one per cent of negative interest fluctuation does not affect earnings negatively by more than SEK 0.5 million (0.5) over a 12-month period.

Credit risk

Credit risk is the risk that the parties the Group has receivables with cannot fulfil their obligations, consequently causing the Group a financial loss. Credit risk arises in the Group's operation largely in conjunction with selling on credit. Proffice's assignments are invoiced regularly during the build-up period. Normal payment terms are net 30 days. Shorter and longer payment terms exist. Credit risks attributable to the Group's accounts receivable in the Nordic region are distributed among a large number of customers. The Group checks the creditworthiness of customers by obtaining information about the financial position of each customer from a credit rating agency. The Group has a credit policy detailing how customer credit should be managed. Accounts receivable are followed up every week to ensure that payments are made per payment terms. Interest is charged on late payments, and unpaid invoices are sent to a debt collector.

A bank guarantee or prepayment is required from customers with low creditworthiness. Historically, Proffice has had few bad debt losses. There was no significant concentration of credit exposure on the balance sheet date. The company's accounts receivable that are neither impaired nor past due are of good quality on average. Note 20 includes an age analysis of accounts receivable. The Group's credit risk is made up of accounts receivable SEK 741 million (910), other receivables SEK 40 million (48), prepaid expenses and accrued income SEK 250 million (205), and bank SEK 94 million (120).

Fair value of financial instruments

Group loans and accounts receivable are valued at the amortised cost. The recognised amount on the balance sheet date was SEK 1,057 million (1,206). The carrying amounts represent a good approximation of fair value since they will soon mature.

The Group's other financial liabilities are valued at amortised cost. The recognised amount on the balance sheet date was SEK 346 million (177). Carrying amounts of the current liabilities represent a good approximation of fair value since they will soon mature. Carrying amounts are also assumed to represent a good approximation of fair value when calculating fair value for non-current liabilities. The reason for this is that these liabilities bear variable interest rates, and the Group assumes that the credit margin is constant as long as there is no obvious evidence that the credit margin changed.

Note 3 | Risks and uncertainty factors

Market changes

The staffing sector is characterised by tough competition and low entry barriers. Our customers' needs change, the economy is restructured, and workplaces are transformed, resulting in new business areas for the staffing industry. Increasingly, customers require a supplier that can take on more responsibility than was previously the case. Size and specialised services are factors that are becoming increasingly important for staffing companies.

Sensitivity to economic fluctuations

Economic trends affect the market, and customers adapt their businesses accordingly. Proffice has positioned itself as a product leader in order to be the customer's first choice in good and bad times alike.

Acquisitions

Some of Proffice's growth occurs through the acquisition of companies. For an acquisition to be profitable for the Group, the acquired company needs to fit well with our strategy. Before any acquisition, a plan is prepared for integrating the new company into the Group's specialist strategy.

Customers

Proffice currently has framework agreements in several large business relations that guarantee a portion of consolidated revenue. The agreements also mean that the relations are long-term. Nevertheless, it is necessary to continuously cultivate customers to ensure replenishment.

Proffice also has many small-sized customers and works very actively with customer cultivation. In 2012, the number of customer visits continued to increase.

Competitors

Finding a niche and positioning oneself relative to other players is highly significant. The Nordic market is dominated by three major players: Proffice, Manpower, and Adecco. There are also a variety of local or industry-specific players. Proffice's main strategy is product leadership through specialisation. Our organisational structure increases specialisation and proximity to customers.

Recruitment and competence

Qualified employees are essential to fulfilling customer orders with good results and satisfied clients. When recruiting new employees, Proffice imposes high competence and specialist requirements and works actively to ensure the company has access to the competence it needs.

Sensitivity analysis

The summary below shows the effect on operating profit/loss of a one per cent price change in customer and employee expenses, calculated on 2012 results:

	+/-1 % SEK MILLION
Price to customer calculated from revenue	+/-49
Employee expenses	+/-42

Note 4 Distribution by operating segment

The Group's operating segments were determined based on the information that is processed by the operation's most senior executive decision-maker and that is used to monitor and assess earnings and allocate resources to segments. The Group's operations are organised in such a way that management monitors revenue and operating profit/loss by the geographic areas in which the Group operates: Sweden, Norway, Finland and Denmark. Segment information is provided as it is reported and is monitored internally by the most senior executive decision-maker.

There is no single customer that accounts for more than 10 per cent of consolidated revenue, so no major customer is deemed to exist.

The group-wide item concerns the Parent Company's operation, consisting of common functions for Group companies. This refers to the Finance, HR, IT, Facilities Management, Marketing and Communication functions, among others. Accounts receivable below are recognised after the reserve for bad debts. Internal pricing between operating segments is based on market-based conditions.

	2012						
EARNINGS AND REVENUE	Sweden	Norway	Finland	Denmark	Group-wide	Elimination	Total
External revenue	3,679	1,110	68	19	–	–	4,876
Internal revenue	56	30	4	1	309	-400	–
Revenue	**3,735**	**1,140**	**72**	**20**	**309**	**-400**	**4,876**
Other operating income	37	3	–	–	–	–	40
Depreciation	-15	-1	–	–	–	–	-16
Operating profit/loss	**129**	**36**	**-4**	**0**	**-51**	**–**	**110**
Financial items							-10
Group profit before tax							**100**
ASSETS							
NON-CURRENT ASSETS[1]	430	149	66	–	–	–	645
Accounts receivable	593	138	7	3	–	–	741
Non-appropriated assets							409
Total assets							**1,795**
EQUITY AND LIABILITIES							
Equity							512
Non-appropriated liabilities							1,283
Total equity and liabilities							**1,795**
Investments[1]	-20	0	–	–	–	–	-20

	2011						
EARNINGS AND REVENUE	Sweden	Norway	Finland	Denmark	Group-wide	Elimination	Total
External revenue	3,667	983	93	27	–	–	4,770
Internal revenue	41	20	2	1	243	-307	0
Revenue	**3,708**	**1,003**	**95**	**28**	**243**	**-307**	**4,770**
Other operating income	0	0	–	–	–	–	0
Depreciation	-16	-1	0	0	–	–	-17
Operating profit/loss	**262**	**31**	**0**	**-13**	**-62**	**–**	**218**
Financial items							5
Group profit before tax							**223**
ASSETS							
Non-current assets[1]	434	147	68	–	–	–	649
Accounts receivable	748	148	10	4	–	–	910
Non-appropriated assets							400
Total assets							**1,959**
EQUITY AND LIABILITIES							
Equity							700
Non-appropriated liabilities							1,259
Total equity and liabilities							**1,959**
Investments[1]	-112	-1	–	–	–	–	-113

[1] Intangible and tangible.

REVENUE BY OPERATING AREA	Sweden	Norway	Finland	Denmark	Total
	2012				
Staffing	3,455	1,079	62	15	4,611
Recruitment	145	28	6	4	183
Outplacement	79	3	–	–	82
Total	3,679	1,110	68	19	4,876

REVENUE BY OPERATING AREA	Sweden	Norway	Finland	Denmark	Total
	2011				
Staffing	3,431	955	88	25	4,499
Recruitment	157	24	5	2	188
Outplacement	79	4	–	–	83
Total	3,667	983	93	27	4,770

Note 5 Breakdown of revenues

Within each country, Proffice's operations are divided into three operating areas: Staffing, Recruitment, and Outplacement. Staffing forms the basis of our operations and means that Proffice can provide personnel for shorter or longer assignments. The Recruitment operating area provides recruitment consultants with broad experience in Proffice's specialist areas. The Outplacement operating area works with outplacement programs.

BREAKDOWN BY OPERATING AREA	2012	2011
Revenue		
Staffing	4,611	4,499
Recruitment	183	188
Outplacement	82	83
Total	4,876	4,770

Proffice's largest operating area is Staffing, which is divided into six business areas: Office & Customer Service, Industry & Logistics, Finance, IT, Care, and Life Science.

BREAKDOWN BY BUSINESS AREA	2012	2011
Revenue		
Office & Customer Service	1,554	1,767
Industry & Logistics	1,728	1,409
Finance	365	335
IT	491	435
Care	342	408
Life Science	131	145
Total	4,611	4,499

Note 6 Other operating income

	Group		Parent company	
	2012	2011	2012	2011
Reversed conditional purchase price[1]				
– Komet Holding AB[2]	27	–	–	–
– Legevisitten Bemanning[3]	13	–	–	–
Other	0	0	–	–
Total	40	0	–	–

[1] The deviation between the actual outcome for the conditional purchase price from previous acquisitions and the estimated conditional purchase price at the time of acquisition.
[2] See note 7 Business combinations.
[3] On 1 September 2010, Proffice AB, through subsidiary Proffice Vård AB, acquired all shares in the medical staffing companies Legevisitten Bemanning AS and Legevisitten Bemanning AB along with the wholly owned subsidiary Legevisitten Bemanning II AB.

Note 7 Business combinations

Acquisitions in 2012

Acquisition of non-controlling interests

In 2005, the Group acquired 51 per cent of the shares in unlisted company Dfind AB for SEK 1 million. Since 2005, there has been a shareholder agreement between Proffice AB and the minority in Dfind AB that includes the purchase and sale of shares. A buy-out of Dfind AB's minority shares was originally planned for early 2013 but was advanced, and an agreement to acquire the remaining 49 per cent of the shares was signed on 12 January 2012. The purchase price for the remaining 49 per cent of shares totalled SEK 154 million (the purchase price totalled SEK 159 million using a discount rate of 4.5 per cent) and payment was made on the due date of 1 February 2013.

On the date of acquisition, the share of net assets for non-controlling interests totalled SEK 2 million. The effect on equity was SEK 152 million and, on the whole, affected consolidated retained profits in 2012.

Acquisition-related expenditures

Acquisition-related expenditures totalled SEK 1 million and are related to consultant fees in connection with the acquisition. These expenditures were recognised as other operating expenses in the consolidated statement of comprehensive income. In the Parent Company, the expenditures are included in the cost of acquisition of the subsidiary.

Acquisitions in 2011

On 5 July 2011, Proffice acquired all shares in student staffing company Komet Holding AB and its subsidiaries Komet Sweden AB and Komet Sales AB ("Komet", collectively). Through this acquisition, the Group expects to bolster its offering in staffing with students and young professionals.

For the six months up to 31 December 2011 in which Komet was included in the Group, the subsidiary contributed SEK 88.3 million to consolidated revenues and SEK 1 million to consolidated earnings after tax. If the acquisition had occurred on 1 January 2011, management estimates that Komet would have contributed SEK 175 million to consolidated revenues and SEK 6.5 million to earnings after tax for full year 2011.

The following table summarises the purchase price paid for Komet and acquired assets and assumed liabilities that were recognised on the date of acquisition.

EFFECTS OF 2011 ACQUISITION

Fair value of acquired assets and liabilities[1]	Total
Property, plant, and equipment	0
Financial assets	8
Accounts receivable and other receivables	56
Cash and bank balances	0
Non-current liabilities	0
Accounts payable and other operating liabilities	-62
Total identifiable assets and liabilities	2
Goodwill	124
Purchase price	126

[1] Acquired net assets correspond to booked net assets as per IFRS.

Goodwill

Goodwill includes the value of synergies in the form of more efficient production processes and the industry-specific knowledge of personnel. No part of goodwill is expected to be deductible from income tax.

Acquisition-related expenditures

Acquisition-related expenditures totalled SEK 2.8 million and relate to consultant fees in connection with due diligence. These expenditures were recognised as other operating expenses in the consolidated statement of comprehensive income. In the Parent Company, the expenditures are included in the cost of acquisition of the subsidiary.

PURCHASE PRICE – ORIGINAL

Cash purchase price	86
Conditional purchase price	40
Total purchase price	126

Conditional purchase price

The purchase agreement states that a conditional purchase price is to be paid to the Komet Group's previous owners. The conditional purchase price consists of two parts that may not exceed SEK 33 million and SEK 9 million, respectively. The first part is based on the 2011 operating profit/loss before depreciation and amortisation of goodwill, and the other part on the 2013 operating profit/loss before depreciation and amortisation of goodwill. The conditional purchase price was calculated using a discount rate of 4.5 per cent and totalled SEK 40 million on the date of acquisition, which corresponds to the maximum purchase price. Deviation between actual results for the first part of the conditional purchase price and the estimated conditional purchase price at acquisition is recognised as other operating income in the consolidated statement of comprehensive income (see Note 6). In the Parent Company, the deviation reduced the cost for shares in Group companies (see Note 18).

Note 8 Personnel

	2012		2011	
AVERAGE NUMBER OF EMPLOYEES	Total no. of employees	Of whom men	Total no. of employees	Of whom men
Parent Company				
Sweden	102	27	71	21
Subsidiaries				
Sweden	5,779	3,108	5,919	2,690
Norway	2,199	1,287	2,286	1,313
Denmark	37	10	55	15
Finland	168	85	276	126
Total subsidiaries	8,183	4,490	8,536	4,144
Group total	8,285	4,517	8,607	4,165

Gender distribution among the Board and senior executives, 31 December 2012

The Group's Board consisted of 9 men (8) and 8 women (7).

The Board of the Parent Company consisted of 6 members (6), of whom 3 were male (3), along with 2 female employee representatives. At the time of signing, the employee representatives consisted of one (1) female and one man (1).

Senior Group executives consisted of 18 persons (19), of which 8 were men (8), and in the Parent Company of 3 persons (3) of which 2 were men (2).

Note 9 Salaries, other remuneration, and social charges

Salaries, other remuneration, and social charges	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Salaries and remuneration[1]	3,014	2,707	88	72
Social charges	664	677	29	21
Pension expenses	198	127	13	11
Total	3,876	3,511	130	104
Division of salaries and remuneration				
Board, CEO and other senior executives	34	51	12	6
Other employees	2,980	2,656	76	66
Total	3,014	2,707	88	72

[1] Of recognised salaries and remunerations for 2012, SEK 4,531 thousand has been invoiced within the Group and SEK 4,356 thousand within the parent company.

Note 10 Salaries and remuneration paid to senior executives

Fees are paid to the Board's chair and its members as resolved at the AGM. Separate fees are paid for committee work. Employee representatives do not receive board fees. The 2012 AGM decided on the following unchanged guidelines on remuneration to management in 2012.

The company shall offer market-adjusted total compensation that enables it to recruit and retain senior executives. Senior executives are defined as those who report directly to the CEO who have authority and responsibility for planning, management, and governance of the Group, and those reporting directly to the CEO who have performance accountability. Remuneration of the CEO and other senior executives constitutes a fixed salary and a variable component. The fixed component consists of salary, pension benefits, and other benefits, such as a car allowance. The variable salary component can include short- and long-term portions. A maximum limit shall be imposed on the short-term variable salary component for the CEO and other senior executives and must never exceed the fixed salary. Senior executives with performance accountability are entitled to participate in the company's long-term incentive program, which may be cash- or share-based. Cash-based programs shall be limited to six (6) monthly salaries per annum for all except the CEO, whose program is limited to sixteen (16) monthly salaries per annum. The variable salary component is mainly based on financial targets, taking into account the cost of any bonuses; that is, the bonus shall be self-financed.

Retirement age is 65. Retirement benefits for senior executives shall be adapted to location and market. For the CEO, the company annually sets aside 30 per cent of the CEO's pensionable annual salary for pension and insurance solutions. The company shall accept a salary reduction plan as pension contribution under the condition that it is cost-free for the company.

The CEO's period of notice is 12 months on the company's part and 12 months on the CEO's part. In addition, if the company gives notice of termination, the CEO is entitled to severance pay amounting to one year's salary. For other senior executives, the notice of termination is 12 months maximum on the company's part and 6 months on the employee's part.

The Board may deviate from these guidelines if specific reasons arise in individual cases.

REMUNERATION AND PENSIONS, 2012

SEK THOUSAND	Board fee [4], fixed salary	Variable remuneration	Retirement premiums
Lars Murman, Chairman of the Board	500	–	–
Cecilia Daun Wennborg, Board member	320	–	–
Karin Eliasson, Board member	290	–	–
Christer Hägglund, Board member	250	–	–
Katarina Mellström, Board member	260	–	–
Joakim Rubin, Board member (until 3 May)	83	–	–
Karl Åberg, Board member (from 4 May)	167	–	–
Lars Kry, CEO[1]	3,367	495	990
Other senior executives (total 17 persons)[3]	26,251	1,823	6,012
Of whom Parent Company (2 persons)			
Of whom subsidiaries (15 persons)			
Total	31,488	2,318	7,002

REMUNERATION AND PENSIONS, 2011

SEK THOUSAND	Board fee [4], fixed salary	Variable remuneration	Retirement premiums
Lars Murman, Chairman of the Board	475	–	–
Cecilia Daun Wennborg, Board member	290	–	–
Karin Eliasson, Board member	260	–	–
Christer Hägglund, Board member	233	–	–
Katarina Mellström, board member (from 5 May)	167	–	–
Joakim Rubin, Board member	233	–	–
Gunilla Wikman, Board member (through 4 May)	75	–	–
Lars Kry, CEO[1]	3,036	2,226	951
Other senior executives (total 15 persons)[2, 3]	21,899	5,891	4,124
Of whom Parent Company (2 persons)			
Of whom subsidiaries (16 persons)			
Total	26,668	8,117	5,075

[1] Of total pension cost, SEK 0 thousand (0) is salary exchange.
[2] One person left Group management with severance pay of one year.
[3] Of the total amount, SEK 3,454 thousand (SEK 5,638 thousand) was invoiced for other senior executives.
[4] Board fees correspond to the remuneration determined by the AGM excluding social costs.

Note 11 Auditors' fees

	Group		Parent Company	
	2012	2011	2012	2011
KPMG				
– Audit engagement	4	5	2	2
– Tax consulting	0	0	0	0
– Other services	0	1	0	1
Other auditing firms				
– Audit engagement	–	0	–	–
– Tax consulting	–	–	–	–
– Other services	–	–	–	–
Total	4	6	2	3

An audit involves assessment of the annual and consolidated accounts and bookkeeping along with the administration of the Board of Directors and CEO, other tasks incumbent upon the auditor to perform, and advice or other assistance prompted by observations made during the audit or the implementation of other tasks.

Note 12 Operating leases

The net cost of operating leases totalled SEK 63 million (46). The most significant lease in the Group concerns office rental. Other agreements mostly have to do with cars and IT equipment. Revenues from subleasing were insignificant for the years presented.

Information on the year's operating lease fees and future payment distribution of minimum leasing fees is shown in the table below.

	Group	Of which premises	Parent Company
Leasing and rental costs for the year	63	50	25
Minimum leasing fee payment distribution			
Within 1 year	53	37	19
Payable within 1–5 years	147	121	93
More than 5 years	58	58	58

Note 13 Net finance costs

	Group		Parent Company	
	2012	2011	2012	2011
Earnings from interests in Group companies[1]	–	–	108	75
Interest income	3	5	13	14
Other	1	2	0	1
Total financial income	4	7	13	15
Interest expenses	-10	-2	-16	-10
Other	-2	-1	0	–
Net exchange rate fluctuations	-2	1	-2	1
Total financial expenses	-14	-2	-18	-9
Net financial items	-10	5	103	81

[1] Earnings from interests in Group companies concern Group contributions received of SEK 24 million (69), impairment of shares of SEK -32 million (0) and dividends of SEK 116 million (6).

Interest income and interest expenses originate largely from bank deposits and loans payable. In the Parent Company, interest income from other Group companies totalled SEK 11 million (11) and interest expenses were SEK -8 million (-9).

Note 14 Appropriations

	Parent Company	
	2012	2011
Difference between recognised depreciation and amortisation and depreciation and amortisation according to plan:		
Machinery and other technical installations	0	0
Tax allocation reserve, year's allocation	–	-4
Total	0	-4

Note 15 Tax

	Group		Parent company	
	2012	2011	2012	2011
Current tax expense				
Tax expense/revenue for the year	-27	-57	–	-3
Adjustment of tax relating to prior years	-3	0	0	–
Total	-30	-57	0	-3
Deferred tax				
Deferred tax on temporary differences	-4	-2	–	–
Deferred tax revenue in deficit deductions whose tax value was capitalised during the year	–		6	–
Other deferred tax, current year	7	-10	–	–
Effects of change in the Swedish tax rate[1]	5	–	-1	–
Total	8	-12	5	–
Total recognised tax expense/revenue	-22	-69	5	-3

The difference between tax according to the current tax rate and recognised tax expense is presented in the table below.

	Group			
Reconciliation of effective tax	2012 (%)	2012	2011 (%)	2011
Net profit before tax		100		223
Tax according to each country's current tax rate	-27.0	-27	-27.8	-62
Tax effects of non-deductible expenses	-6.0	-6	-1.8	-4
Tax effects of non-taxable income	11.0	11	0.1	2
Adjustment for previous years' tax	-3.0	-3	0.0	0
Increase in current year deficit deduction without corresponding capitalisation	-1.0	-1	-0.9	-2
Revaluation of deferred tax – change to the Swedish tax rate[1]	5.0	5	–	–
Other	-1.0	-1	-1.3	-3
Recognised tax expense	-22.0	-22	-30.9	-69

	Parent company			
Reconciliation of effective tax	2012 (%)	2012	2011 (%)	2011
Net profit before tax		52		15
Tax according to each country's current tax rate	-26.3	-14	-26.3	-4
Tax effects of non-deductible expenses	-21.2	-11	-7.1	-1
Tax effects of non-taxable income	59.6	31	14.3	2
Adjustment for previous years' tax	0.0	0	–	–
Standard interest on tax allocation reserve	0.0	0	0.0	0
Revaluation of deferred tax – change to the Swedish tax rate	-1.9	-1	–	–
Recognised tax expense/revenue	9.6	5	-19.2	-3

[1] As of 1 januari 2013 the corporate tax in Sweden is 22 per cent, a revaluation of consolidated outgoing deferred taxes was done from 26.3 to 22.0 per cent.

Of the Parent Company's other receivables, 6 constitute tax assets (23).

Deferred tax assets and tax liabilities are distributed as per the following table.

	Group		Parent company	
	2012	2011	2012	2011
Deferred tax attributable to:				
Property, plant, and equipment	1	6	–	–
Intangible non-current assets	4	6	–	–
Deficit deduction	17	10	5	–
Total	22	22	5	–
Deferred tax attributable to:				
Tax allocation reserves	38	46	–	–
Difference between booked amortisation and amortisation according to plan	0	0	–	–
Other	0	0	–	–
Total	38	46	–	–

Reporting of tax benefits in deficit deductions is based on the fact that Proffice considers it probable that sufficient taxable income will be earned within the next five years.

Change in deferred tax in temporary differences and deficit deductions.

GROUP	Opening balance 1 Jan 2012	Recognised in profit/loss for the year	Recognised against equity	Acquisition/ disposal of business	Closing balance, 31 Dec 2012
Property, plant, and equipment	6	-5	–	–	1
Intangible non-current assets	6	-2	–	–	4
Deficit deduction	10	7	–	–	17
Tax allocation reserves	-46	8	–	–	-38
Difference between booked depreciation and amortisation and depreciation and amortisation according to plan	0	0	–	–	0
Other	0	0	–	–	0
Total	-24	8	–	–	-16

GROUP	Opening balance, 1 Jan 2011	Recognised in profit/loss for the year	Recognised against equity	Acquisition/ disposal of business	Closing balance, 31 Dec 2011
Property, plant, and equipment	4	2	–	–	6
Intangible non-current assets	–	–	3	3	6
Utilisation of deficit deduction	14	-4	–	–	10
Tax allocation reserves	-36	-10	–	–	-46
Difference between booked depreciation and amortisation and depreciation and amortisation according to plan	0	0	–	–	0
Other	0	0	–	–	0
Total	-18	-12	3	3	-24

Unrecognised deferred tax assets

In addition to the capitalised value of tax deficit deductions of SEK 17 million (10), there are tax deficit deductions for which deferred tax assets have not been recognised as an asset in the consolidated statement of financial position. The assessed deficit deductions are attributable to companies in those countries in which the Group operates. The value of unrecognised deficit deductions in 2012 totalled SEK 32 million (32).

The tax deficit deductions do not expire under current tax rules. Deferred tax assets were not recognised for this item, as it is not probable that the Group will utilise them against future taxable profits within a five year period.

Note 16 Intangible non-current assets

All intangible assets are acquired externally.

	Goodwill		Customer contract		Other[1]		Total	
GROUP	2012	2011	2012	2011	2012	2011	2012	2011
Opening accumulated cost	614	488	12	11	58	26	684	525
Translation difference	-2	0	–	–	–	0	-2	0
Acquisitions	–	124	–	–	–	–	–	124
Purchases	–	3	–	5	16	18	16	26
Sales/disposals	–	0	–	–	–	–	–	0
Reclassification/redistribution	-7	-1	–	-4	–	14	-7	9
Closing accumulated cost	605	614	12	12	74	58	691	684
Opening accumulated impairment/amortisation	-37	-28	-1	-3	-16	-3	-54	-34
Translation difference	1	0	–	–	–	0	1	0
Acquisitions	–	–	–	–	–	–	–	–
Impairment for the year	–	-9	–	–	–	–	–	-9
Amortisation for the year	–	–	-2	0	-5	-1	-7	-1
Sales/disposals	–	–	–	–	–	–	–	–
Reclassification/redistribution	1	–	–	2	0	-12	1	-10
Closing accumulated impairment/amortisation	-35	-37	-3	-1	-21	-16	-59	-54
Carrying amount	570	577	9	11	53	42	632	630

GROUP	Goodwill 2012	Goodwill 2011	Customer contract 2012	Customer contract 2011	Other[1] 2012	Other[1] 2011	Total 2012	Total 2011
Group intangible assets are broken down into the following cash-generating entities:								
Sweden	357	364	9	11	53	42	419	417
Norway	147	145	–	–	–	–	147	145
Denmark	0	0	–	–	–	–	0	0
Finland	66	68	–	–	–	–	66	68
Total	570	577	9	11	53	42	632	630

[1]Other refers to system development costs.

PARENT COMPANY	Other 2012	Other 2011
Opening accumulated cost	53	35
Purchases	16	18
Closing accumulated cost	69	53
Opening accumulated amortisation	-12	-12
Amortisation for the year	-5	0
Closing accumulated amortisation	-17	-12
Carrying amount	52	41

Impairment tests for cash-generating entities containing goodwill

Impairment testing of goodwill is conducted annually and when there are indications that impairment exists.

Recoverable amounts for cash-generating entities are determined based on calculations of value in use. Impairment tests were carried out on the "country" operating segment level, which is the lowest level on which separable cash flows were identified.

The value in use of goodwill attributable to Proffice's cash-generating entities was calculated based on discounted cash flows. The projections for 2013 are based on the budget for each entity. The trend for 2014 and beyond is based on growth and margin development assumptions for the market in general and the operation's anticipated growth. The growth rate after the explicit projection period is expected to amount to two per cent.

The present values of the cash flow projections were computed with a discount rate of 10.3 per cent before tax. The discount rate is based on the Group's weighted average cost of capital (WACC) for the required return on equity and cost of external borrowing.

Using a discount rate of 11.3 per cent, the value in use is below the carrying amount for the Finland cash-generating entity. Concurrently, a negative change in the sales and operating margin variables of 3 and 1.5 per cent, respectively, would result in the value in use being less than the carrying amount.

For the Group's other business units, possible changes of such a magnitude would not have such an impact as to reduce the value in use to a value equal to or less than the carrying amount.

SENSITIVITY ANALYSIS – FINLAND	2012
Carrying amount	66
Value in use	93
Discount rate before tax increases to 11.3 per cent	Value in use is SEK 1 million less than the carrying amount
Sales and operating margin decreases by 3 and 1.5 per cent, respectively	Value in use is SEK 1.4 million less than the carrying amount

Goodwill impairment

In all segments, the results of the impairment tests done did not indicate any goodwill impairment losses in 2012.

Note 17 Property, plant, and equipment

	Group		Parent Company	
EQUIPMENT	2012	2011	2012	2011
Opening accumulated cost	72	141	9	41
Translation difference	0	0	–	–
Acquisitions	–	0	–	–
Purchases	4	6	3	3
Sales/disposals	-2	-29	–	–
Reclassification/redistribution	1	-46	1	-35
Closing accumulated cost	75	72	13	9
Opening accumulated amortisation	-56	-120	-4	-15
Acquisitions	0	–	0	–
Translation difference	0	0	–	–
Sales/disposals	2	27	–	–
Depreciation for the year	-8	-9	-3	-1
Reclassification/redistribution	0	46	–	12
Closing accumulated amortisation	-62	-56	-7	-4
Carrying amount	13	16	6	5

	Group		Parent Company	
BUILDING ALTERATIONS TO ANOTHER PARTY'S PROPERTY	2012	2011	2012	2011
Opening balance, construction – new and reconstruction	24	24	1	–
Costs incurred during the year	–	1	–	1
Sales/disposals	-15	-1	–	–
Reclassification/redistribution	-1	–	–	–
Closing balance, construction – new and reconstruction	8	24	1	1
Opening depreciation	-21	-16	0	–
Depreciation for the year	-2	-6	-1	0
Sales/disposals	15	1	–	–
Closing accumulated depreciation	-8	-21	-1	0
Carrying amount	0	3	0	1

Note 18 Participating interests in Group companies

	Parent company	
	2012	2011
Opening accumulated cost	592	464
Acquisitions[1)]	154	128
Regulated additional purchase price[1)]	-27	–
Write-down	-32	–
Closing carrying amount	687	592

PARENT COMPANY HOLDINGS	Corporate identity number	Principle place of business	Capital share (%)	Share of voting power (%)	Number of shares	Carrying amount, 2012	Carrying amount, 2011
Antenn Consulting AB	556517-7143	Stockholm	100	100	1,000	114	114
Dfind AB	556633-3612	Gothenburg	100	100	10,000	155	1
Proffice Logistic Solutions AB	556721-6485	Stockholm	100	100	1,000	3	3
Proffice Technical Services AB	556499-2310	Gothenburg	100	100	1,000	0	26
Proffice A/S	25 05 05 41	Copenhagen	100	100	6,500	11	11
Proffice Industrial & Logistics AB	556584-8941	Stockholm	100	100	600	1	1
Dfind Finance och Executive AB	556803-3905	Stockholm	97.12	97.12	48,560	5	5
Proffice Finland Oy	1642464-1	Helsinki	100	100	571	63	69
Proffice Life Science AB	556548-3905	Stockholm	100	100	3,000	0	0
Proffice Mediakompetens AB	556094-2715	Stockholm	100	100	1,260	11	11
Proffice Norge AS	977 278 910	Oslo	100	100	165,000	197	197
Proffice Sverige AB	556242-1718	Stockholm	100	100	10,000	0	0
Proffice Partner Solutions AB	556451-7968	Stockholm	100	100	30,000	3	3
Proffice Vård AB	556543-1979	Stockholm	100	100	1,000	23	23
Komet Holding AB	556685-3262	Stockholm	100	100	2,007,127	101	128
Total						687	592

Subsidiaries' major holdings in Group companies[2)]				
Proffice AS	948 762 404	Oslo	100	100

[1)]For detailed information on acquisitions, see note 7.
[2)]A complete list can be ordered from the company's head office.

The transaction structure for some of the acquisitions implemented by Proffice in recent years was drawn up in such a manner that Proffice initially acquired the majority of capital and votes in the company and has the option to acquire the remaining shares. In certain cases, the seller also has the option to sell these shares. The acquisition price for the remaining shares is often based on the company achieving a specified level of sales and earnings over a specific period.

In those transactions for which Proffice acquired 100 per cent of the shares in a company, the purchase price was paid in part by means of a conditional purchase price based on the company achieving a certain level of sales and earnings over a specific period.

Note 19 Transactions with related companies

The Parent Company has a controlling influence over its subsidiaries (see Note 18). The Parent Company's revenue from other Group companies totalled SEK 309 million (243), and expenses from other Group companies totalled SEK -87 million (-63). Interest income from other Group companies totalled SEK 11 million (11) and interest expenses SEK -8 million (-9). The Parent Company has non-current receivables in other Group companies of SEK 85 million (89), current receivables in other Group companies of SEK 120 million (291), and current liabilities of SEK 320 million (1,027).

Since 2005, there has been a shareholder agreement between Proffice AB and the minority in Dfind AB that includes the purchase and sale of shares. A buy-out of minority shares was originally planned for early 2013 but was advanced, and an agreement to acquire the shares was signed on 12 January 2012. The purchase price for the remaining 49 per cent of shares totalled SEK 159 million and payment was made on the due date of 1 February 2013.

In conjunction with the launch of specialist company Dfind Redpatch AB in 2011, 25 employees were offered a minor partnership in Dfind Redpatch AB amounting to 41.5%.

Note 20 Accounts receivable

	Group		Parent Company	
	2012	2011	2012	2011
Accounts receivable	749	917	2	481
Bad debts	-8	–7	–	–
Total	741	910	2	481
Age analysis, accounts receivable				
Non-overdue accounts receivable	650	839	1	463
Overdue accounts receivable, 1-7 days	31	21	0	5
Overdue accounts receivable, 8-30 days	44	37	0	7
Overdue accounts receivable, 31-60 days	10	9	0	3
Overdue accounts receivable, more than 60 days	14	11	1	3
Total	749	917	2	481

The parent company's accounts receivable in 2011 consisted of accounts receivable transfered from Proffice Sverige AB. From 2012, current pledges on customers' invoices are made directly from the Proffice Sverige AB subsidiary.

Note 21 Prepaid expenses and accrued income

	Group		Parent Company	
	2012	2011	2012	2011
Prepaid rent	12	7	6	4
Prepaid lease payments	0	1	–	–
Accrued income	69	49	2	–
Prepaid items, other	18	21	10	7
Non-invoiced assignments	151	127	–	–
Total	250	205	18	11

Note 22 Equity, including share data

	A shares		B shares		Total	
	Number of shares	Number of votes	Number of shares	Number of votes	Number of shares	Number of votes
Shares at start and end of year	4,000,000	40,000,000	64,677,773	64,677,773	68,677,773	104,677,773
Reconciliation of share capital						
Total shares	68,677,773					
Quotient value	0,25					
Total share capital	17,169,443					

	Group	
EARNINGS PER SHARE	2012	2011
Basic earnings per share (SEK)	1.11	2.02
Diluted earnings per share (SEK)	1.11	2.02
Average number of shares, basic	68,677,773	68,184,854
Average number of shares, diluted	68,677,773	68,212,892

Earnings per share is calculated as earnings after tax attributable to Parent Company owners divided by average number of basic and diluted shares.

Shareholders holding more than ten per cent of votes

Detailed, current information about company shareholders is available on the company's website. These shareholders have direct or indirect shareholdings in the company that represent at least one tenth of the votes for all company shares:

	A shares		B shares		Total	
SHAREHOLDERS	Number of shares	Number of votes	Number of shares	Number of votes	Capital, %	Votes, %*
Capman Public Market Investment	2,000,000	20,000,000	4,061,688	4,061,688	8.83	23.08
Christer Hägglund via holding company	1,000,000	10,000,000	6,260,150	6,260,150	10.57	15.60
Swedbank Robur Funds	0	0	11,917,462	11,917,462	17.35	11.43

* Adjusted for company-owned shares, 438,919 B shares

Dividend

The goal of the Board is that, over time, dividends shall be at least 50 per cent of consolidated earnings after tax on average. The Board's aim to maintain long-term, stable dividends over time. In assessing the size of the dividend, the company's investment needs, funding requirements, general position, and future development must be taken into account. For fiscal year 2012, the Board proposes a dividend to shareholders of SEK 0.30 per share, totalling SEK 21 million.

Share buy-back and cancellation

At Proffice's 2012 AGM, the Board was authorised to determine whether to acquire treasury shares. No treasury shares were acquired in 2012. Proffice holds 438,919 reacquired shares.

Presentation method for Group equity

Proffice has chosen to specify equity in the consolidated accounts in these components:

– Share capital
– Other contributed capital
– Reserves
– Retained earnings including profit/loss for the year
– Non-controlling interest

The share capital item includes the registered share capital for the Parent Company.

Other contributed capital includes the sum of transactions that Proffice has had with shareholders. The transactions made with shareholders are premium share issues. The figure presented in this sub-item corresponds to equity received (less transaction costs) above the nominal amount of the issue. Other contributed capital totals SEK 361 million (361).

Reserves consist of the revenues and costs that, by some standards, are to be recognised in other comprehensive income. For Proffice, this item contains only translation differences attributable to the translation of foreign subsidiaries in accordance with IAS 21. The reserves item includes a currency translation reserve of SEK -16 million (-16), of which SEK 0 million (0) is attributable to non-controlling interest.

The retained earnings item corresponds to the total accumulated gains and losses generated in the Group.

Non-controlling interest refers to participating interests in subsidiaries not owned by Proffice.

For more, see the consolidated statement of changes in equity.

Parent Company equity

Equity in the Parent Company is recognised as per the Swedish Annual Accounts Act and recognised separately as restricted equity and unrestricted equity. Share capital and reserve fund are recognised as restricted equity. Share premium fund, accumulated profit and profit/loss for the year are recognised as unrestricted equity.

Reserve fund

The purpose of the reserve fund is to save that portion of net profit that is not needed for covering losses brought forward. The reserve fund also includes amounts that were added to the share premium reserve before 1 January 2006.

Share premium fund

When shares are issued at a premium, in other words, more than the shares' quotient value will be paid for the shares, an amount corresponding to the amount received over and above the quotient value of the shares is added to the share premium fund. The amount added to the share premium fund as of 1 January 2006 is included in the unrestricted capital.

For more, see the Parent Company statement of changes in equity.

Note 23 Untaxed reserves

	Parent Company	
	2012	2011
Accumulated amortisation/depreciation in excess of plan	0	1
Tax allocation reserves		
Reserved at tax assessment 2008	6	6
Reserved at tax assessment 2009	26	26
Reserved at tax assessment 2010	16	16
Reserved at tax assessment 2011	2	2
Reserved at tax assessment 2012	4	4
Total	54	55

Note 24 Liabilities to credit institutions

	Group		Parent Company	
	2012	2011	2012	2011
Credit facilities granted	260	205	60	205
– of which, utilised	89	–	37	–

Note 25 Accrued expenses and deferred income

	Group		Parent Company	
	2012	2011	2012	2011
Holiday pay liability	270	272	13	10
Social security contributions	48	83	5	4
Accrued salaries	257	259	11	15
Accrued expenses, other	55	59	8	7
Revenue from advance invoices	2	6	1	–
Total	632	679	38	36

Note 26 Pledged assets

	Group		Parent Company	
	2012	2011	2012	2011
For own liabilities				
Shares in subsidiaries	174	–	0	–
Guarantees	6	5	2	2
Floating charges	70	60	–	–
Accounts receivable	264	180	–	180
Other (blocked bank facilities)	2	–	–	–
Total pledged assets	516	245	2	182

Note 27 Contingent liabilities

	Group		Parent Company	
	2012	2011	2012	2011
Contingent liabilities	–	–	–	–

Note 28 Events after the balance sheet date

HINAS Helseføretakenes Innkjopsservice renewed its trust in Proffice Care AS by signing a new framework agreement. The agreement governs specialists for Norwegian hospitals throughout the country. The new agreement took effect 1 February 2013 and is valid for two years with the option of a two-year extension.

Annika Nordlander was appointed sales director for Proffice Nordic Sales. She was previously a founder at Dfind IT, where she also was CEO for four years. Annika took up her new post on 25 March and succeeded Carina Björkefors.

Proffice was contracted to manage Eniro's recruitment of sales reps and customer service staff in Sweden, Norway, and Denmark. The agreement runs for two years.

After 2012 ended, the Group entered into an agreement on long-term financing with a maturity of 36 months.

Christer Hägglund and Katarina Mellström will resign from the Board at Proffice's AGM on 23 April.

Proffice's Nomination Committee proposes the election of Lars Johansson and Susanna Marcus as new members of the Board of Directors of Proffice AB (publ) at the 2013 AGM.

Note 29 Important estimates and assessments

Preparation of the financial statements using IFRS presumes that the Board and company management make assessments and assumptions that affect application of the accounting policies and the recognised amounts of assets, liabilities, revenues, and expenses. These assessments and assumptions are based on historic experience and industry knowledge of Proffice's sector, and what is reasonable taking current conditions into consideration. The results of the assessments and assumptions are used to determine the carrying amount of assets and liabilities that are not otherwise clear from other sources. The actual outcome can differ from these assessments.

The assessments and assumptions are regularly reviewed, and the effect on recognised amounts is reported on the income statement. Assessments made by the Board and management when implementing IFRS accounting policies that may have a key impact on the financial statements and assessments that can lead to substantial adjustments to the following year's financial statements are described below.

Impairment testing of goodwill and other intangible assets related to acquisitions

In conjunction with impairment testing of goodwill and other intangible assets related to acquisitions, the carrying amount is to be compared with the recoverable amount. The recoverable amount is the higher of an asset's net realisable value and value in use. Since under normal circumstances no quoted market prices are available to assess an asset's net realisable value, the carrying amount is normally compared with value in use. The calculation of value in use is based on assumptions and assessments. The most important assumptions concern organic sales growth, developments in the operating margin, utilisation of operating capital employed, and the relevant weighted average cost of capital (WACC), which is used to discount future cash flows. All in all, this means that measurement of the goodwill and intangible assets related to acquisitions items are subject to critical estimates and assessments. A description of these can be found in Note 16.

Deferred tax assets

The Group recognises deferred tax assets concerning deficit deductions. The carrying amount of these tax assets were assessed at year-end, and it was considered likely that the deductions can be used against surpluses in future taxation. Group operations are expected to generate profit, so the deficit deductions that the tax assets are attributable to are considered to be utilisable against future taxable income within a reasonable time period. Regulations for deficit deductions are complex, with many factors affecting their value. Changes to assumptions on projected future taxable revenues may result in differences in the measurement of deferred tax assets.

Measurement of identifiable assets and liabilities upon subsidiary acquisition

The measurement of identifiable assets and liabilities of an acquired subsidiary or operation means, as part of the allocation of the purchase price, that items on the acquired company's balance sheet, items not subject to recognition on the acquired company's balance sheet, and customer relationships are to be appraised at fair value. Normally, no quoted prices exist for the assets and liabilities to be appraised, so various measurement techniques must be applied. These measurement techniques employ several different assumptions. Other items that can be difficult to identify and appraise are contingent liabilities that may have arisen in the acquired company, such as disputes. All balance sheet items are thus subject to estimates and assessments. For more information on acquisitions, see Note 7.

Measurement of accounts receivable and provision for bad debt losses

Accounts receivable is one of the most significant balance sheet items. Accounts receivable are recognised net of deductions for provision of bad debts. The provision for losses on accounts receivable is thus subject to critical judgements and evaluations. More information on credit risk in accounts receivable appears in Notes 2 and 20.

Note 30 Group management of capital structure

The Group's objective for the capital structure is to secure the Group's ability to continue its operation so it can continue to generate returns to shareholders and benefits for other stakeholders, and maintain a capital structure that, against this background, keeps the cost of the capital down. To maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, pay back capital to shareholders or issue new shares.

The consolidated accounts and the annual report were prepared in accordance with the international accounting standards that are defined in ordinance (EC) 1606/2002 of the European Parliament and Council of 19 July 2002 on application of international accounting standards and generally accepted accounting principles and provide a fair presentation of the Group's and Parent Company's position and earnings.

The management report for the Group and Parent Company provides a fair summary of performance in the Group and Parent Company operations, their position, and earnings, as well as describes significant risks and uncertainties faced by the Parent Company and Group companies.

The annual report and consolidated accounts were, as stated above, approved for publication by the Board and CEO.

Stockholm, 20 March 2013

Lars Murman
Chairman of the Board

Cecilia Daun Wennborg
Board member

Karin Eliasson
Board member

Christer Hägglund
Board member

Katarina Mellström
Board member

Karl Åberg
Board member

Magnus Bergström
Board member
(employee representative)

Sylvia Kristensen
Board member
(employee representative)

Lars Kry
Chief Executive Officer

Our auditors' report was submitted on 22 March 2013
KPMG AB

Stefan Holmström
Authorised public accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of Proffice AB (publ), corp. id. 556089-6572

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Proffice AB (publ) for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 13–47.

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

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Proffice AB (publ) for the year 2012.

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

As basis for our opinion on the Board of Directors' proposed appropriations 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 Companies Act.

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

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

Opinions

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

Stockholm 22 March 2013
KPMG AB

Stefan Holmström
Authorized Public Accountant

BOARD OF DIRECTORS

Lars Murman

Board position: Chairman

Born 1957, Master of Business and Administration

Elected: 2006

Occupation: Investor and self-employed

Work experience: Evolved Stockholms Stenografservice into Teamwork, then sold it to Manpower Inc. Business development manager, Manpower Europa

Other boards: Chairman of 2Secure AB, Semantix AB

Proffice shareholdings: 1,000,000 A shares
Independent of the company, its management, and major shareholders

Cecilia Daun Wennborg

Board position: Board member

Born 1963, Master of Business and Administration

Elected: 2010

Occupation: Self-employed

Work experience: Deputy CEO Ambea AB, CEO Carema Vård och Omsorg AB, Economy and Finance Director Ambea AB and Carema Vård och Omsorg AB, interim CEO Skandiabanken, Sweden MD Skandia, CEO Skandia Link

Other boards: Getinge AB, Hakon Invest AB, Eniro AB, Ikanobank AB, Carnegie Fonder AB, Sophiahemmet

Proffice shareholdings: 4,500 B shares
Independent of the company, its management, and major shareholders

Karin Eliasson

Board position: Board member

Born 1961, BA in Personnel and Organisational Issues

Elected: 2004

Occupation: HR Director at TeliaSonera

Work experience: HR Manager Stora Enso, CEO Novare, HR Director SCA Group

Other boards: Board member of Pensionsgaranti PRI Pensionstjänst AB, Turkcell Iletisim Hizmetleri A.S

Proffice shareholdings: 3,200 B shares
Independent of the company, its management, and major shareholders

Christer Hägglund

Board position: Board member

Born 1953, Master of Business and Administration

Elected: 1990

Occupation: Self-employed

Other boards: –

Proffice shareholdings: 1,000,000 A shares and 6,260,150 B shares
Independent of the company and its management. Dependent relative to major shareholders

Katarina Mellström

Board position: Board member

Born 1962, Master of Business and Administration

Elected: 2011

Occupation: CEO of Ciber Sweden AB

Work experience: CEO and Sweden MD Fujitsu Services AB Sverige, President and CEO Mandator AB, several senior positions at Ericsson AB, including Vice President of Service Business Area Advise

Other boards: Gunnebo AB, Matrisen AB, Dataföreningen Certifiering

Proffice shareholdings: 0
Independent of the company, its management, and major shareholders

Karl Åberg

Board position: Board member

Born 1979, Master of Business and Administration

Elected: 2012

Occupation: Partner at CapMan Public Market

Work experience: Previously worked at Handelsbanken Corporate Finance

Other boards: –

Proffice shareholdings: 0
Independent of the company and its management. Dependent relative to major shareholders

Magnus Bergström

Board position: Employee representative

Born: 1976

Elected: 2013

Proffice shareholdings: 0

Sylvia Kristensen

Board position: Employee representative

Born: 1948

Elected: 1999

Proffice shareholdings: 0

SENIOR EXECUTIVES AND AUDITOR, 31 DECEMBER 2012

Lars Kry
CEO and President of Proffice AB since November 2008

Born 1969, Market Economist

Employed since 2006

Work experience: Regional and sales manager at Telia and has many years of solid experience in the staffing industry. Before he became President and CEO of the Parent Company in November 2008, he was CEO of Proffice Sweden and Vice President. Prior to that he worked many years at Manpower, among others as Operational Director of Manpower Sweden

Other boards: Member of the board of Almega, which is the trade and employer organisation for the Swedish staffing, outplacement, and recruitment sector. He is also a member of the board of Transfer, which is Sweden's largest organisation for providing business lectures to schools, and a board member of Uppstart Malmö

Proffice shareholdings: 100,000 B shares via endowment insurance

Benno Eliasson
CFO
Born 1965
Employed since 2012
Proffice shareholdings: 5,100 B shares

Kathrine Engman
Head of Antenn Consulting
Born 1961
Employed since 2011
Proffice shareholdings: 0

Marie Eriksson
Head of Dfind IT
Born 1959
Employed since 2005
Proffice shareholdings: 0

Agnetha Forssén
Head of Proffice Sweden
Born 1963
Employed since 2006
Proffice shareholdings: 8,117

Johannes Gussander
Head of Industry & Logistics, Proffice Sweden
Born 1979
Employed since 2010
Proffice shareholdings: 0

Christer Hammar
Head of Proffice Care
Born 1960
Employed since 2012
Proffice shareholdings: 0

Stein André Haugerud
Head of Proffice Norway
Acting Head of Industry & Logistics, Proffice Norway
Born 1968
Employed since 2000
Proffice shareholdings: 0

Monika Korsboen
Head of Administration/Office, Proffice Norway
Born 1968
Employed since 1999
Proffice shareholdings: 0

Johan Lagercrantz
Head of Komet
Born 1974
Employed since 2011
Proffice shareholdings: 0

Anna Lannerhjelm
Head of Dfind Finance and Executive
Born 1968
Employed since 2010
Proffice shareholdings: 0

Viktoria Lindström
Head of Life Science
Born 1974
Employed since 1999
Proffice shareholdings: 0

Markus Pikka
Acting Head of Proffice Finland
Born 1971
Employed since 2012
Proffice shareholdings: 0

Maria Rosengren
Head of Mediakompetens
Born 1962
Employed since 2011
Proffice shareholdings: 0

Öyvind Ryber
Head of Customer Solutions
Born 1971
Employed since 2007
Proffice shareholdings: 8,500

Ci Taylor
Commercial Director
Born 1964
Employed since 2008
Proffice shareholdings: 0

Anette Timm
Head of Proffice Denmark
Born 1962
Employed since 2012
Proffice shareholdings: 0

Katarina Wallin Dackander
Head of Aviation
Born 1961
Employed since 2011
Proffice shareholdings: 0

AUDITOR

KPMG AB, elected at the 2011 AGM.
Auditor in charge, Stefan Holmström.

ADDRESSES, REPORTING DATES, AND AGM

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Phone: +46 8 787 17 00
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www.proffice com

FINANCIAL INFORMATION 2013

Annual report	2 April 2013
Interim report, January–March 2013	23 May 2013
Interim report, January–June 2013	21 August 2013
Interim report, January–September 2013	21 November 2013
Year-end report 2013	20 February 2014

AGM 2013

Proffice's 2013 AGM will be held at Proffice's head office, Regeringsgatan 65 in Stockholm, 3–5 pm on 23 April 2013.

PROFFICE NOMINATION COMMITTEE

Joakim Rubin, chair and head of nomination committee. Appointed by CapMan Public Market (22.74% of votes).

Christer Hägglund, appointed by Christiania Compagnie S.à.R.L (15.53% of votes).

Lars Murman (9.55% of votes).

Marianne Flink, appointed by Swedbank Robur Fonder (8.94% of votes).

Frank Larsson, appointed by Handelsbanken Fonder (4.26% of votes).

DISTRIBUTION AND OTHER INFORMATION

Proffice publishes its quarterly reports, annual reports and other financial information on its website at http://www.proffice.com/en/corporate/Investor-Relations/.

The company web site also contains an archive of interim reports and previous annual reports. Please note that the annual report is only published in the digital edition; Proffice no longer prints its annual reports.

This is a translation from Swedish. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

Production: Proffice AB
Photo: Bertil Strandell, Sanna Sjöswärd et al
Translation: Fluid Translation

DEFINITIONS

KEY RATIOS

Cash conversion rate
Cash flow related to profit.

Equity per share
Equity divided by number of basic shares at end of year.

Value added per employee
Operating profit/loss plus employee expenses divided by average number of full-time employees.

Cash flow from operating activities per share
Cash flow for the year from operating activities after change in working capital divided by average number of diluted shares.

Average number of full-time employees
Total hours worked during the year divided by normal hours worked per year for a full-time employee.

Revenue per employee
Revenue divided by average number of full-time employees.

Net debt
Total interest-bearing liabilities less cash and cash equivalents, including short-term investments.

Net working capital
Non-interest-bearing current assets less non-interest-bearing current liabilities.

Net debt/equity ratio
Net debt divided by equity.

Earnings per share
Earnings after tax attributable to parent company shareholders divided by average number of basic and diluted shares.

Return on equity
Earnings after tax as a percentage of average equity.

Return on capital employed
Earnings after financial income as a percentage of average capital employed.

Return on total capital
Earnings after financial income as a percentage of average balance sheet total.

Interest coverage ratio
Earnings after financial income divided by financial expenses.

Operating margin
Operating profit/loss as a percentage of revenue.

Operating margin before goodwill impairment (EBITA)
Earnings before interest, taxes, amortisation, and write-downs of goodwill and other intangible assets that arise in conjunction with acquisitions.

Equity/assets ratio
Equity as a percentage of the balance sheet total.

Capital employed
Balance sheet total less non-interest-bearing liabilities and provisions.

Profit margin
Earnings after financial income as a percentage of revenue.

COMPANY/INDUSTRY-SPECIFIC GLOSSARY

Authorised staffing company
A quality assurance for the industry. Authorisation is through a committee consisting of representatives from the industry, the trade association for staffing, and the unions. The chairman for the authorisation is impartial. Authorisation is time-restricted and valid for 12 months at a time (not calendar year), after which companies must reapply.

Staffing outsourcing
Staffing outsourcing refers to staffing services that Proffice provides and supervises for the customer on-site.[1)]

Swedish Staffing Agencies
Swedish Staffing Agencies is an employer and trade association for temporary staffing, contracting, recruitment, outplacement, and job procurement companies. Swedish Staffing Agencies is part of Almega and is a member of the Confederation of Swedish Enterprise.

Outplacement
Process in which job coaches provide support and assistance in the transition from one job to another.

Staffing
Personnel in various specific areas who are employed by Proffice but can be hired out for short or extended periods by other companies.

Recruitment/recruitment process
Process for employing the person(s) needed in a company to ensure competence management. Needs analyses, searches, interviews, tests, and follow-ups are included in the process.

[1)] As defined by Proffice




Administration and Office // Construction // Executive Recruitment and Interim Management // Finance // Electrical, Telecommunications, and Technical Services Engineering // Aviation, Travel, and Tourism // Industry, Warehouse, and Logistics IT // Customer Service // Life Science // Media, Information, and Communication Mining // Health Care // Student Staffing

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