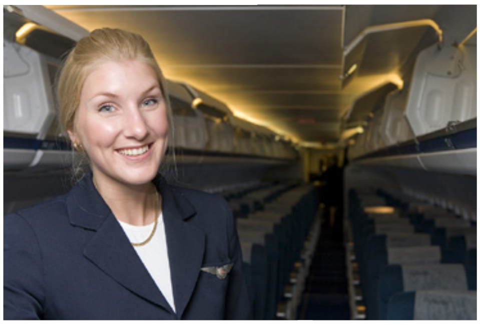
ANNUAL REPORT 2013










Proffice

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 2012. 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 factual data available from published sources in the public sector and staffing industry. Revised annual report, pages 33–71.

Our vision

Proffice will 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 solution-oriented staffing company.

Proffice in brief

Proffice is one of the largest staffing specialist companies in the Nordics, with about 10,000 employees. We listen closely and are committed to helping people and companies find ways forward.

The services we offer are staffing, recruitment, and outplacement assistance during organizational changes. Proffice shares are listed on the NASDAQ OMX Nordic Exchange Stockholm, Mid Cap.

"Getting people and companies to improve and grow is what drives our business forward" PAGE 6

"Proffice's operation should be characterized by profitability, growth, and scalability" PAGE 8

"Changing jobs frequently is no longer seen as something negative" PAGE 11

"Our offer: expertise in focus" PAGE 14

"Proffice offers opportunities for improvement in all stages of working life" PAGE 18

"As of 2013, Proffice's sustainability report complies with the Global Reporting Initiative." PAGE 19

Consolidated cash flow from operating activities improved substantially in 2013 PAGE 36

The Board proposes that the dividend to shareholders be doubled PAGE 37

Improved profitability in all markets PAGE 52

2013 in brief

Statement of comprehensive income

SEK million	2013	2012	2011	2010	2009
Revenue	4,318	4,876	4,770	4,095	3,908
Other operating income	5	40	–	–	–
Operating costs	-4,185	-4,790	-4,526	-3,930	-3,728
Operating profit before depreciation and write-downs	**138**	**126**	**244**	**165**	**180**
Depreciation/Amortization of non-current assets (excluding goodwill)	-13	-16	-17	-25	-20
Impairment of goodwill	–	–	-9	–	–
Operating profit/loss	**125**	**110**	**218**	**140**	**160**
Financial items	10	-10	5	-1	0
Profit after financial items	**135**	**100**	**223**	**139**	**160**
Taxes	-31	-22	-69	-42	-49
Profit for the year	**104**	**78**	**154**	**97**	**111**

Key ratios[1)]

GROUP	2013	2012	2011	2010	2009
Operating margin, %	2.9	2.3	4.6	3.4	4.1
Profit margin, %	3.0	2.3	4.7	3.4	4.1
Cash conversion rate, %	150	0	52	35	112
Return on equity, %	19.2	12.9	22.0	15.7	19.5
Equity/assets ratio, %	36.5	28.5	35.7	36.5	39.5
Net working capital, SEK million	-13	48	-3	-62	-111
Net debt, SEK million	19	168	-73	-169	-243
Basic earnings per share, SEK	1.52	1.11	2.02	1.20	1.45
Basic equity per share, SEK	8.37	7.50	10.27	8.99	8.92
Cash flow from operating activities per share, SEK	3.03	0.00	1.88	0.83	2.89
Dividend per share, SEK	0.60[2)]	0.30	1.13	0.75	0.50

1) For definitions of key ratios, see page 69.

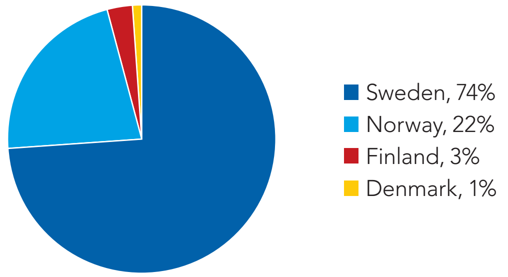
2) Proposed dividend.

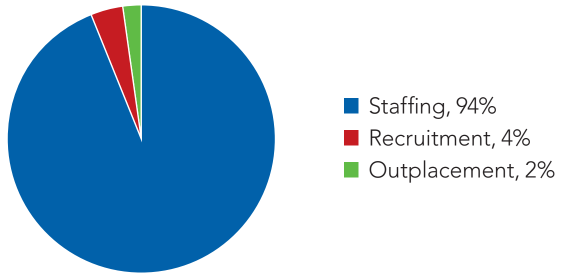
Ownership structure at 31 Dec 2013

	A shares	B shares	Percentage of shares	Percentage of votes
CapMan Public Market Investment	2,000,000	3,803,588	8.45	27.60
Swedbank Robur Funds	0	11,235,058	16.36	13.03
Nordea Investment Funds	0	9,930,952	14.46	11.52
Handelsbanken Funds	0	5,855,757	8.53	6.79
Carnegie Funds	0	3,185,457	4.64	3.69
Fourth Swedish National Pension Fund	0	3,144,231	4.58	3.65
Unionen	0	2,557,100	3.72	2.97
Carlson Funds	0	1,592,539	2.32	1.85
Skandia Funds	0	1,256,573	1.83	1.46
NTC UN Joint Staff	0	1,249,555	1.82	1.45
Total 10 largest owners	**2,000,000**	**43,810,810**	**66.70**	**73.99**

*Votes are adjusted for treasury share holdings, 438,919 B shares.

Proffice's markets





Market share in Sweden, the ten largest players

2013		2012	
Manpower	18.85%	Manpower	21.36%
Proffice	**15.35%**	**Proffice**	**17.64%**
Adecco	11.72%	Adecco	12.21%
Lernia Bemanning	6.77%	Uniflex Bemanning	7.20%
Academic Work	6.39%	Academic Work	6.47%
Uniflex Bemanning	6.19%	Lernia Bemanning	6.42%
Logent	4.52%	Poolia	3.71%
Randstad	3.37%	Logent	3.20%
Poolia	2.90%	Arena Personal	2.37%
StudentConsulting	2.62%	StudentConsulting	2.33%

Source: Swedish Staffing Agencies

Market share in Norway, the ten largest players

2012*		2011	
Adecco Norge	22.99%	Adecco Norge	24.74%
Manpower	22.34%	Manpower	23.43%
Jobzone	6.90%	Jobzone	7.04%
Proffice	**6.56%**	**Proffice**	**6.54%**
ISS Personalhuset	4.15%	ISS Personalhuset	4.41%
Xtra Personell	3.57%	Xtra Personell	4.02%
Kelly Services Norge	3.19%	Kelly Services Norge	3.53%
Workshop Bemanning	2.22%	Workshop Bemanning	2.46%
Top Temp	1.78%	Top Temp	1.81%
DB-gruppen	1.59%	DB-gruppen	1.30%

Source: The Norwegian National Federation of Service Industries
Data on market share for Norway in 2013 had not yet been made available on publication of this report.

Selected events during the year

January–March

- Proffice Care renewed agreement with HINAS. The agreement applied nation-wide and concerned the hiring of specialists for Norwegian hospitals
- Eniro chose Proffice as Nordic partner. The assignment entailed managing Eniro's recruitment activities for customer service workers in the Nordics
- SKI Kommentus Inköpscentral (SKI) chose Proffice as a staffing partner. The framework agreement covered the delivery of staffing services to municipalities and county councils

April–June

- Proffice Aviation continued its expansion and became established in the Danish market
- Proffice concluded new agreement with Pon Equipment. The agreement related to recruitment and hiring of salary and wage earners
- Antenn received new assignment from Eon. The assignment concerned outplacement programs and career dialogues for Eon's employees

July–September

- Proffice signed framework agreement with Peab. The agreement covered staffing services
- Proffice and ICA Gruppen extended agreement. Proffice and ICA Gruppen extended their partnership for staffing of warehouse and logistics services
- Dfind Finance in new partnership with Intersport. Dfind Finance was tasked with appointing staff to Intersport's Shared Service Center

October–December

- Proffice Finland signed an extensive recruitment agreement with Outokumpu. The agreement entails that Proffice will manage an extensive recruitment project involving specialized IT services
- Proffice has contracted with the Husqvarna Group to staff the assembly line at the company's factory in Huskvarna.
- Proffice's partnership with Telenor was expanded in Norway with Proffice as sole supplier through 31 December 2014

For a complete list, see page 35.

Statement by the CEO:
Proffice is prepared for growth

Proffice strengthened its profitability in all markets in 2013 despite the fact that the market climate remained cool for most of the year. Our organization was challenged by market signals that were difficult to interpret, but also by other external factors such as the introduction of new EU staffing directives. Thanks to the strong efforts of all employees and the completion of our action plan, we managed to turn challenges into opportunities.

We have become an increasingly important player in the market as companies need to adapt to an increasingly uneven economy and customers see the value of our services. As a result, we entered into and extended many valuable contracts during the year.

Focus on competence

Getting people and companies to improve and grow is what drives our business forward. If we grow, everybody wins – our company, communities, customers, shareholders, and individuals. Regardless of the economy, we create many jobs and become a natural partner when companies need the right skills and flexible staffing and consulting solutions.

By always putting skills at the forefront we also help increase diversity and offer new opportunities, even for those who are furthest from the labour market, like young people, the long-term unemployed, and persons of foreign descent.

Factors for increased profitability

Overall, 2013 came to be a bit of a readjustment year. The streamlining and cost consciousness that permeated Proffice during the year, after the market fell in autumn 2012, will be evident when demand recovers. As we look back on the year as a whole, I would like to highlight some of the factors that contributed to our improved profitability.

With our business concept and balanced offers we adapt quickly to the prevailing economic situation and have the capacity to face both ups and downs.

1 Specialization strategy
By specializing, our customers and candidates can meet with specialists who understand their particular needs and alternatives. We offer excellence and innovative services that enhance our customers' competitiveness and improve our own conditions for better margins. A good example is the successful establishment of Proffice Aviation in the entire Nordic region.

2 Efficiency
Optimization of shared processes and systems have a positive effect on everyone – employees, candidates, and our customers. We also expect that taking over development of our enterprise resource planning (ERP) system will allow for better potential to transform and develop the infrastructure according to our future needs.

3 Balanced offer
With our business concept and balanced offers in staffing, recruitment, and outplacement, as well as operations in four countries, we adapt quickly to the prevailing economic situation and have the capacity to face both ups and downs. That will always be an important factor for success.

4 Strong sales culture
Business is done between people – not between companies. Our focused efforts to deepen our customer relationships, and thus to offer continuously refined service offerings, yields results. The Group's latest customer satisfaction index was at an all time high.

5 Our employees
Our employees are our most important resource. Thanks to their enthusiastic efforts, we can make a difference and meet our customers' needs in a responsive, solution-oriented manner. Through a strong corporate culture throughout the Group, we will continue to attract the best employees in the industry.

2014 outlook

Our long-term strategy remains unchanged. Through the Group's 2014 focus areas – sales, operational excellence, and our initiatives in Norway – we will continue our efforts to become the most successful consulting and staffing company in the Nordics. In combination with calling on customers more and an increased market presence, the streamlining we implemented will show results when demand recovers.

It is an election year in Sweden in 2014 and employment policy issues will be central to the debate. For Proffice, it will be especially important to reinforce our role as a key player that creates a more flexible and secure labour market.

Keep Improving

Our motto "Keep Improving" will take us into the future. It means always trying to be a cut above in everything we do. We are much stronger when all employees contribute. Together we can make a difference.

We will also take advantage of our entrepreneurial corporate culture and take even more initiatives internally to improve Proffice as well as our customers' companies. That way, more individuals will have the opportunity to grow professionally, try out new sectors, and improve their skills – throughout the Nordics.

As the new CEO, I can already after a short time with the company assert that I stepped on board a company with skilled, dedicated employees and satisfied customers. Those are the very best conditions for continuing to improve and grow, and become the most successful staffing company in the Nordic region.

Stockholm, April 2014

Henrik Höjsgaard
President and CEO

Strategies:

product leadership through specialization

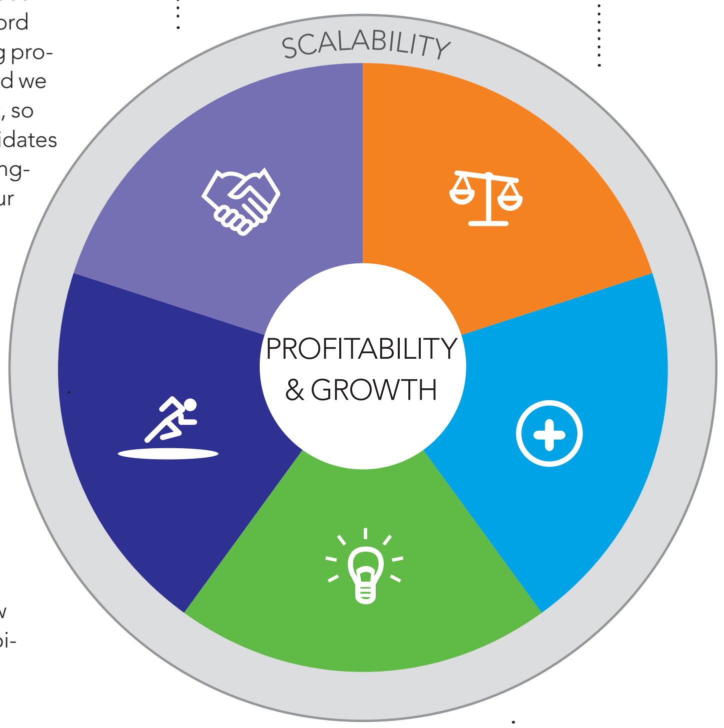
Proffice's operation should be characterized by growth, profitability, and scalability. To become an attractive, efficient venue for excellence, we have adopted five strategies. The main strategy is product leadership through specialization. The strategies make us less sensitive to economic fluctuations and help us increase profitability. They also make us a more attractive partner to individuals and companies.

Strong sales culture

Proffice has built a strong sales culture that combines common methods with liberal individual freedom. We can never afford to be complacent. By being proactive and solution-oriented we know what customers want, so we can have the right candidates available faster and be a long-term business partner to our customers.

Balanced products

Proffice's services help people and companies improve 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.



One Proffice

By complementing and strengthening a common platform for finance, IT, communication, and HR, Proffice will be able to grow while improving its profitability. As a result, our operations can grow faster than our costs.

Selective acquisitions

Proffice will mainly grow organically, but will also acquire selected companies when necessary to reinforce our specialization services.

Specialization & innovation

Proffice specializes in several industries and fields of expertise. As a result, customers and candidates meet Proffice specialists with an understanding of their exact challenges and circumstances. Our quality assurance processes can be adapted and tailored to suit the customer.

Goals

+5 percentage points more than the market

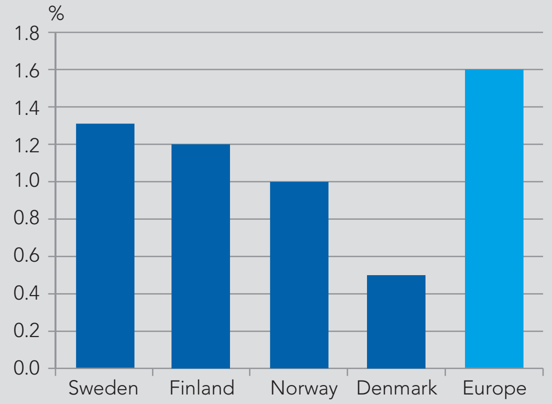
6% EBITA margin

AREA	OBJECTIVE	GOALS	GOAL ACHIEVEMENT	2013	2012
MARKET	We will grow faster than the staffing market in the prioritized segments in which we are represented and through a balanced combination of organic growth and acquisitions.	Revenue growth. We will grow 5 percentage points more than the market annually, which will secure Proffice's position as the leading staffing company in the Nordics.	The staffing market in Sweden:	-1%	-1%
			Proffice in Sweden:	-14%	0%
			The staffing market in Norway:	2%	11%
			Proffice in Norway:	-4%	11%
CUSTOMER	Customers will perceive us as the best staffing company on the market in the segments in which we have chosen to actively work.	Customer satisfaction index (CSI). We will increase our CSI by at least one point per year (long-term goal index: 75). More than 50% of our revenue will come from small and medium enterprises (SMEs).	CSI:	72.2	70.2
			SME customers at end of the year:	62%	52%
PERSONNEL	We will attract the best employees in the staffing sector, who will consistently improve through interesting assignments with attractive customers, and through clear, values-based leadership.	Leadership index. We will increase our leadership index by at least one point per year (long-term goal index: 68).	Leadership index:	–*	72
FINANCIAL	Over time, we will ensure financial stability that allows for self-financed expansion and makes us an attractive investment to our shareholders.	Profitability. We will reach an operating margin (EBITA) in the long term of at least 6%.	Operating margin:	2.9%	2.3%

**Index refers to 2012. No survey was done in 2013.*

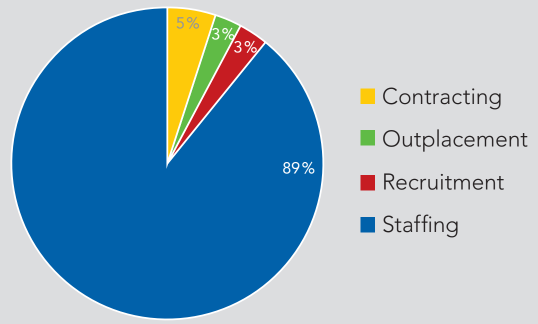
The Nordic market: room to grow

Market penetration



Source: CIETT 2014 Economic Report, figures refer to 2012

Percentage of total revenue, staffing sector in Sweden



Source: Swedish Staffing Agencies

Proffice operates in the Nordic market. The proportion of those employed in staffing companies in the Nordic countries still has a ways to go to reach the European average of 1.6 per cent. In recent decades the trend has been driven by a number of factors, with deregulation of the labour market and increased demand for flexibility and mobility from the workforce among the most important.

One clear trend is that the small, specialized staffing companies are taking market share. Something particularly noticeable in Proffice's own business, where, for example, Proffice Aviation, Proffice Life Sciences, and Dfind Engineering have grown over the year. This is proof that our specialization strategy is timely. One can see that the number of knowledge-intensive companies is increasing, making recruitment more difficult, thus increasing demand for specialist skills in recruitment.

In a business environment characterized by increased global competition, clearer specialization, and rapid economic fluctuations , staffing companies play a natural, important role. To deal with today's challenges, businesses and organizations are utilizing staffing companies to handle temporary peak work periods, find specialists, and help solve recruitment problems.

Sweden

- The sector declined 1 per cent in 2013 after a weak start to the year
- Northern Sweden was the region with the strongest growth for the staffing market in 2013 with a revenue increase of 10 per cent compared to 2012
- The staffing service area is by far the largest, with 89 per cent of total revenue in the industry

Staffing companies' share of the total labour market is relatively low. The number of persons who at some time during the year were active in the sector totalled 134,600, according to trade association Swedish Staffing Agencies. Industry revenue is estimated at SEK 24 billion. The four largest players, Manpower, Proffice, Adecco and Lernia Bemanning, have about 53 per cent of the market.

Norway

- The new Vikarbyrå Directive* and a slowdown in the Norwegian economy contributed to a 4.6 per cent decline in the number of hours worked on the Norwegian staffing market
- Revenue in the sector rose while the number of sold hours declined, which indicates a price increase
- During the year, there were wide variations by country with challenges in Sørlandet and Hordaland, while developments were positive in northern Norway

Traditionally, consultants in Norway are only employed on an hourly basis, which means that they often have contact with several staffing companies simultaneously. The four largest players are Adecco, Manpower, Job Zone, and Proffice, which together have a market share of about 59 per cent**.

Finland

The market has been sluggish for some years, but in late 2013 there was a slight recovery. Proffice is a small player in the Finnish market, but thanks to focused efforts and establishment of Proffice Aviation it has increased its market share.

Denmark

As in Norway, most consultants are employed on an hourly basis and therefore have agreements with several staffing companies simultaneously. Proffice is one of the small players in the market.

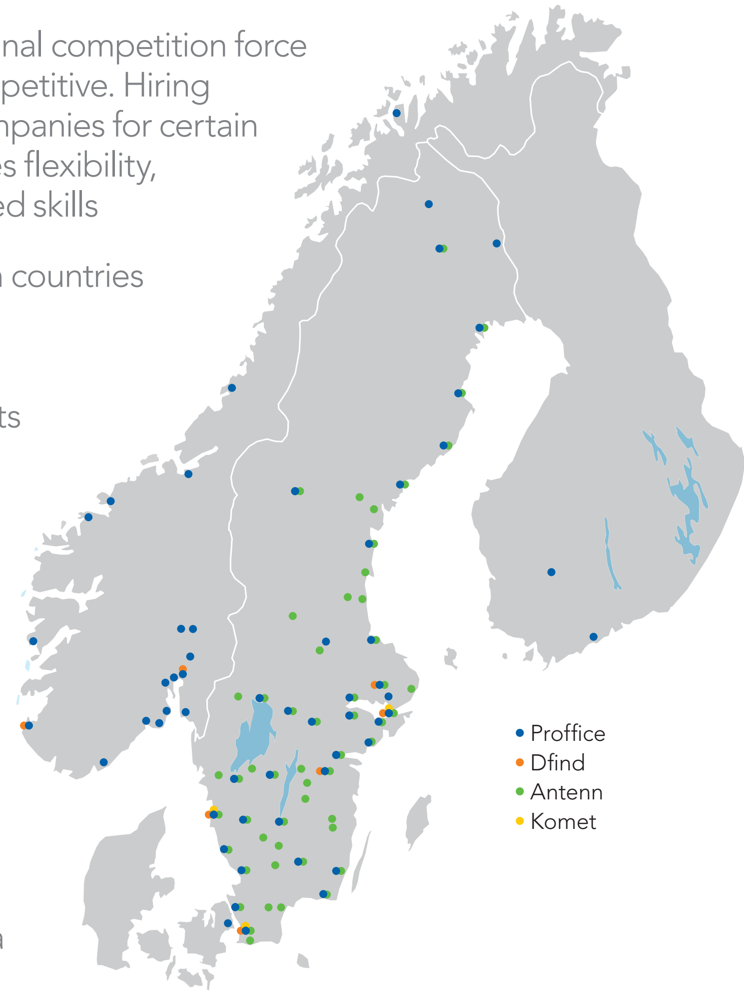
**See the box on page 11.*

***Refers to 2012 since market share for Norway had not yet been made available on publication of this report.*

Sources: Swedish Staffing Agencies, NHO Service and CIETT.

Governing trends: value-driving factors

- Globalization and international competition force companies to be more competitive. Hiring personnel from staffing companies for certain parts of an operation creates flexibility, cost-efficiency, and improved skills
- Increased mobility between countries
- Shorter production cycles
- Technological developments increase skills requirements
- Many people retiring at the same time
- The influx of young people is declining, which leads to increasing competition for talent
- Skills shortages in certain occupations
- Younger generations have a different approach to work and job security with greater expectations for personal development and flexibility
- Changing jobs frequently is no longer seen as something negative



Temporary Agency Work Directive

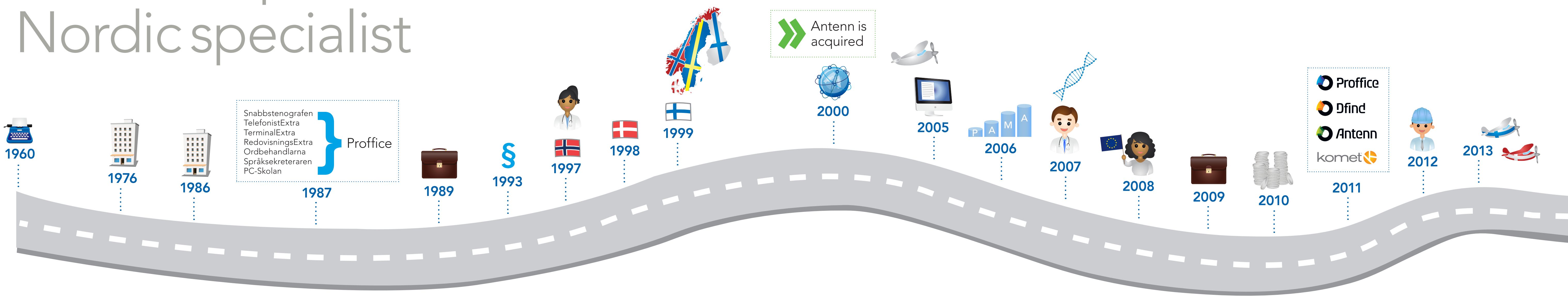
New legislation went into effect in 2013 in all our markets. It is based on the EU's Temporary Agency Work Directive. The directive has two purposes: (1) to protect temporary workers (equal treatment principle) and (2) to remove barriers for temporary agencies. Proffice participated actively in these efforts on a general level, including working with trade association Swedish Staffing Agencies, so we have a good understanding of how the law should be interpreted.

For Proffice, our customers, and our employed consultants in Sweden, Finland, and Denmark, the new legislation does not entail any major changes since we already complied with the equal treatment principle. In Norway, the new law entailed an upward adjustment of prices and wages in the industry in Q1, which made customers more cautious.

The equal treatment principle indicates that a hired consultant should have the same basic working and employment conditions as she or he would have had if employed directly by the client company.

Sources: Swedish Staffing Agencies, NHO Service and CIETT.

Proffice's history:
from local pioneer to Nordic specialist



1960
Berit Flodin starts a typing services business in Stockholm called Snabbstenografen. The company also hires out secretaries.

1976
Office is opened in Malmö.

1986
Office is opened in Uppsala.

1987
The agency expands its services with Språksekreteraren, Ordbehandlarna, TelefonistExtra, and Skrivbyrå-centralen. Now all operations are merged under the name Proffice – a name that says we are professionals when it comes to office workers.

Office is opened in Gothenburg.

1989
Christer Hägglund buys Proffice.

1993
Swedish deregulation of employment service monopoly.

1997
Proffice is established in Norway by acquiring Norwegian staffing company Personellassistanse whose name is changed to Proffice AS.

Proffice Care is started in Sweden.

1998
Operation is established in Denmark.

1999
Acquisition of Office Team, which changes its name to Proffice Finland, means that Proffice is now located in Sweden, Norway, Denmark, and Finland.

Proffice is listed on the Nordic Exchange in Stockholm.

2000
Proffice Internetrekrytering is launched.

Outplacement company Antenn Consulting is acquired.

2005
Dfind, which is engaged in recruiting and staffing of IT consultants, and Mediakompetens, offering resources in media and communication, are established.

Acquisition of Work@arn, which changes its name to Proffice Aviation, gives Proffice the opportunity to offer staffing services to the airline industry.

Proffice's own newspaper about the labour market, Dagens Möjligheter, is launched.

2006
Proffice Outsourcing is liquidated, one of the first major steps towards Proffice's specialization.

ProfficeArbetsMarknadsAnalys (PAMA) sees the light of day.

2007
Proffice Life Sciences is established.

Norwegian medical staffing company Medifact is acquired.

Previously acquired company HSG is merged with Proffice Finland.

2008
The EU enacts the Temporary Agency Work Directive, a convention on working conditions for temporary agency workers. The directive has two purposes: (1) to protect temporary workers (equal treatment principle) and (2) to remove barriers for temporary agencies.

2009
CapMan becomes Proffice's principal owner.

2010
The Finance business area is reinforced by starting a company specializing in Finance.

Acquisition of Norwegian medical staffing company Legevisitten.

2011
Start-up of Dfind Redpatch, which develops software. Proffice's specialist company in Finance is absorbed by the Dfind family.

Start-up of Proffice Mining.

Acquisition of Swedish student staffing company Komet.

Implementation of new core values, new brand strategy, new graphic identity, and social media initiatives.

2012
Dfind Engineering, which staffs and recruits engineers, is established in Norway.

2013
New legislation* based on the EU's Temporary Agency Work Directive goes into effect.

Proffice Aviation is established in Finland and Denmark.

*See the box on page 11

Our offer:
expertise in focus

The university graduate with the "wrong" surname who has applied for hundreds of jobs without receiving a reply, the receptionist who is rejected because the interviewer can't see past the wheelchair, and the woman who is sorted out because of her veil, or simply because she is a woman. This is reality in today's society, and we think it is a waste of skills and resources.

Through our passion and attentiveness, we help people, companies, and organizations grow, improve, become stronger, and sometimes take steps towards outplacement. We improve our customers' competitive strength and enhance their ability to handle challenges, regardless of the economy, through our three main products: staffing, recruitment, and outplacement.

We help our customers take the next step towards a sustainable – and profitable – working life, where no one is rejected on the basis of origin, religion, gender, age, disability, or sexual orientation, and where we take advantage of all resources. Together we can make a difference.

According Proffice's Diversity Barometer*, of the managers in the Swedish business community that were surveyed, 68 per cent believed companies that invest in diversity are better able to be profitable.

*Proffice's Diversity Barometer survey was conducted by TNS Sifo in Sweden in September 2013. Four hundred private sector managers participated.

Our offer:
staffing

By charging for results rather than the number of man hours we can save money for both the customer and ourselves, while delivering higher quality work. Proffice becomes a strategic staffing partner instead of simply a supplier of substitutes.

The staffing business is Proffice's base business and accounted for **94 per cent** of revenue in 2013. Proffice's primary focus was initially on offering customers replacements for regular staff for short periods. Today our relationship with customers is both deeper and more involved, and we use a more long-term approach to planning staffing needs.

Those who work with staffing have experience in the segment with which they work. Proffice thinks this is a matter of course, but not everyone in the industry does.

CASE STUDY

MSP transaction with AstraZeneca

In an expanded 2013 collaboration, Proffice Link AB now works as a managed service provider (MSP) for AstraZeneca in the area of staffing. This entails that Proffice Link works as an independent party managing the entire flow of AstraZeneca's contracted consultants: ordering, administration at the beginning and end of the assignment, monitoring, and supporting their contracting managers. We also ensure that policies and guidelines are followed. Proffice Link has, in turn, agreements with multiple staffing suppliers for delivery. These were selected together with AstraZeneca.

STRUCTURE – ADVANTAGES – VALUE

Customer → Proffice Link → Supplier A, Supplier B, Supplier C, Supplier D, Supplier E, Proffice

FOCUS ON THE CORE BUSINESS – INCREASED QUALITY AND EFFICIENCY – REDUCED RISK AND COST

Our offer: recruitment

Recruitment accounted for **4 per cent** of Proffice's revenue in 2013. Recruiting staff can be time-consuming for a company and uses many resources for advertising, screening, and employment interviews. By hiring a professional recruitment partner like Proffice, customers not only have access to an extensive candidate database, they receive help from specialists who make use of quality-assured processes. Something that may look expensive on paper turns out to be inexpensive in the end since the recruitment process is efficient, and thorough testing is performed to see which candidate is most motivated and suited to the job. Proffice also offers comprehensive guarantees, which is extra secure for the customer.

CASE STUDY

The Eniro method

For several years, Eniro had problems with high staff turnover, which was a strain on both the company and its employees. They were looking for an external partner that could adapt its processes and that could deliver and keep up the supply at the Nordic level.

The choice fell on Proffice. Along with Proffice, Eniro set up a new process for recruiting salespeople through which the methodology could be quality-assured and the work could be rooted locally to a greater extent.

The candidates' first contact when applying for jobs at Eniro is Proffice's central sourcing team in Stockholm. The sourcing team advertises and conducts an initial telephone interview with those who meet the requirements Eniro has set for the position. Those who are being considered for the position will meet one of Proffice's recruiters at the location where the position is available. Then Eniro meets the final candidates. This ensures that all candidates that go on in the recruitment process, regardless of work location, meet the requirements of the established job profile, which has led to reduced staff turnover.

Checking references is an important part of the process. Proffice is responsible for that when Eniro decides with whom they want to continue. Throughout the process, Proffice is there as a qualified sounding board and supporter to the hiring manager.

By partnering with Proffice, we now have a professional recruitment process that is conducted in the local market in which we in the Group operate. This has resulted in a lower employee turnover rate and is very supportive of our managers in their efforts to develop our business.

Johan Lindgren, CEO of Eniro AB

Photo: Eniro AB

Our offer: outplacement

Anyone faced with new circumstances in their career may need help realizing and understanding the consequences, but also feeling motivated to set and achieve new goals. Our company Antenn operates in Sweden and supports both individuals and businesses with outplacement using proven models and methods. What these have in common is that they are based on ethics and that the individual's value is strongly associated with efficiency and profitability.

Since Antenn was founded in 1991, 60,000 participants have received help in creating their new careers. In fact, the methods are so effective that 90 per cent of participants who actively look for a new job find one within six months.

Outplacement accounted for **2 per cent** of Proffice's operations in 2013. During the year Antenn implemented about 4,000 programs.

CASE STUDY

Veolia Transport

The bus contract for Veolia Transport in Växjö expired in June 2013 and 131 bus drivers were left without jobs. Antenn was commissioned to provide these persons outplacement support via the Employment Security Fund.

Antenn's program involved 125 persons and led to efforts at both group and individual levels at bus depots throughout the county. Of the drivers who completed the program, 97 per cent got a new job.

Our candidate offer: your opportunity maximizer

Proffice offers opportunities for improvement in all stages of working life. For example:

Extra work
Work while you study. Make money while you gain experience and build your CV.

First job
Are you ready for your first job? Let Proffice be the springboard to your working life.

Career advisers
Time to take the next step, but don't know how or where you want go? Welcome to Proffice! We can help with new influences and inspiration.

Relocate within the Nordics
Do you want or need to move? Proffice is active throughout the Nordics. We help you find the perfect job, in Helsinki or Helsingborg.

Next career move
We help you find your next challenge when you have worked for a while but want to take the next step.

CV service
Is your CV not turning heads? Our experienced recruiters will help you improve how you present your skills and merits.

Job rotation
Improve yourself and raise your own skill level by switching industries, workplace, and tasks.

Specialist
Have you become a specialist within your field? We have specialist companies in many interesting sectors that offer you opportunities to continue to improve.

Back to work after parental leave
Proffice can help you get started again after parental leave. Either full-time or part-time.

Switch industries
Have you found the right position but want to try a new industry? We help you find new perspective in an industry that suits you.

Coaching
We offer tested, effective outplacement programs. Our job coaches help you take the next step.

Subcontractor
Are you self-employed? Do you spend time on time-consuming administration or selling yourself? Work as a subcontractor at Proffice and focus on what you do best.

Executive
Proffice offers solutions both for those looking for a new management position, or who want to work with a variety of assignments for a limited time.

Senior consultant
Shouldn't you stop working soon? If you get that question, you're the right person for us. We are looking for people who love to work and want to continue even past the age of 60.

Sustainable working life – sustainable society

Sustainability
We want to take social responsibility and contribute to a sustainable working life by being involved in important social issues. As of 2013, Proffice's sustainability report complies with the Global Reporting Initiative. Therefore, 2013 will be considered year zero, in which some measurements will begin.

Proffice's business concept is to enable people and businesses to improve by being a passionate, attentive, solution-oriented staffing company. To live up to our customers' and candidates' high expectations and to ensure good profitability, Proffice works systematically with quality control and continuous improvement. We are ISO 9001 (quality management) and ISO 14001 (environment) certified. This report covers areas in which we can create a sustainable working life and a sustainable society.

Proffice's stakeholders
Proffice's stakeholders are those that we believe affect or are affected most by our business. Identifying them is part of our business processes.

Stakeholder group	Examples of issues
Employees - consultants - office employees	Values, skills development, employment
Candidates	Attractive employer
Customers	Customer satisfaction
Shareholders	Grow, profitability, sustainability
Banks	Profitability
Suppliers	Supplier issues, contract issues, environment
Trade union parties	Collective agreements
Politicians	Job opportunities, sustainable working life
Society/government/public sector	Sustainability, following laws

WORKING CONDITIONS

Notice period

Sweden	Norway	Finland	Denmark
Negotiations should be held with our union partners within 2–3 weeks of the notice of significant changes in the business.	The main employee representative and the Work Environment Authority should be notified in advance of major changes in the business.	The notice process begins with a notice period of five days, followed by a negotiation period of two weeks (six weeks if the notice involves more than 20 persons). Then a new notice period of two weeks prior to termination is enforced. Information about the process should also be provided to the proper government agency and the union.	For major lay-offs, negotiations with employees or their representatives should be held before the lay-offs. After final negotiations, the minimum notice period is about 30 days before enforcement.

Notice periods and rules applying to them are determined by law (the Co-determination Act) and by the collective agreements Proffice follows. In Norway we follow applicable legislation, which means that the main employee representative and the Work Environment Authority should be informed as soon as possible in advance of major changes in the business.

Collective agreements
Within the Group, about 85 per cent of the workforce is covered by collective agreements. Employees in Norway are not covered by collective agreements.

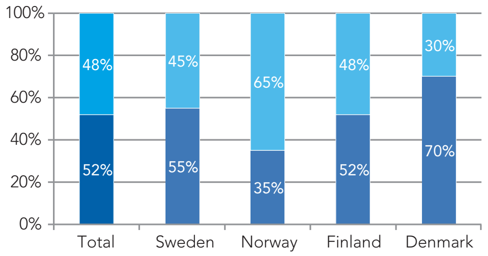
Health and safety
In Sweden, most issues concerning health and safety at work are regulated by laws, such as the Work Environment Act and the Working Hours Act. These are complemented by collective agreements on working hours and working environment that are concluded by parties to the labour market and thus are binding for Proffice. In addition, there are collective insurance policies that ensure our employees are insured against occupational injury or illness.

In Norway, health and safety issues related to work are regulated by Arbetsmiljøloven. In Finland and Denmark, matters relating to health and safety at work are regulated by law (Arbetskyddslagen and Arbetstidslagen in Finland and Arbetsmiljøloven in Denmark) and by collective agreements with the trade unions to which our businesses are subject.

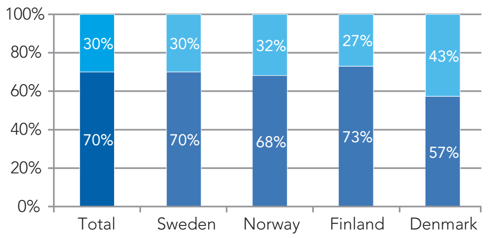
Training and skills development
Regular evaluation and monitoring of performance and career development is conducted for an average of 80 per cent of our employees. There is no difference between men and women.

Training in things such as labour law, interviewing techniques, diversity, and equality are offered to office workers. In different parts of the Group, training is offered in things such as interviewing and Microsoft Office to consultants between assignments, and seminars and online courses where the selection depends on the profession.

Gender distribution, consultants

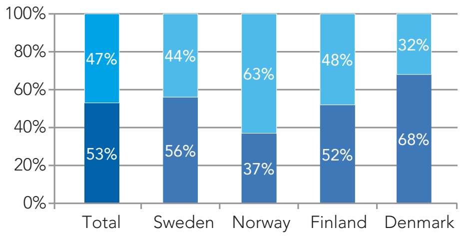


Gender distribution, office workers



Women Men

Gender distribution, all employees



Diversity and equality

The Proffice Group's Board has eight members, including two employee representatives. Gender distribution is even, with 50 per cent men and 50 per cent women. Of the highest ranking managers, 38 per cent are men and 62 per cent are women.

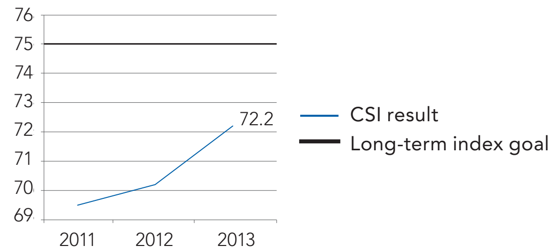
Within the Group, we have 63 per cent salaried employees and 37 percent wage earners. Fifty-eight per cent are 29 or younger, and four per cent are 55 or older.

In Sweden it is illegal to register minority groups. It is also not something that is relevant to Proffice's business; we recruit on the basis of skills. Therefore, it is not reported not here.

PRODUCT LIABILITY

Customer satisfaction and customer service

Customer satisfaction index (CSI) surveys are conducted once or twice a year. The latest CSI survey was conducted in spring 2013. Before that, the latest survey was conducted in autumn 2012. We will increase our CSI by at least one point per year. The long-term objective index is 75 and that no team should have an index below 65. The Group's CSI for 2013 was at an all time high: 72.2.



HUMAN RIGHTS

Discrimination

Proffice works actively to combat discrimination and has a clear policy against discrimination and victimization. Discrimination means unfair or abusive treatment because of gender, sexual orientation, gender identity or expression, ethnicity, religion or other belief, disability, or age. In 2013 there were no reported cases of discrimination.

During the year, we introduced a new in-house training program in diversity, primarily for employees who work with recruitment, either for Proffice or for customers.

Freedom of association and right to collective bargaining

For Proffice, the right to bargain collectively is an important issue. In 2013, we received no indication that freedom of association or the right to collective bargaining had been violated in any operations or with any significant suppliers. They are committed by signing a commercial agreement to follow Proffice's Code of Conduct, which means that no one may be discriminated against because of union affiliation.

THE ORGANIZATION'S ROLE IN SOCIETY

Social responsibility and lobbying

We give people and companies a chance to improve by being a passionate, attentive, and solution-oriented staffing company. Everything we do builds on this idea. The Proffice Group works with organizations and participate in networks that focus on social responsibility. This means that we focus on workers' rights like combating discrimination and promoting diversity and equality.

In addition, Proffice participates in several local projects on diversity and a sustainable working life.
In the autumn, a "mini Almedalen" was held at Proffice's headquarters, where a number of politicians, union representatives, and customers met and discussed how together we can create a sustainable working life.

Proffice's Public Affairs is one of 11 members of the Swedish Government Delegation for Gender Equality in the Workplace. The task is to promote equality in the workplace. Proffice was also represented during the year on the steering committee for Theme Equality, which is mandated by the European Social Fund to combat exclusion and promote skills development.

ECONOMIC RESPONSIBILITY

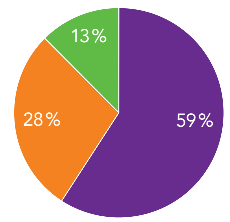
Proffice's financial focus should be on areas where competitive advantage and sustainable profitability can be achieved. To safeguard the business and our relationship with our stakeholders, Proffice's operations must generate an economic surplus. The following table shows how we have generated and distributed economic value in the past year.

SEK million	Stakeholder	2013
Directly generated economic value		
Revenue	Customer	4,321
	Banks	3
	Created direct economic value	4,324
Distributed economic value		
Operating expenses	Suppliers	-600
Salaries and employee benefits	Employees	-3,582
Payments to financiers	Shareholders/Financiers	-26
Payments to public sector	Public sector	-19
Sweden		-8
Norway		-10
Finland		-1
Denmark		–
Societal investments	Society	–
	Retained economic value	97

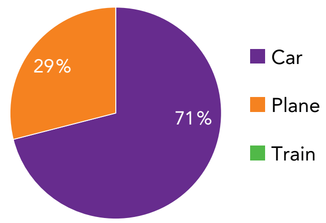
ENVIRONMENTAL RESPONSIBILITY

As a service company, Proffice has a small environmental footprint. Proffice's greatest environmental impact is emissions from travel, where travel by car accounted for 71 per cent of total carbon dioxide emissions of just over 885 tons in 2013. Travelling by car is often a necessity for our employees to get to and from assignments and customers outside the metropolitan regions. Carbon dioxide emissions also come from travel by air and rail as well as electricity consumption in the offices. When we can determine the energy supplier, 100 per cent renewable electricity in the form of hydroelectric power is used. In 2013 we consumed 3,000 GJ of electricity in our offices.

Percentage share of travel measured in kilometres in 2013



Percentage share of Proffice's carbon dioxide emissions in 2013



ISO 14001:2004 certified

Sweden

Proffice AB
Proffice Sverige AB
Proffice Industrial & Logistics AB
Proffice Logistics Solutions AB
Proffice Care AB
Proffice Care Läkarbemanning AB

Norway

Proffice AS
Proffice Care AS
Dfind Engineering AS

Proffice's 2013 environmental targets

Reduce number of flights in the Group by at least 10% in relation to number of employees

Result in 2013: decreased 21%

Ensure that we have 100% renewable electricity where we have our own agreements

Result in 2013: 100%

Reduce paper consumption by at least 10% in relation to number of employees

Result in 2013: increased 1%

The result was negatively affected by our taking back a number of administrative functions that were previously handled by an external supplier. How can we improve the result? "Follow me print", a solution for which a login on the printer is required to get the printouts, was introduced in 2013 to the offices in Stockholm, Malmö, Gothenburg, and Oslo.

Proffice's sustainability efforts

This sustainability report, according to the Global Reporting Initiative guidelines for sustainability accounting, concerns Proffice companies in the Nordics, unless otherwise specified, and covers the 2013 calendar year. The following table indicates what is reported and where the information is located. The basis of the accounting is our business processes.

Materiality was assessed based on which stakeholders are affected by them. Proffice's assessment is that the sustainability report meets the disclosure requirements for Level C according to G3.1. The information was not reviewed by an external party. The contact for sustainability reporting is Proffice's Communications Director, info@proffice.com.

Strategy and profile			
Disclosure/ indicator	Description	Page reference annual report	Comment
Strategy and analysis			
1.1	Statement from the most senior decision-maker (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	6–7	
Organizational profile			
2.1	Organization's name	35	
2.2	Primary brands, products, or services.	14–17, 35	
2.3	Organizational structure, entities, business areas, subsidiaries, and joint ventures	25–61	
2.4	Location of organization's headquarters.	35, 70	
2.5	Number of countries in which the organization operates.	10, 11, 35, 52	
2.6	Ownership structure and corporate form.	25, 36, 38	
2.7	Markets served.	10, 11, 35, 52	
2.8	Size of reporting organization.	35–37	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	35–37	
2.10	Honours and awards received in the reporting period.	5, 35	Dfind Finance was awarded CFO World's Recruitment Company of the Year. Board member Cecilia Daun Wennborg won the Gabrielsen Award. Proffice came in eighth on AllBright's White List.
Information on reporting			
3.1	Reporting period for information provided.	35	Calendar year.
3.2	Date of publication of the latest annual report.	70	This is the first year (2013) that Proffice submits a GRI report.
3.3	Reporting cycle.	35	Annual.
3.4	Contact for the report or its contents.	22	
3.5	Process for defining report content.	19	
3.6	Delimitation of the report.	19, 22	
3.7	Specific limitations on the scope or delimitation of the report	22	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other activities that can significantly affect comparability from period to period and/or organizations.	22	All subsidiaries are included in the report.
3.10	Explanation of change in information previously provided.	N/A	This is the first year (2013) that Proffice submits a GRI report.
3.11	Material changes.	N/A	This is the first year (2013) that Proffice submits a GRI report.
3.12	Table of contents	22	

Disclosure/ indicator	Description	Page reference annual report	Comment
Governance, obligations, and stakeholder relationships			
4.1	Corporate governance.	23–32	
4.2	Chairman of the Board's position.	26–29	
4.3	Number of independent, non-executive board members.	28–29	
4.4	Mechanisms for shareholders and employees to provide recommendations.	25, 30–31	
4.14	Stakeholders in the organization.	19	
4.15	Basis for identification and selection of stakeholders.	19, 22	
Economic responsibility			
EC1	Direct economic value.	21	
Environmental responsibility			
EN4	Indirect energy consumption by primary source.	21	
EN17	Other relevant indirect greenhouse gas emissions by weight.	21	
Human rights			
HR4	Number of incidents of discrimination and corrective measures.	20	
HR5	Freedom of association and right to collective bargaining.	20	
Working conditions			
LA4	Percentage of employees covered by collective bargaining agreements.	19	
LA5	Minimum notice period regarding significant operational changes, including whether it is specified in collective agreements.	19	Presented by country.
LA9	Health and safety issues covered by formal agreements with trade unions.	19	
LA12	Regular evaluation and monitoring of employee performance and career development.	19	
LA13	Composition of Board of Directors, management, and employees.	20, 26, 28–30, 36, 54–55, 68	Minority groups are not reported.
Product liability			
PR5	Practices related to customer satisfaction, including results of surveys.	20	
The organization's role in society			
SO5	Public policy positions and participation in public policy development and lobbying.	20	

Corporate governance report: Contents

CHAIRMAN OF THE BOARD'S STATEMENT

Dear shareholders,
A successful business relies on the commitment of its employees and management as well as its board. Through dedicated efforts throughout Proffice's organization, both large and small, we create a good business for employees, society, and our owners. It also means that we managed to deal with this year's challenges, such as a hesitant market and the introduction of new EU staffing directives.

Strategy
The staffing industry is a people business. It is a fast-moving industry marked by intense competition. That Proffice has been operating for more than 50 years in the Nordic market is no accident, but rather the result of a strategy consisting of a few key building blocks:

1. Speed. Being able to quickly adapt to prevailing economic conditions is essential to success and endurance in the staffing industry.

2. Entrepreneurial management. A market in which the map is constantly being redrawn requires management that is driven to find new ways of doing things. We work actively to recruit leaders who dare to be innovative.

3. Sales. We are a sales-driven organization that keeps in close contact with our customers in order to get to know them better and offer innovative solutions.

4. Specialisation. Business is not done between companies. Business is done between people. If they speak the same language and understand each other's needs, both sellers and buyers win. By specializing in a number of industries and areas of expertise, customers and candidates can encounter specialists who understand their particular needs.

5. Efficient processes. Our processes set the framework for everything we do. We work continuously on becoming a little better according to our motto: Keep Improving.

Proffice's corporate governance
The Board must preserve the great trust given to it by the owners. Based on our expertise and knowledge of the market, it is the Board's role to make way for that which is of strategic importance, while ensuring that daily operations have the right people, tools, and procedures in place.

Three new board members were appointed in 2013, of which one is an employee representative. In addition to the Board's customary committee work, our newly formed IT Committee dealt with the issue of development responsibility for the ERP system, which was taken over from the supplier at the end of the year. The annual board evaluation reaffirmed a positive climate of cooperation and a major commitment to the company's development.

Lars Kry, Proffice's president and CEO since 2008, chose to leave the company in 2013. Consequently, recruitment of a new CEO was a major issue for the Board. Henrik Höjsgaard took over as CEO 1 January 2014. All Board members agree that Henrik, with his strong leadership skills and strategic thinking, is the right person to lead Proffice into the future.

Financing and cash flow
Another important issue for both the Board and company management is cash flow. Thanks to the dedication of our employees combined with more efficient processes, cash flow improved steadily throughout the year. Consequently, the company once again has a strong balance sheet with low debt and strong financial solidity.

The goal of the Board is that dividends should be at least 50 per cent of consolidated earnings after tax on average over time. Our aim is to maintain long-term, stable growth. For fiscal year 2013, the Board proposes a dividend to shareholders of SEK 0.60 per share.

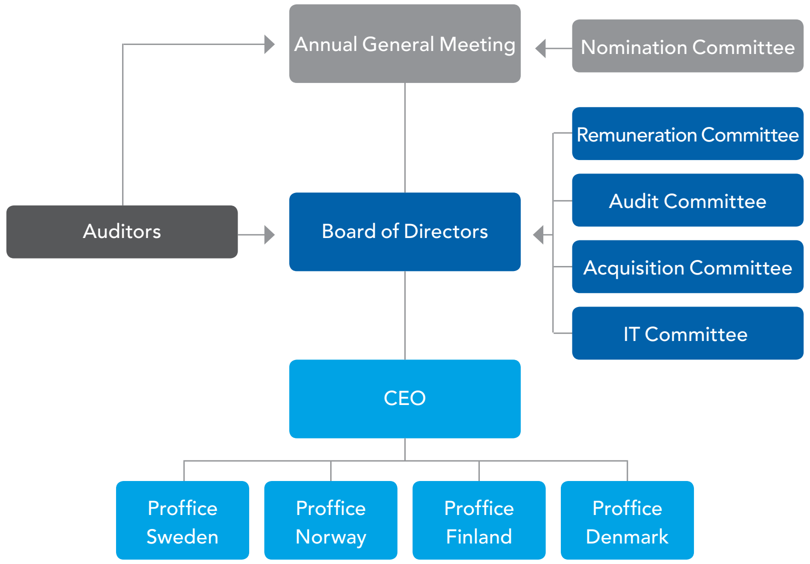
As I step down as chairman of Proffice's Board, I look back on a time with committed, competent, innovative colleagues on the Board as well as in the rest of the company. It was a period in which we succeeded in more than doubling sales, generated profitability, and created many jobs, regardless of the economy. Our focus is always on skills and offering new opportunities, even for those who are furthest from the labour market: young people, the long-term unemployed, and persons of foreign descent. The staffing industry is an important player for individuals, businesses, and society at large.

On behalf of the Board of Directors, I would like to thank our customers and shareholders for the confidence they have shown in us. A big thank you to all the enthusiastic employees of the Proffice Group as well. You make a difference!

Stockholm, April 2014

Lars Murman
Chairman of the Board

GOVERNANCE MODEL



MAJOR EXTERNAL REGULATIONS
- Swedish Companies Act
- NASDAQ'S OMX Regulations for Issuers
- Swedish Code of Corporate Governance

MAJOR INTERNAL REGULATIONS AND DIRECTIVES
- Business concept and goals
- Articles of Association
- The Board's rules of procedure
- CEO instructions
- Strategies
- Policies
- Code of conduct

Governance, management, and control of Proffice is distributed among the AGM, Board, CEO, and auditors under the Swedish Companies Act, the Swedish Code of Corporate Governance, and the Articles of Association.

CORPORATE GOVERNANCE 2013

Proffice's corporate governance concerns how the business is governed, managed, and controlled with the objective of creating value for Proffice's owners and other stakeholders.

The basis for Proffice's corporate governance is internal as well as external regulations and directives. The external directives that form the framework for Proffice's corporate governance are the Swedish Companies Act, the Swedish Annual Accounts Act, other relevant laws and regulations, NASDAQ OMX Stockholm's Rules for Issuers, and the Swedish Code of Corporate Governance (the Code). The principal internal control tools are the Articles of Association, which are established by the shareholders at the AGM. There are also the Board's Rules of Procedure, its instructions to the CEO, and Board-approved policies, guidelines, and instructions with binding rules for the entire Group.

Proffice applies the Code, and in the 2013 financial year, Proffice applied the Code without exception.

SHAREHOLDERS

Proffice's share has been quoted on the NASDAQ OMX in Stockholm, Mid Cap, since October 1999. The number of shares outstanding amounted to 68,677,773 of which 66,677,773 are class B shares. In 2013, 2,000,000 A shares were converted to 2,000,000 B shares. Each A share carries ten voting rights and each B share carries one vote. The total number of voting rights therefore decreased from 104,677,773 to 86,677,773, of which 20,000,000 are A-shares and 66,677,773 are B shares.

The number of shareholders at year-end was 4,367 (4,384).

For further information about the share and shareholders, see page 38 of the Annual Report and the company website.

Proffice's dividend policy states that at least 50 per cent of the Group's net profit after tax is to be distributed to shareholders.

These shareholders have direct or indirect shareholdings in the company that represent at least one-tenth of the votes for all Proffice shares as at 31 December 2013:

SHAREHOLDERS	A shares	B shares	Amount of capital, %	Number of votes, %*
CapMan Public Market Investment	2,000,000	3,803,588	8.45	27.60
Swedbank Robur Funds	0	11,235,058	16.36	13.03
Nordea Investment Funds	0	9,930,952	14.46	11.52

*Votes are adjusted for the Parent Company's treasury share holdings, 438,919 B shares

ANNUAL GENERAL MEETING

Shareholders may exercise their influence at the annual general meeting (AGM), which is the company's supreme governing body. The AGM is planned and held in such a way that shareholders are best able to exercise their influence on the company. The notice of meeting and other documents must be formed such that shareholders are able to exercise their influence and make well-founded decisions on issues raised during the AGM.

Proffice works actively with its website to make accurate, clear, relevant information available to shareholders and other stakeholders.

For the convenience of foreign shareholders, documents from the AGM are translated into English.

AGM 2013
The 2013 AGM was held at 3 pm on 23 April 2013 at Proffice headquarters, Regeringsgatan 65 in Stockholm. Shareholders representing about 73 per cent of the votes or about 59 per cent of the share capital attended the meeting. The meeting was also attended by the Board, members of Group management, and the auditor.

Shareholders at the 2013 AGM approved the Board's proposal for a dividend of SEK 0.30 per share for fiscal 2012.

In accordance with the Nomination Committee's proposal, the AGM also resolved that the Proffice Board would continue to consist of six members with no alternates. In line with the Nomination Committee's proposal, it was resolved at the AGM to re-elect Board members Karin Eliasson, Cecilia Daun Wennborg, Lars Murman, and Karl Åberg, and to newly elect Lars Johansson and Susanna Marcus. It was also resolved to re-elect Lars Murman as board chairman.

The fees payable to the Board were also determined at the AGM as follows:

- SEK 500,000 to the chairman
- SEK 250,000 to each of the other board members

In addition, remuneration for committee work will be as follows: SEK 70,000 to Cecilia Daun Wennborg, SEK 40,000 to Karin Eliasson, SEK 15,000 to Karl Åberg, SEK 15,000 to Susanna Marcus, and SEK 15,000 to Lars Johansson.

Also resolved at the AGM was approval of the Board's proposal on remuneration guidelines for senior executives, as well as authorizing the Board to make decisions on new share issues when necessary to undertake or finance acquisition of whole or parts of other companies or businesses, authorizing the Board to make decisions on acquisitions, and authorizing the Board to make decisions on the transfer of treasury shares in conjunction with acquisitions.

The 2014 AGM will be held at Proffice headquarters, Regeringsgatan 65 in Stockholm, on 22 May 2014 at 3 pm. Further details can be found on Proffice's website.

NOMINATION COMMITTEE

The Nomination Committee's tasks are to present proposals to the AGM on the number of board members, prospective board members, a prospective board chairman and AGM chairman, and, where appropriate, propose changes to nomination committee instructions. The Nomination Committee is also tasked, as appropriate, to propose auditors and auditors' fees.

According to the principles for appointment of the Nomination Committee that were adopted at the 2012 AGM and that are valid until further notice, the Board Chairman requests that the five largest shareholders make appointments to the Nomination Committee for the next AGM. The Nomination Committee chairman is to be the member who represents the shareholder with the most votes. Joakim Rubin was appointed chairman of the Nomination Committee.

A Nomination Committee was appointed for the 2014 AGM based on Proffice's ownership situation as of 30 September 2013. Subsequently, the composition of the Nomination Committee changed due to changes in ownership and in the number of shares and votes. See the press releases about the Nomination Committee on Proffice's website for more information.

Based on the ownership structure as of 6 December 2013, the Nomination Committee consists of:

- Joakim Rubin (chairman), appointed by CapMan Public Market Investment (24.88% of votes)
- Marianne Flink, appointed by Swedbank Robur Fonder (11.80% of votes)
- Jan Särlvik, appointed by Nordea Investment Funds (10.38% of votes)
- Frank Larsson, appointed by Handelsbanken Fonder AB (6.13% of votes)
- Hans Hedström, appointed by Carnegie Fonder (3.30% of votes)

The Nomination Committee has evaluated the Board's work, competence, composition, and the independence of its members. This evaluation forms the basis for the Nomination Committee's work along with the requirements of the Code and Proffice's company-specific needs.

The Nomination Committee's proposals are presented in the notice for the 2014 AGM and on Proffice's website.

The members receive no remuneration for their work on the Nomination Committee.

BOARD OF DIRECTORS

The Board is responsible for Proffice's organization and administration. The Board is also responsible for managing the company's operations, including increasing shareholder value and looking after Proffice's interests.

In accordance with the Code, the Board's tasks include:

- Establishing operational goals and strategies
- Ensuring that there are effective systems for monitoring and controlling the company's operations
- Ensuring that there is adequate control of the company's compliance with laws and regulations that apply to the company's operations
- Ensuring that the necessary ethical guidelines for the company's conduct are in place
- Ensuring that the company's disclosures are transparent, accurate, relevant, and reliable
- Appointing, evaluating, and if necessary, dismissing the CEO

An important governing document for the Board is its rules of procedure, which are determined annually at the statutory meeting. At the statutory meeting, the Board also passes resolutions on allocating areas of responsibility within the Board and signatory power. In 2013, the Board adopted rules of procedure, including instructions for division of duties between the Board and CEO, and for financial reporting, rules of procedure for the Audit, Remuneration, Acquisition, and IT Committees, and delegation of authority.

The Board and all committees take minutes at their meetings, and all minutes are made available to the Board and auditor.

The Board's composition

The Board's size and composition should ensure its ability to manage company matters with integrity and efficiency. According to Proffice's Articles of Association, the Board shall consist of at least three and no more than eight members, besides the employee representatives.

Proffice's board in 2013 consisted of six members, each of which has essential skills and experience in areas such as service companies, finance, selling and marketing of services, and broad knowledge of staffing and consulting companies.

As of the 2013 AGM, the Board consisted of Chairman Lars Murman, other board members Karin Eliasson, Cecilia Daun Wennborg, Karl Åberg, Lars Johansson, and Susanna Marcus, and employee representatives Sylvia Kristensen and Magnus Bergström. Proffice's CEO is an additional member of the Board. The company's CFO is Board secretary.

The Board currently has established four committees: the Remuneration, Audit, Acquisition, and IT Committees.

The Board's independence

All Board members elected at the AGM are independent of the company and its management. As of the 2013 AGM, all Board members except Karl Åberg are also independent relative to the company's largest shareholders. Pages 28-29 show which board members elected by the AGM are considered by the Code to be independent in relation to the company and management, as well as in relation to the company's major shareholders.

The Board's work during the year

As per the Board's rules of procedure, at least four normal meetings are held per year in addition to the statutory meeting. The Board may also meet when circumstances demand. In 2013, the Board held 17 meetings, of which 1 statutory meeting, 10 normal meetings, and 6 extra meetings. All the meetings were held in Stockholm.

The Board dealt with regular items that arose at each board meeting such as market conditions, business plans, financial reporting, ongoing projects, and significant investments. Other issues discussed by the Board during the year were strategy and market trends. Issues discussed at selected Board meetings also included annual accounts, interim reports, and budgets. Current litigation and regulatory compliance issues are presented regularly.

At the board meetings in February and November, observations concerning the financial audit were presented. For most of the third quarter, the Board worked on recruitment of a new CEO. In addition, the Board meets with Proffice's auditor at least once annually without the presence of the CEO or other Group management.

Other things the Board worked on during the year are presented on the next page.

BOARD ISSUES AND BUSINESS IN 2013
A SUMMARY

JANUARY
- Reporting and updating concerning the action plan

FEBRUARY
- Approval of 2012 year-end report and press release
- Reporting and updating concerning Norway operating segment
- Revised budget for the 2013 financial year
- Approval of new financing structure

MARCH
- Approval of 2012 annual report
- Approval of Corporate Governance Report
- Notice of annual general meeting
- Decision on new management structure
- Reporting of vision 2016

APRIL (statutory, contextual, etc.)
- Authorization to sign for the company
- Election of members to board committees
- Adoption of the Board's rules of procedure
- Adoption of rules of procedure for the Audit, Remuneration, and Acquisition Committees
- Adoption of info, whistler blower, and insider trading policies

MAY
- Approval of Q1 interim report and press release
- Reporting and updating concerning specialization unit Industry & Logistics

AUGUST
- Approval of Q2 interim report and press release
- Press release on CEO's resignation
- Reporting and updating concerning specialization unit Aviation
- Approval of updated finance policy
- Establishment of focus areas for 2014

OCTOBER
- Approval of IT investments
- Decisions regarding appointment of new president and CEO

NOVEMBER
- Approval of Q3 interim report and press release
- Reporting and updating concerning specialization unit Finance and Executive
- Report from the auditors
- Review of the Group's talent management process
- Decision on conversion of shares under the Articles of Association

DECEMBER
- Budget for the 2014 financial year
- Review of the Group's strategy
- Evaluation of the Board
- Proposal to the Nomination Committee regarding auditors
- Decision on conversion of shares under the Articles of Association

Remuneration Committee

The Remuneration Committee is responsible for preparing the Board's decisions on remuneration policies, remuneration, and other employment terms for Group management and other senior executives.

The committee monitored and evaluated ongoing and completed programs for variable remuneration of Group management and other senior executives. The committee also monitored and evaluated application of the guidelines for remuneration of senior executives that the AGM is required by law to resolve, along with current remuneration structures and levels in the company. The Remuneration Committee determined the salaries and other remuneration of Group management and senior executives, excluding the CEO, in accordance with approved guidelines. Decisions on the CEO's salary and remuneration were made by the Board.

The committee held nine regular meetings in 2013.

Since the AGM on 23 April 2013, the Remuneration Committee has consisted of Board Chairman Lars Murman (committee chair), Karin Eliasson, and Susanna Marcus. Proffice's CEO participates on the committee except when it is discussing the CEO's remuneration. Proffice's HR director normally acts as secretary.

Audit Committee

The Audit Committee's tasks include monitoring the company's financial statements, which has included monitoring auditing procedures and the efficacy of the internal control of financial statements.

The Audit Committee met regularly with Proffice's auditors, staying informed about the direction and extent of the auditing. The committee also evaluated the auditor's work and scope and discussed with the auditor the risks faced by Proffice as relates to the financial statements.

The committee informed Proffice's Nomination Committee of the results of its evaluation and auditing work.

The Audit Committee shall hold at least three meetings per year. The Committee held seven regular meetings in 2013.

As per the Companies Act and the Code, Audit Committee members may not be employees of the company, the majority of Committee members must be independent of the company and its management, at least one of the members who is independent of the company and its management must also be independent in relation to major shareholders, and at least one of the independent members must have accounting or auditing expertise.

Appointed to the Audit Committee by the Board were Board Chairman Lars Murman, board member and specialist Cecilia Daun Wennborg (committee chair), and board member Karl Åberg. Proffice's CEO, financial director, CFO, and the company's auditor attend the meetings.

Acquisition Committee

The Board appointed an Acquisition Committee consisting of Board Chairman Lars Murman (committee chair), member Karl Åberg, and employee representative Sylvia Kristensen.

The main task of the Acquisition Committee is to prepare decisions on potential acquisitions for the Board.

Proffice's CEO participates in Acquisition Committee meetings.

The committee did not hold any meetings in 2013.

IT Committee

As of April 2013, the Board appointed an IT Committee consisting of Karl Åberg (committee chair) and members Lars Murman and Lars Johansson.

The committee held three meetings in 2013.

The IT Committee's main task is to act as a preparatory function and suggest decisions to be made in the IT area to the Board.

Proffice's CEO, CIO, and financial director attend IT Committee meetings.

Evaluation of the Board's work

Proffice AB's board is to be evaluated annually using a structured process. The purpose of the evaluation is to take note of the opinions of board members on the Board's performance and to get an idea of what steps can be taken to improve, develop, and streamline its work. This is also an important basis for the Nomination Committee's work for the next AGM.

In 2013, the Board evaluation process was conducted with the help of a questionnaire filled out by board members, including employee representatives. The evaluation results were then presented in full to the Board. The evaluation indicated a very good working relationship. In accordance with the Code, the evaluation results were also presented to the Nomination Committee. The Nomination Committee also interviewed individual board members.

BOARD MEMBERS

LARS MURMAN
Chairman of the Board
Elected 2006

Born: 1957
Profession: Investor and entrepreneur
Education: MS in Business and Economics
Other boards: Chairman of 2Secure AB and Semantix AB
Work experience:
Nordic Manager Manpower

CECILIA DAUN WENNBORG
Elected 2010

Born: 1963
Profession: Self-employed
Education: MS in Business and Economics
Other boards:
ICA Gruppen AB, Getinge AB, Loomis AB, Eniro AB, Ikano Bank AB, AB Svensk Bilprovning, Carnegie Fonder AB, Sophiahemmet
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

KARIN ELIASSON
Elected 2004

Born: 1961
Profession: HR Director TeliaSonera
Education: BA in Personnel and Organisational Issues
Other boards:
Pensionsgaranti PRI
Work experience:
HR Manager Stora Enso, CEO Novare, HR Director SCA Group

LARS JOHANSSON
Elected 2013

Born: 1959
Profession: CFO Swedavia
Education: MS in Business and Economics
Other boards:
Board member at Bonnier Solutions AB
Work experience:
CFO/COO TV4 AB, Interim CEO, Deputy CEO/COO and CFO Orc Software AB, partner and associate TIME Ventures AB, Financial Director Assi-Domän Packaging AB, Finance Manager AssiDomän AB and SpectraPhysics AB, Deputy Group Treasurer AGA AB

SUSANNA MARCUS
Elected 2013

Born: 1965
Profession: Self-employed
Work experience:
President and CEO JB Education AB, CEO Poolia Sverige AB, CEO and Sales Manager Poolia Sverige Teknik AB, CEO ICL AB (later Fujitsu Services AB)

KARL ÅBERG
Elected 2012

Born: 1979
Profession: Partner at private equity company CapMan, partner at Zeres Capital Partners
Education: MS in Business and Economics
Work experience:
Previously employed at Handelsbanken Corporate Finance

SYLVIA KRISTENSEN
Employee representative, appointed by Unionen
Elected 1999

Born: 1948

MAGNUS BERGSTRÖM
Employee representative, appointed by Unionen
Elected 18 February 2013

Born: 1976

NAME	NATIONALITY	OWN AND RELATED PARTY SHAREHOLDINGS	INDEPENDENT OF COMPANY/MANAGEMENT	INDEPENDENT OF MAJOR SHAREHOLDERS	REMUNERATION	ATTENDANCE, BOARD MEETINGS	ATTENDANCE, REMUNERATION COMMITTEE	ATTENDANCE, AUDIT COMMITTEE	ATTENDANCE, IT COMMITTEE
LARS MURMAN	Swedish	1,000,000 B shares*	Yes	Yes	SEK 500,000	16/17	9/9	6/7	2/3
CECILIA DAUN WENNBORG	Swedish	4,500 B shares	Yes	Yes	SEK 320,000	16/17		7/7	
KARIN ELIASSON	Swedish	3,200 B shares	Yes	Yes	SEK 290,000	16/17	9/9		
LARS JOHANSSON	Swedish	10,000 B shares	Yes	Yes	SEK 176,667	13/17 (elected at 2013 AGM)			2/3 (elected at 2013 AGM)
SUSANNA MARCUS	Swedish	3,500 B shares	Yes	Yes	SEK 176,667	13/17 (elected at 2013 AGM)	6/9 (elected at 2013 AGM)		
KARL ÅBERG	Swedish	No holdings	Yes	No, dependent as majority owner	SEK 260,000	17/17	3/3 (as of May 2013)	4/4 (as of May 2013)	3/3 (as of May 2013)
SYLVIA KRISTENSEN	Swedish	No holdings	No, dependent as company employee	Yes		14/17			
MAGNUS BERGSTRÖM	Swedish	No holdings	No, dependent as company employee	Yes		16/17 (as of February 2013)			

*Divested 13 January 2014

CEO AND MANAGEMENT

Chief Executive Officer
The president and CEO is appointed by the Board and is responsible for operating activities in accordance with the Board's guidelines and instructions. This means being responsible for financial reporting, preparation of informational and decision-making documentation, and ensuring that obligations, contracts, and other legal documents comply with Swedish or foreign laws and statutes.

Lars Kry was president and CEO of Proffice AB since November 2008. He left his post on 31 December 2013 and was replaced by Henrik Höjsgaard, who took over on 1 January 2014.

Lars Kry held 100,000 Proffice B shares as of 31 December 2013.

Henrik Höjsgaard was born in 1965 in Denmark and was educated at Nils Brock Handelshögskola (Copenhagen Business College). He started as CEO of Postnord Logistics in 2007 after a long international career. He also worked as CEO of Keolis Nordic AB and has held various management roles in Sweden and Denmark in the transport and logistics sector, including CEO of TNT International Express AB. Henrik Höjsgaard held no Proffice shares at 31 December 2013. He acquired 10,000 Proffice B shares on 17 January 2014.

Group management's composition and duties
Since 1 April 2013, Proffice's Group management consists of four positions: president and CEO, CFO, commercial director, and director of Norway, Finland, and Denmark. During the year, the CEO served as acting director for Sweden.

Group management holds monthly meetings to discuss current issues and longer annual strategy meetings.

Proffice has a decentralized organization based on its specialization strategy. The head of each specialized unit in each country reports to the head of that country, who is also that subsidiary's board chairman.

An annual business plan is first worked out in the specialized units and then in Group management. The business plan is presented to Proffice's board at the end of the year. Consequently, the business plans involve employees at multiple levels within the Group. The business plan is revised two to four times a year with new forecasts and is thereby a dynamic planning document.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

Under the Code, Proffice must have formal, published processes for determining remuneration of senior executives. Variable remuneration must be linked to predetermined, measurable criteria and aim to promote the company's long term value creation. If variable remuneration is to be paid in cash, the maximum result must be fixed.

The guidelines established by Proffice's 2013 AGM for remuneration of Proffice's senior executives were drafted and recommended by the Board. The established guidelines are in accordance with the Swedish Companies Act's regulations relating to executive remuneration. The guidelines govern how fixed and variable remuneration must be paid, pension benefits, non-monetary benefits, dismissal notice periods, and any severance pay.

In practice, the guidelines entail that remuneration and other employment terms and conditions for senior executives be market-based. The criteria for determining remuneration must be based partly on the significance of duties to be performed and partly on the employee's abilities, experience, and performance.

Remuneration consists of the following components: base salary, short-term variable incentives (STI), long-term variable incentives (LTI), pension and other benefits, and severance terms and conditions.

Base salary
Group management and other senior executives must have an attractive, market-based salary in the form of a fixed monthly salary. The base salary is remuneration for a committed effort on a highly professional level that creates added value for Proffice.

Variable remuneration
In addition to the base salary, Group management and other senior executives are offered short-term and long-term variable incentives. Variable incentives are based on attainment of Proffice's goals for revenue growth and earnings.

Short-term variable incentives are paid as annual variable remuneration. The goals for the outcome levels are determined by the Remuneration Committee. Long-term variable incentives support long-term decision making.

Variable remuneration is not payable when an employee resigns prior to payment.

Retirement benefits
Retirement benefits are designed to reflect policies and practices in the country of employment, and their value must be in line with each country's norms. If possible, pension plans should be defined contribution plans.

Other benefits and severance terms and conditions
For Proffice's Group management and 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 exception is the CEO, who has a notice of termination of 12 months on the company's part and 12 months on the CEO's part.

Proffice's Group management has standard benefits for persons in similar positions, such as a company car and health care benefits.

Share-based incentive program
The company has no outstanding share-based incentive scheme.

AUDITORS

The auditors are appointed at the AGM following proposals from the Nomination Committee. As per Proffice's Articles of Association, one or two auditors and as many alternates, or one or two registered accounting firms, are appointed for a period of three years.

The registered public accounting firm KPMG AB was elected at the 2011 AGM, with authorized public accountant Stefan Holmström as auditor in charge through the end of the 2014 AGM.

The auditors participate regularly in Audit Committee meetings to provide information about current auditing work.

The auditors attend the AGM and report on their review of Proffice's administration and annual report. The auditors also review the January-September interim report, senior executive remuneration, and the corporate governance report.

INTERNAL CONTROL OF FINANCIAL REPORTING

Proffice's internal controls of financial statements must be designed to provide reasonable assurance regarding the reliability of the financial statements and accounting in accordance with applicable laws and regulations, accounting standards, and other requirements for listed companies.

The internal controls are organized as seen from the company's specific operations and relationships. The organization of the internal controls and their performance must be continuously adapted to the changes and needs of Proffice's operations and business environment.

In reviewing Proffice's operations, certain development areas were identified and prioritized in the ongoing internal control. In 2013, these efforts continued to focus on ensuring the quality of the financial statements in conjunction with implementation of the new Group-wide ERP system in 2012. Work on internal control also focused on roles in the operation's main flow.

Control environment
The internal control of financial statements is based on the overall control environment.

One important aspect of the control environment is that decision paths, authority, and responsibility are clearly defined and communicated between different levels of the organization, and that there are guidance documents in the form of policies, handbooks, guidelines, and manuals. The Board is ultimately responsible for the internal control of financial reporting. Therefore, effective efforts by the Board form the foundation for sound internal control. Proffice's board has established rules of procedure and clear instructions for their work, which also includes the work of the Board's four committees.

The Audit Committee's primary task is assisting the Board in overseeing the accounting and presentation processes and ensuring the quality of those reports and processes.

Responsibility for maintaining an effective control environment and the ongoing work with risk management and internal control of financial statements is delegated to the CEO. In turn, managers at various levels in the company have this responsibility within their respective areas. Proffice's CFO is responsible for ensuring that monitoring of and work with Proffice's internal control is done in accordance with Board decisions. An internal control group headed by the CFO leads the Group's internal control efforts. The group regularly reports its conclusions to the Board.

Part of the Board's work is to develop and approve a number of basic policies, guidelines, and frameworks. These include the Board's rules of procedure, resolution procedures, instructions to the CEO, finance policy, cost philosophy, authorization manual for business transactions, and costs. The Board also ensured that the organizational structure provides clear roles, responsibilities, and processes that facilitate effective management of business risks and enables attainment of goals.

Group management determines other policies and instructions, and the relevant Group staff members issue guidelines and monitor implementation of all policies and instructions.

The Group's accounting and presentation rules are established and available to all accounting staff. These rules are reviewed and updated regularly as legislation, accounting standards, and listing requirements change.

Risk assessment
The Board and Audit Committee review risks that particularly apply to financial reporting. This review identifies potential income statement and balance sheet items that have a heightened risk of errors or discrepancies in financial reporting. Major items include goodwill and other intangible items based on assessments and employee-related items generated by complex processes.

Proffice works continuously to strengthen control of these risks, and in 2013 this happened in a few areas connected to implementation of the new ERP system, most of which occurred in 2012. In the coming years, the ERP system will also materially affect risk assessment, since it generates the operation's most complex processes.

The purpose of risk analysis is to ensure that internal controls are satisfactory regarding the Group's most significant areas of risk. Regular monitoring and periodic evaluation of internal controls is also performed together with Proffice's external auditors. Improvements and actions that can be taken are discussed at these meetings.

Control activities
The Group's control structure is designed to manage the risks that the Board deems significant for the internal control of financial reporting. The purpose of the appropriate control activities is to detect, prevent, and correct errors and inconsistencies in reporting. Control activities include certification and approval procedures; bank and account reconciliation; analytical monitoring of income statement and balance sheet items; separation of administrative, controlling, and execution functions (segregation of duties); automated controls embedded in IT systems; and controls in the underlying IT environment.

Proffice has the following internal control processes for financial statements: controlling, accounting officer, Group management meetings, and self-assessment.

Each specialized unit has a controller who is responsible for ensuring that the unit's internal control procedures comply with Group standards and that the guidelines and policies are followed. The controller is responsible for ensuring that financial information is accurate and complete.

Each subsidiary has an accounting officer who is responsible for identifying and reporting risks in the areas that include taxes and accounting. The accounting officer is also responsible for ensuring that reports are submitted on time.

At monthly Group management meetings, reviews are made of the monthly results, updated forecasts, plans, and strategy issues of the Group and specialized units.

In 2013, all Proffice middle and first line managers conducted a self assessment regarding the status of their areas of responsibility that include internal control. The evaluation was based on a questionnaire for measuring the extent to which the defined criteria were met. The responses were compiled at the Group level for evaluation by the internal controls and presented to the Audit Committee. The results of the self-assessment formed the basis for further work on internal control in the Group.

Information and communication
Policies and guidelines are especially important for proper accounting, reporting, and disclosure.

Proffice's policies and guidelines are communicated primarily via the Group's intranet. Within Proffice, policies and guidelines relating to the financial process are continually updated.

For communication with internal and external parties, there is an information policy that includes a list of spokespersons and guidelines for handling price-sensitive information. There are also whistle blowing and insider trading policies. The purpose of the information policy is to ensure that all information is handled in an accurate and complete manner. The purpose of the whistle blowing policy is to ensure that all employees are entitled with legal certainty to report violations (improprieties). The purpose of the insider trading policy is to meet Proffice's high ambitions for correct ethical behaviour in order to ensure Proffice's continued good reputation with the public and capital markets.

Monitoring
Financial monitoring is performed monthly at the Group level. The budget, previous year, latest forecast, and market appraisals are all monitored. Forecasts are generally made two to four times annually. The results are analysed by the finance department, control organisation, and persons with performance accountability. Variance analyses are prepared and any necessary measures are taken.

The CFO reports to the CEO, who in turn submits monthly financial statements for the Group to the Board. The Board continually evaluates the information provided by management. The CEO provides quarterly reports to the Board that monitor operational goals in the business plan. The CEO also submits proposals for interim and year-end reports that are evaluated and approved by the Board prior to publication.

Internal auditing
Proffice's Board annually evaluates the need for a separate internal audit function. In this connection, the Board also decides on the form that monitoring of internal control should take.

In 2013, the Group's need for internal auditing was assessed, which resulted in replacement of the internal auditing function by a higher degree of self-assessment. This is coordinated by an internal control group that reports to the CFO.

AUDITORS' REPORT OF THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders in Proffice AB (publ), Corporate identity number 556089-6572

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2013 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the Corporate Governance Statement has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the Corporate Governance Statement and assessed its statutory content based on our knowledge of the company. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 11 April 2014
KPMG AB

Stefan Holmström
Authorized Public Accountant

Financial information: contents

FIVE-YEAR SUMMARY FOR THE GROUP

	2013	2012	2011	2010	2009
INCOME STATEMENT, SEK MILLION					
Revenue	4,318	4,876	4,770	4,095	3,908
Other operating income	5	40	–	–	–
Operating costs	-4,185	-4,790	-4,526	-3,930	-3,728
Operating profit before depreciation and write-downs	**138**	**126**	**244**	**165**	**180**
Depreciation/amortization of non-current assets	-13	-16	-17	-25	-20
Impairment of goodwill	–	–	-9	–	–
Operating profit	**125**	**110**	**218**	**140**	**160**
Financial items	10	-10	5	-1	0
Profit after financial items	**135**	**100**	**223**	**139**	**160**
Taxes	-31	-22	-69	-42	-49
Profit for the year	**104**	**78**	**154**	**97**	**111**
CASH FLOW [1]					
Cash flow from operating activities, SEK million	207	0	128	57	201
Cash conversion rate, %	150	0	52	35	112
KEY RATIOS [1]					
Net change in revenue, %	-11.0	2.2	16.0	4.8	-8.4
Operating margin, %	2.9	2.3	4.6	3.4	4.1
Profit margin, %	3.0	2.3	4.7	3.4	4.1
Return on capital employed, %	19.9	14.7	32.9	22.5	26.5
Return on equity, %	19.2	12.9	22.0	15.7	19.5
Return on total capital, %	8.3	6.0	12.4	8.8	10.4
Equity/assets ratio, %	36.5	28.5	35.7	36.5	39.5
Net working capital, SEK million	-13	48	-3	-62	-111
Capital employed, SEK million	632	774	747	628	643
Net debt, SEK million	19	168	-73	-169	-243
Net debt/equity ratio	0.0	0.3	-0.1	-0.3	-0.4
Average number of employees	6,546	8,285	8,607	6,627	5,773
Revenue per employee, SEK thousand	660	589	554	618	677
Value added per employee, SEK thousand	576	516	481	513	545
SHARE DATA					
Number of shares at year-end, thousand	68,678	68,678	68,678	68,623	69,724
Average number of basic shares, thousand	68,678	68,678	68,185	68,404	69,528
Average number of diluted shares, thousand	68,678	68,678	68,213	68,641	69,528
Holdings of Proffice treasury shares, thousand	439	439	439	439	1,100
Basic earnings per share, SEK	1.52	1.11	2.02	1.20	1.45
Diluted earnings per share, SEK	1.52	1.11	2.02	1.19	1.45
Equity per share, SEK	8.37	7.50	10.27	8.99	8.92
Cash flow from operating activities per share, SEK	3.03	0.00	1.88	0.83	2.89
Dividend per share, SEK	0.60 [2]	0.30	1.13	0.75	0.50
Year-end market price, SEK	26.30	22.40	21.50	35.70	26.00
Average number of shares traded per day, thousand	105	64	92	132	171

[1] For definition, see page 69.
[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 2013 fiscal year. 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 in about 80 offices. By being passionate and attentive, Proffice helps people and companies find ways forward.

The Board of Directors is domiciled in Stockholm. Operations are organized 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 from Proffice's specialist areas who help companies with their competence management. In the Outplacement operating area, job coaches provide outplacement support and help individuals in the transition process 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 2013 and is valid through 2016. 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
- The cash conversion rate should be 55-60 per cent

Key events in 2013
January–March
- Proffice Care renewed agreement with HINAS. The agreement governs hiring specialists for Norwegian hospitals throughout the country
- Eniro chose Proffice as Nordic partner. The assignment concerned handling recruitment activities for Eniro's customer service workers in the Nordics
- SKI Kommentus Inköpscentral AB (SKI) chose Proffice as staffing partner. The framework agreement covered delivery of staffing services to municipalities and county councils

April–June
- Dfind Finance was named Recruitment Agency of the Year. The award was presented by the magazine CFO World
- Proffice Aviation continued its expansion and became established in the Danish market
- Proffice concluded new agreement with Pon Equipment. The agreement related to recruitment and hiring of salaried employees and wage earners
- Antenn received new assignment from Eon. The assignment concerned outplacement programs and career dialogues for Eon's employees

July–September
- CEO Lars Kry announced he will leave Proffice. He continued in his position until his successor took over
- New agreement between Proffice and NCC Construction. The agreement covered staffing and recruitment in the areas of administration, customer service, IT, and HR
- Proffice signed framework agreement with Peab. The agreement covered staffing services
- Proffice and ICA Gruppen extended their partnership for staffing of warehouse and logistics services
- Proffice and Swedavia signed new agreement. The agreement covered staffing and recruitment services
- Continued partnership between Proffice Mediakompetens and SVT. The parties agreed to extend their framework agreement for staffing
- Proffice and Sandvik extended their existing staffing agreement
- Dfind Finance in new partnership with Intersport. Dfind Finance was tasked with appointing staff to Intersport's Shared Service Center
- Proffice and Swedish Transport Administration extended partnership. The agreement covered staffing

October–December
- Henrik Höjsgaard was selected as Proffice's new president and CEO and assumed the position 1 January 2014
- A total of 2,000,000 A shares were converted to B shares in December in accordance with the share conversion clause in the Articles of Association
- Proffice Finland signed an extensive recruitment agreement with Outokumpu. The agreement means that Proffice will manage an extensive recruitment project involving specialized IT services
- Proffice extended agreement with City of Stockholm. The assignment includes recruiting and hiring personnel for IT-related services
- Proffice has contracted with the Husqvarna Group to staff the assembly line at the company's factory in Huskvarna
- Proffice's partnership with Telenor was expanded in Norway with Proffice as sole supplier through 31 December 2014
- Proffice won contract with Familjebostäder. The contract involves providing employees to Familjebostäder's administrative staff pool
- Proffice won new contract with Vattenfall. Vattenfall chose Proffice as one of two suppliers of administrative staffing services
- Proffice and ICA Gruppen extended their staffing services partnership for salaried employees, recruitment, and outplacement for another year

Consolidated revenue and profit
Consolidated revenue totalled SEK 4,318 million (4,876), an 11 per cent revenue decrease year-on-year. This decrease is largely attributable to the Staffing operating areas in Sweden. Demand from the Group's major customers was lower, which primarily affected the Office & Customer Service and Industry & Logistics business areas.

Consolidated operating profit totalled SEK 125 million (110). Operating profit was affected by SEK 5 million (40) in other operating income concerning deviations between actual conditional purchase prices from previous acquisitions and estimated outcomes.

The operating margin totalled 2.9 per cent (2.3). In Sweden, the margin totalled 3.9 per cent (3.5). Group revenue from small and medium customers increased during the year, which had a favourable effect on the operating margin in a severely squeezed market. The action plan initiated in Q4 2012 also helped the Group improve profitability despite uncertainty in the economy.

Profit after financial items for 2013 totalled SEK 135 million (100). The profit margin totalled 3.0 per cent (2.3). Net finance costs for 2013 totalled SEK 10 million (-10); financial items include exchange differences of SEK 12 million (-2).

Taxes
Consolidated tax expense for the year totalled SEK 31 million (22). The effective tax rate for the year was 23.0 per cent (22.0). As of 1 January 2014, the corporate tax rate was reduced from 28.0 to 27.0 per cent in Norway, from 24.5 to 20.0 per cent in Finland, and from 25.0 to 24.0 per cent in Denmark. In view of these reductions, a revaluation of consolidated outgoing deferred taxes was done at the end of 2013. The revaluation resulted in an SEK 1 million increase in the year's tax expense.

Financial position and liquidity
At 31 December 2013, cash and cash equivalents totalled SEK 42 million (94). Unappropriated liquid assets totalled SEK 285 million (265), including unused credit undertakings.

Consolidated equity at 31 December 2013 totalled SEK 571 million (512) and the equity/assets ratio was 36.5 per cent (28.5). Consolidated equity was impacted during the year by a dividend of SEK 20 million.

After 2013 ended, the Group entered into an agreement on extension of long-term financing for a term of 36 months.

Cash flow

During the year, consolidated cash flow totalled SEK -49 million (-27).

Cash flow from operating activities totalled SEK 207 million (0), of which change in working capital totalled SEK 109 million (-29). The change is primarily due to the increase in cash earnings for the year and more efficient processes related to customer payments and other factors. In addition, the Group's decreased activities affected operating receivables and operating liabilities positively for the year.

Cash flow from investing activities totalled SEK -181 million (-18), of which investments in business combinations totalled SEK -166 million (–), acquisition of intangible assets totalled SEK -13 million (-16), and acquisition of property, plant, and equipment totalled SEK -4 million (-4). Purchase of intangible assets relates to an expenditure on the ERP system. Proffice took over development of the system from the vendor in Q4. Cash flow from financing activities totalled SEK -75 million (-9) and consisted largely of dividends totalling SEK -42 million (-92) and net borrowings totalling SEK -33 million (83).

Acquisitions

No acquisitions were made during the year.

An additional purchase price of SEK 6 million was paid in 2013 for student staffing company Komet, which was acquired in 2011. In Q2 2014, an additional payment will be made for the acquisition of Komet, tentatively SEK 4 million, after which the purchase price will have been settled in its entirety.

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.

Employees

The average number of full-time employees in the Group totalled 6,546 (8,285), a 21 per cent reduction. About 90 per cent of these are consultants.

Proffice recruits employees on the basis of competence 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. More information on employees is found in the annual sustainability report on page 19.

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 (publ), along with the Proffice Sweden AB and Proffice Norway AS in Oslo operations, comply with ISO 9001 and ISO 14001 certification. As of 2013, Proffice's sustainability report will comply with the Global Reporting Initiative.

The environmental policy of the Proffice Group is based on gradual environmental adaptation of operations. Since Proffice works with services, the most 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 prioritizes 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. More information on the Group's environmental responsibilities and goals is found in the annual sustainability report on page 21.

Shareholding structure

At the end of 2013, Proffice had 4,367 shareholders. In terms of number of shares, Swedish owners comprise the largest shareholder category, representing 64.5 per cent of total shareholders. Of the Swedish owners, 56.5 per cent are held by legal entities and 8.0 per cent by individuals.

The largest shareholders are CapMan Public Market Investment with 8.5 per cent of the capital and 27.6 per cent of the votes; Swedbank Robur Funds with 16.4 per cent of the capital and 13.0 per cent of the votes; and Nordea Investment Funds with 14.5 per cent of the capital and 11.5 per cent of the votes. Voting percentages were calculated on outstanding shares.

The Proffice share

The Proffice share 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 at 31 December 2013, the total number of shares amounted to 68,677,773, of which 66,677,773 are B shares. A total of 2,000,000 A shares were converted to B shares in December 2013 in accordance with the share conversion clause in the Articles of Association. The total number of A shares was thus reduced from 4,000,000 to 2,000,000, while the total number of B shares has consequently increased from 64,677,773 to 66,677,773. Proffice's holdings of treasury shares totalled 438,919 B shares. No acquisitions or disposals of treasury shares occurred in 2013. 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 2013 AGM authorized the Board following the period until the 2014 AGM that:

- On one or several occasions, decide on new share issues of up to 3,500,000 series B shares implying an increase in the Company's share capital by a maximum of SEK 875,000.
- On one or several occasions, decide to acquire treasury B shares on NASDAQ OMX Stockholm or to transfer its own B shares in NASDAQ OMX Stockholm per acquisition propositions to shareholders.
- Decide on transfer of treasury B shares on NASDAQ OMX Stockholm in conjunction with company acquisitions.

For detailed stipulations regarding these authorizations, see the resolutions of the 2013 AGM.

The Board decided not to exercise these opportunities in 2013.

Price trends and sales

The Proffice share price rose 17 per cent in 2013. During the same period, the NASDAQ OMX Stockholm Mid Cap index rose 43 per cent. The highest price paid for the Proffice share during the year was SEK 28.00 and the lowest was SEK 20.20. At the end of the year, the Proffice share was quoted at SEK 26.30, which corresponds to a market value of SEK 1,754 million. A total of 26,256,747 Proffice shares were traded during the year.

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 during the year are detailed in Note 19.

Risks and uncertainty factors

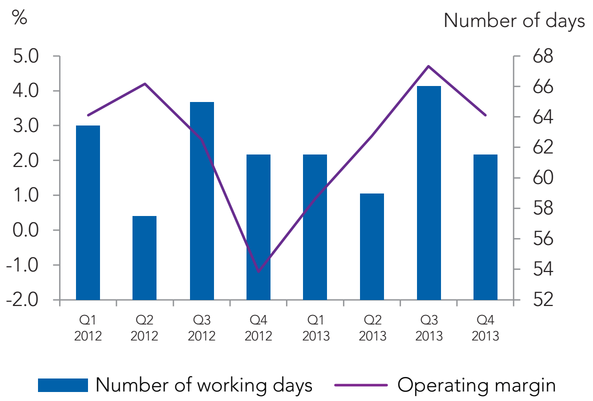
Like all businesses, Proffice's operations are subject to risk. By creating awareness of the risks inherent in the business, they can be limited, controlled, and managed.

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 exist.

Calendar effects

Proffice's revenue and earnings are affected by seasonal fluctuations due to the number of working days. Normally, Q3 and Q4 are stronger than the rest of the year because there are more working days. The normally positive calendar effects of Q4 were dampened over the last two years by the large number of holidays that fell on weekdays. The number of working days that also fell between holidays, so-called bridging days, were unusually high in 2013. There were 0.5 more working days in 2013 than in 2012.

Operating margin and number of working days



Corporate Governance Report

Proffice's Corporate Governance Report, including a statement from the Chairman of the Board, is contained in the Annual Report on page 23.

Events after end of reporting period

Lars Murman, Proffice's Chairman of the Board, announced that he sold all of his Proffice AB (publ) shareholdings. He also announced that he will not stand for re-election at the 2014 AGM.

Proffice's Nomination Committee proposed that Cecilia Daun Wennborg be re-elected as a board member and be appointed as the new board chair for Proffice AB (publ) at the 2014 AGM.

After year-end, the Group entered into an agreement on extending its long-term financing for a term of 36 months.

Proffice and AgriKjøp, the purchasing organization for Landbrukssamvirket in Norway, concluded a new nationwide agreement for staffing services.

Proffice Care expanded its services in Norway with recruitment and placement of nurses and specialist nurses.

Future trends

Economic conditions are more subdued and the outlook is difficult to forecast. 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 achieve its vision to be the most successful staffing company in the Nordics.

A solid financial position, a strong corporate culture, and efficient processes will ensure the best possible conditions for continued growth.

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 2014 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 2014 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, along with external deliveries from subsidiaries to certain Group-wide customers.

Revenue totalled SEK 387 million (313) in 2013, most of which refers to the internal invoicing of services; SEK 143 million refers to external invoicing. The Parent Company's operating loss totalled SEK -41 million (-51). The rise in Parent Company revenue and expenses was due to an increase in external deliveries from subsidiaries to certain Group-wide customers. Profit after financial items totalled SEK 98 million (52). Investments in intangible non-current assets totalled SEK 13 million (16). Investments in property, plant, and equipment totalled SEK 4 million (3). Unappropriated liquid assets totalled SEK 82 million (66), including borrowing facilities of SEK 100 million (60).

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 62,578,903
Profit for the year	SEK 78,569,874
Total	**SEK 141,148,777**

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

Dividend to shareholders	
(SEK 0.60 x 68,238,854)*	SEK 40,943,312
Carry forward to next year	SEK 100,205,465
Total	**SEK 141,148,777**

*Number of shares is adjusted for company treasury shares.

THE PROFFICE SHARE

OWNERSHIP STRUCTURE AS OF 31 DEC 2013	A shares	B shares	Share of capital, %	Share of voting rights, %*
CapMan Public Market Investment	2,000,000	3,803,588	8.45	27.60
Swedbank Robur Funds	0	11,235,058	16.36	13.03
Nordea Investment Funds	0	9,930,952	14.46	11.52
Handelsbanken Funds	0	5,855,757	8.53	6.79
Carnegie Funds	0	3,185,457	4.64	3.69
Fourth Swedish National Pension Fund	0	3,144,231	4.58	3.65
Unionen	0	2,557,100	3.72	2.97
Carlson Funds	0	1,592,539	2.32	1.85
Skandia Funds	0	1,256,573	1.83	1.46
NTC UN Joint Staff	0	1,249,555	1.82	1.45
Total 10 largest owners	**2,000,000**	**43,810,810**	**66.70**	**73.99**

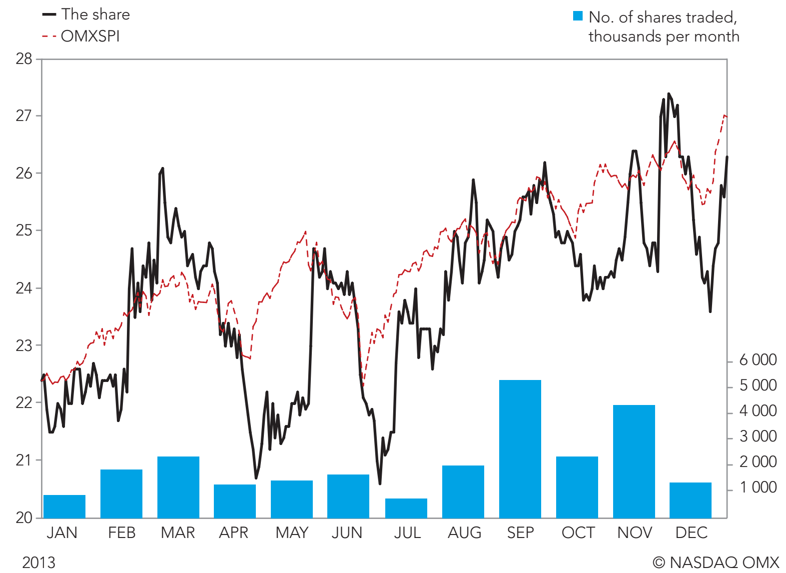
NUMBER OF SHARES AND VOTES	Shares	Votes	Percentage of shares	Percentage of votes*
A, 10 votes	2,000,000	20,000,000	2.90	23.19
B, 1 vote	66,677,773	66,677,773	97.10	76.81
Total	**68,677,773**	**86,677,773**	**100.00**	**100.00**

*Votes are adjusted for the Parent Company's treasury share holdings, 438,919 B shares.

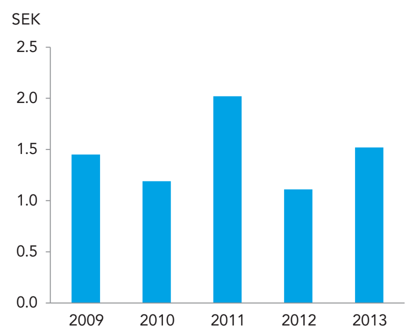
DISTRIBUTION OF SHARES AS OF 31 DEC 2013, TOTAL HOLDINGS PER SHAREHOLDER

Holdings	No. of share-holders	A shares	B shares	Holdings, %	Votes, %	Market value (SEK thousand)
1–500	2,491	0	535,251	0.78	0.62	14,077
501–1,000	793	0	698,059	1.02	0.81	18,359
1,001–5,000	741	0	1,867,848	2.72	2.15	49,124
5,001–10,000	143	0	1,094,159	1.59	1.26	28,776
10,001–15,000	42	0	537,776	0.78	0.62	14,144
15,001–20,000	29	0	542,122	0.79	0.63	14,258
20,001–	128	2,000,000	61,402,558	92.32	93.91	1,614,887
Total	**4,367**	**2,000,000**	**66,677,773**	**100.00**	**100.00**	**1,753,625**

SHARE PERFORMANCE IN 2013



DILUTED EARNINGS PER SHARE



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEK million	Note	2013	2012
Revenue	4, 5	4,318	4,876
Other operating income	6	5	40
Operating costs			
Employee expenses	8, 9, 10	-3,647	-4,165
Other operating expenses	11, 12	-538	-625
Depreciation, amortization, and write-down of intangible assets and property, plant, and equipment	16, 17	-13	-16
Operating profit		**125**	**110**
Earnings from financial items			
Financial revenue	13	15	4
Financial expenses	13	-5	-14
Profit after financial items		**135**	**100**
Tax	15	-31	-22
Profit for the year		**104**	**78**
Other comprehensive income			
Items that have been or can be reclassified to profit/loss for the year			
Translation differences in foreign subsidiaries for the year	1, 2	-23	0
Items that cannot be reclassified to net profit/loss		**–**	**–**
Other comprehensive income for the year		**-23**	**0**
Comprehensive income for the year		**81**	**78**
Profit for the year attributable to			
Parent Company shareholders	22	104	76
Non-controlling interests	22	0	2
Profit for the year		**104**	**78**
Comprehensive income for the year attributable to			
Parent Company shareholders	22	81	76
Non-controlling interests	22	0	2
Comprehensive income for the year		**81**	**78**
Earnings per share attributable to Parent Company shareholders			
Basic earnings per share, SEK	22	1.52	1.11
Diluted earnings per share, SEK	22	1.52	1.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million 31 December	Note	2013	2012
ASSETS			
Intangible assets	16	622	632
Property, plant, and equipment	17	10	13
Other investments held as non-current assets		1	1
Non-current receivables		1	2
Deferred tax assets	15	11	22
Total financial non-current assets		**13**	**25**
Total non-current assets		**645**	**670**
Tax asset		23	17
Accounts receivable	20	594	741
Other receivables		14	23
Prepaid expenses and accrued income	21	246	250
Cash and cash equivalents		42	94
Total current assets		**919**	**1,125**
TOTAL ASSETS		**1,564**	**1,795**

SEK million 31 December	Note	2013	2012
EQUITY AND LIABILITIES			
Share capital	22	17	17
Other contributed capital		361	361
Reserves		-39	-16
Retained earnings including profit/loss for the year		230	148
Total equity attributable to Parent Company shareholders		**569**	**510**
Non-controlling interests		2	2
Total equity		**571**	**512**
Interest-bearing non-current liabilities	2	–	8
Liabilities to credit institutions	24	25	–
Deferred tax liability	15	43	38
Total non-current liabilities and provisions		**68**	**46**
Liabilities to credit institutions	24	32	89
Other interest-bearing current liabilities		4	165
Accounts payable		115	84
Tax liabilities		7	43
Other liabilities		172	224
Accrued expenses and deferred income	25	595	632
Total current liabilities		**925**	**1,237**
Total liabilities		**993**	**1,283**
TOTAL EQUITY AND LIABILITIES		**1,564**	**1,795**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Parent Company shareholders						
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 equity**
Equity, 1 Jan 2012	17	361	-16	299	661	39	700
Comprehensive income							
Profit for the year	–	–	–	76	76	2	78
Other comprehensive income							
Translation 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**
Equity, 31 Dec 2012	**17**	**361**	**-16**	**148**	**510**	**2**	**512**
Equity, 1 Jan 2013	17	361	-16	148	510	2	512
Comprehensive income							
Profit for the year	–	–	–	104	104	0	104
Other comprehensive income							
Translation differences	–	–	-23	–	-23	0	-23
Total comprehensive income	**–**	**–**	**-23**	**104**	**81**	**0**	**81**
Transactions with shareholders							
Shareholder contribution to non-controlling interest	–	–	–	-1	-1	1	–
Acquisition of non-controlling interest	–	–	–	1	1	-1	0
Dividend	–	–	–	-20	-20	0	-20
Other	–	–	–	-2	-2	0	-2
Total transactions with shareholders	**–**	**–**	**–**	**-22**	**-22**	**0**	**-22**
Equity, 31 Dec 2013	**17**	**361**	**-39**	**230**	**569**	**2**	**571**

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Note	2013	2012
Operating activities			
Profit after financial items		135	100
Adjustments for items not included in cash flow	26	15	-24
Tax paid		-52	-47
Cash flow from operating activities before changes in working capital		**98**	**29**
Change in working capital			
Change in receivables		131	122
Change in liabilities		-22	-151
Total change in working capital		**109**	**-29**
Cash flow from operating activities		**207**	**0**
Investing activities			
Acquisition of business, less acquired cash and cash equivalents	7	-166	–
Acquisition of intangible assets	16	-13	-16
Acquisition of property, plant, and equipment	17	-4	-4
Repayment of loans receivable		2	2
Cash flow from investing activities		**-181**	**-18**
Financing activities			
Dividend to Parent Company shareholders		-20	-77
Dividend to non-controlling interests		-22	-15
Change in short-term credit facilities		-58	83
Loans raised		100	–
Loan repayment		-75	–
Cash flow from financing activities		**-75**	**-9**
Cash flow for the year		**-49**	**-27**
Cash and cash equivalents at start of year		**94**	**120**
Exchange rate differences in cash and cash equivalents		-3	1
Cash and cash equivalents at year-end		**42**	**94**
Supplementary disclosure			
Interest received		2	3
Interest paid		-3	-10

INCOME STATEMENT – PARENT COMPANY

SEK million	Note	2013	2012
Revenue	19	387	313
Operating costs	19		
Employee expenses	8, 9, 10	-133	-144
Other external costs	11, 12	-286	-212
Amortization of intangible non-current assets	16	-6	-5
Depreciation of property, plant and equipment	17	-3	-3
Operating profit/loss		**-41**	**-51**
Earnings from financial items			
Earnings from shares and participating interests in Group companies	13	124	108
Interest income and similar items	13	23	13
Interest expenses and similar items	13	-8	-18
Profit after financial items		**98**	**52**
Appropriations	14	-14	0
Tax	15	-5	5
Profit for the year		**79**	**57**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – PARENT COMPANY

SEK million	Note	2013	2012
Profit for the year		**79**	**57**
Other comprehensive income			
Items that have been or can be reclassified to profit/loss for the year		**–**	**–**
Items that cannot be reclassified to profit/loss for the year		**–**	**–**
Other comprehensive income for the year		**–**	**–**
Comprehensive income for the year		**79**	**57**

BALANCE SHEET – PARENT COMPANY

SEK million 31 December	Note	2013	2012
ASSETS			
Non-current assets			
Intangible non-current assets	16	55	52
Property, plant, and equipment	17	7	6
Participating interests in Group companies	18, 19	692	687
Other investments held as non-current assets		1	1
Receivables from Group companies		91	85
Other non-current receivables		–	1
Deferred tax asset	15	–	5
Total financial non-current assets		**784**	**779**
Total non-current assets		**846**	**837**
Accounts receivable	20	53	2
Receivables from Group companies		135	120
Other receivables	15	0	10
Prepaid expenses and accrued income	21	21	18
Total current receivables		**209**	**150**
Cash and bank balances		**0**	**43**
Total current assets		**209**	**193**
TOTAL ASSETS		**1,055**	**1,030**

SEK million 31 December	Note	2013	2012
EQUITY AND LIABILITIES			
Share capital	22	17	17
Statutory reserve		277	277
Total restricted equity		**294**	**294**
Share premium reserve		30	30
Profit/loss brought forward		33	-3
Profit for the year		79	57
Total unrestricted equity		**142**	**84**
Total equity		**436**	**378**
Untaxed reserves	23	**68**	**54**
Interest-bearing non-current liabilities		**–**	**8**
Liabilities to credit institutions	24	18	37
Accounts payable		16	26
Liabilities to Group companies		483	320
Other liabilities		8	169
Accrued expenses and deferred income	25	26	38
Total current liabilities		**551**	**590**
TOTAL EQUITY AND LIABILITIES		**1,055**	**1,030**
Pledged assets	27	0	2
Contingent liabilities/guarantees	28	–	–

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 equity**
Equity, 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**
Equity, 31 Dec 2012	**17**	**277**	**30**	**-3**	**57**	**378**
Equity, 1 Jan 2013	17	277	30	-3	57	378
Comprehensive income						
Profit for the year	–	–	–	–	79	79
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**	**79**	**79**
Appropriation of profits	–	–	–	57	-57	0
Transactions with shareholders						
Dividend	–	–	–	-20	–	-20
Other	–	–	–	-1	–	-1
Total transactions with shareholders	**–**	**–**	**–**	**-21**	**–**	**-21**
Equity, 31 Dec 2013	**17**	**277**	**30**	**33**	**79**	**436**

CASH FLOW STATEMENT – PARENT COMPANY

SEK million	Note	2013	2012
Operating activities			
Profit after financial items		98	51
Adjustments for items not included in cash flow	26	-36	16
Tax refund		3	14
Cash flow from operating activities before changes in working capital		**65**	**81**
Change in working capital			
Change in receivables		-25	596
Change in liabilities		-6	-693
Total change in working capital		**-31**	**-97**
Cash flow from operating activities		**34**	**-16**
Investing activities			
Acquisition of subsidiaries	7	-166	-1
Acquisition of intangible non-current assets	16	-13	-16
Acquisition of property, plant, and equipment	17	-4	-3
Shareholder contributions paid		-23	–
Repayment of loans receivable from Group companies		–	11
Repayment of loans receivable		1	1
Cash flow from investing activities		**-205**	**-8**
Financing activities			
Dividends paid		-20	-77
Change in short-term credit facilities		-20	38
Change in other current interest-bearing liabilities from Group companies		144	-25
Group contributions		24	69
Cash flow from financing activities		**128**	**5**
Cash flow for the year		**-43**	**-19**
Cash and cash equivalents at start of year		**43**	**62**
Cash and cash equivalents at year-end		**0**	**43**
Supplementary disclosure			
Interest received		11	13
Interest paid		-7	-16

NOTES

Proffice AB (publ), the Parent Company of the Proffice Group, is a Swedish public limited company with its registered office in Stockholm, Sweden. The postal address of the head office is Box 70368, SE-107 24 Stockholm, and the street address is Regeringsgatan 65, Stockholm. 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 7 April 2014. Final approval of the annual report and consolidated financial statements occurs at the Parent Company's AGM on 22 May 2014.

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 recognized 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 recognized 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 recognized 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 years financial statements, are described in Note 30.

Important applicable accounting policies
The following accounting policies were applied consistently in the consolidated financial statements unless otherwise stated.

Changed accounting policies in 2013
The revised accounting policies applied by the Group as of 1 January 2013 are described in the following sections. Other amended IFRSs effective from 2013 did not have a material effect on the consolidated accounts.

IAS 1 – Presentation of Financial Statements: The most substantial change is that accounting of items in other comprehensive income are to be divided into items that have been or can be reclassified to profit/loss for the year and items that cannot be reclassified to profit/loss for the year. Comparative data are presented according to the new statement.

IAS 19 Employee Benefits: The change relates primarily to accounting of defined benefit pensions. The possibility of applying the "corridor" approach has been removed, which means that actuarial gains and losses are recognized in full in other comprehensive income in the period in which they arise.

IFRS 13 Fair Value Measurement. The purpose of this new standard is to define a uniform framework for measuring fair value so that valuations are more consistent and less complex. The standard provides guidance for fair value measurements of all types of assets and liabilities, financial and non-financial. The requirements do not extend the scope for when fair value should be applied but instead provide guidance on how it should be applied when other IFRSs already require or permit fair value measurements.

None of the mentioned changes have had any substantial impact on the consolidated accounts.

Changed accounting policies in 2014 and beyond
A number of new and revised standards and interpretive statements come into effect in future financial years and beyond 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 2014 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, the Group has determined that they will not have any significant effect on the consolidated accounting.

IFRS 10 – Consolidated Financial Statements: IFRS 10 Consolidated Financial Statements replaces IAS 27 Separate Financial Statements concerning the rules for consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. IFRS 10 provides guidance on assessing whether control does or does not exist for all of a company's investments.

IFRS 12 – Disclosure of Interests in Other Entities: The change entails the disclosure of a wider range of interests in other entities in the consolidated financial statements and increased disclosure requirements for subsidiaries, joint arrangements, associates, and so-called unconsolidated structured entities.

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

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 end of the reporting period. Current assets and liabilities essentially consist of amounts expected to be recovered or paid within 12 months from the end of the reporting period.

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.

Statement of cash flows
The statement of cash flows shows changes in cash and cash equivalents for the period. The statement of cash flows is prepared using the indirect method, whereby profit/loss after net financial items is adjusted for transactions that do not involve receipts or disbursements during the period, grouped according to the various lines of business:

Operating activities: Revenue and expenses that are included in operating profit/loss, interest received and paid, taxes paid, and change in working capital,

Investing activities: Acquisition of non-current assets and other types of investments,

Financing activities: Borrowings and loan repayments, dividends and share buy-backs, and any issues.

CONSOLIDATED FINANCIAL STATEMENTS (CONSOLIDATION POLICIES)
General
In addition to the Parent Company, the consolidated financial statements include all subsidiaries under the controlling influence of the Parent Company. 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 recognized 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 of the identifiable assets acquired, liabilities assumed, and any non-controlling interest is fixed on the acquisition date.

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 recognized separately, the difference is recognized as goodwill. When the difference is negative (bargain acquisition), it is recognized 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 recognized in profit/loss.

Conditional transferred considerations/additional purchase prices are recognized at fair value on the date of acquisition. Other conditional purchase prices are revalued at the end of each reporting period and the change is recognized in profit/loss for the year.

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

Transactions with non-controlling interests

Non-controlling interests are recognized as their proportional share of net assets. Transactions with non-controlling interests are recognized in equity, that is, between the Parent Company shareholders and non-controlling interests. 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 recognized as a transaction within equity. Hence, no goodwill arises in these transactions. Gains and losses on disposals of non-controlling interests are also recognized in equity.

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

Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenues or expenses, and unrealized 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 at the end of the reporting period. 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 recognized 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 realized in the operation for accumulated translation differences, when they are reclassified from translation reserve in equity to profit/loss for the year.

Internal pricing policies

Pricing of transactions between entities within the Group is founded on market-based conditions, which means that internal customers are not treated differently from external customers.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services sold, net of VAT and discounts. The Group recognizes revenue when the amount can be measured reliably and it is probable that future economic benefits will flow to the Group. Consolidated revenue comprises sales of staffing, recruitment, and outplacement services.

Revenue is recognized in the period that services were rendered. Earned but not yet invoiced work at the end of the reporting period is recognized as accrued income. Revenue from recruitment and outplacement is recognized 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. The Group only has operating leases. Lease payments are recognized 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 revenue 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 recognized when the right to receive payment is established. Earnings on disposal of a financial asset are recognized when the risks and rewards incidental to ownership of the asset are transferred to the buyer.

Financial expenses comprise interest expenses on borrowings, accounts payable, and other financial expenses. Interest expenses are accrued over the duration. Other financial expenses include bank charges.

Exchange gains and losses are reported net.

Receivables and liabilities in foreign currencies

The foreign currency receivables and liabilities of Group companies are first recognized at the transaction date rate and then revalued at the closing rate at the end of the reporting period. Realized and unrealized exchange differences are recognized in consolidated profit/loss for the year. Exchange differences attributable to operational receivables and liabilities are recognized as other operating income/expense. Exchange differences attributable to loans and investments in foreign currencies are recognized as financial items.

TAXES

Tax recognized in profit/loss for the year consists of current and deferred tax. Taxes are recognized in profit/loss for the year except when the underlying transaction is recognized in other comprehensive income or in equity, in which case the related tax effect is recognized in other comprehensive income or in equity. Current tax is tax that is to be paid or received from current and prior years. Deferred tax is calculated using the balance sheet method on temporary differences between the recognized and written-down value of assets and liabilities.

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

EARNINGS PER SHARE

The calculation of earnings per share is based on the consolidated earnings for the year attributable to Parent Company shareholders and on the weighted average number of basic and diluted shares outstanding during the year.

INTANGIBLE ASSETS

Goodwill

For business combinations, goodwill is recognized 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 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.

OTHER INTANGIBLE ASSETS

Other intangible assets include capitalized system development expenses and capitalized customer contracts.

Directly attributable external expenditures for development of software for internal use are recognized 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 assets are recognized at cost less accumulated depreciation and any impairment losses.

Capitalized customer contracts have been acquired as part of business combinations. Capitalized customer contracts have a finite useful life, and in the statement of financial position, capitalized customer contracts are recognized at fair value on the acquisition date less accumulated amortization in subsequent periods and any impairment losses.

Amortization of intangible assets

Amortization of intangible assets is based on their estimated useful lives. Amortization is on a straight-line basis over the asset's estimated useful life. Capitalizable intangible assets are amortized from the date they are taken into use. The following rates of amortization are applied:

Systems development	10 years
Customer contracts	Length of agreement

Goodwill is not amortized 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.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment is recognized as an asset in the statement of financial position if it is probable that future economic benefits will flow to the Group and the cost of the asset can be measured reliably.

Property, plant, and equipment is recognized 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 usable 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 recognized as other operating income/expense.

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 assets 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.

FINANCIAL INSTRUMENTS

Financial instruments recognized in the consolidated statement of financial position consist on the assets side of cash and cash equivalents, accounts receivable, and loans receivable, and on the liabilities side of accounts payable and loans payable.

Recognition of financial assets and liabilities

A financial asset or financial liability is carried when the Group becomes party to the instrument's contractual terms. Accounts receivable are carried when invoices are sent. A receivable is carried when the Group has delivered and contractual obligations are due for payment from the contracting party, even if the invoice has not been sent yet. Accounts payable are carried when invoices are received. Loans payable are carried when the other party has delivered and contractual obligations are due for payment.

A financial asset is removed from the consolidated statement of financial position when the entitlements of the agreement are realized, fall due, or the Group 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 are recognized initially at cost, corresponding to the instrument's fair value plus transaction costs, except for the category recognized at fair value via the consolidated statement of profit or loss and comprehensive income, which is recognized less transaction expenses.

Loans receivable and accounts receivable

Loans receivable and accounts receivable are financial assets that are not derivatives, that have fixed or fixable payments, and that are not listed on an active market. They are included in current assets, except for those items with due dates more than 12 months after the end of the reporting period, which are presented as non-current assets. Group loans and accounts receivable consist of cash and cash equivalents, accounts receivable, and accrued income. These are valued at the amortized cost.

The carrying amounts represent a good approximation of fair value since they will soon fall due. Accounts receivable are recognized 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 recognized at a nominal amount without discounting.

Cash and cash equivalents constitute cash on hand, bank balances, and investments in securities with a term of less than three months that are exposed to minimal risk for fluctuations in value.

Financial liabilities valued at amortized cost

Consolidated financial liabilities consist of accounts payable and interest-bearing current and non-current liabilities. These are recognized at the amortized cost.

Carrying amounts of the current liabilities represent a good approximation of fair value since they will soon fall due. 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.

IMPAIRMENT

The carrying amounts of the Group's assets are estimated at the end of each reporting period in order to determine any impairment losses. The carrying amount is also tested when an impairment loss is identified. IAS 36 Impairment of Assets is applied to impairment of assets other than financial assets, which are accounted for under IAS 39.

Impairment of non-financial assets

Where an indication of impairment exists, the asset's recoverable amount is calculated. For goodwill and other intangible assets with indefinite useful lives, the recoverable amount is calculated annually. An asset is impaired if its carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's net realizable value and value in use. When calculating value in use, future cash flows are discounted at a discount rate that reflects the risk-free interest and the risk that is associated with the specific asset. 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. Impairment losses are charged against profit/loss.

Impairment of financial assets

On each reporting date, the Group evaluates whether there are any objective indications that a financial asset or group of financial assets need to be impaired. The recoverable amount for assets in loans and accounts receivable that are recognized at amortized cost are calculated as the present value of future cash flows discounted by the effective rate that applied when the asset was first recognized. Assets with short terms are not discounted. An impairment loss is charged against profit/loss.

Reversal of impairment loss

An impairment of assets included in the scope of IAS 36 is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions underlying the calculation of the recoverable amount. Goodwill impairment is never reversed, however. An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognized, net of depreciation where applicable, if no impairment loss had been recognized.

Impairment losses on loans and accounts receivables carried at amortized cost are reversed if the previous reasons for the impairment no longer exist and that full payment is expected.

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 recognized in the statement of financial position when the Group has a legal or informal obligation resulting from a past event that definitely or probably occurred, that is, when it is probable that an outflow of resources is required to settle the obligation, and when the amount can be reliably estimated. Provisions are recognized at the amount that is the best estimate of what is required to regulate the existing obligation. 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

The Group 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.

Defined contribution plans are presented as those plans for which the Group's obligation is limited to the premiums the Group has agreed to pay. The company's obligations for premiums paid to defined contribution plans encumber profit/loss as employees earn them for performing services for the Group.

In accordance with a statement from the Swedish Financial Reporting Board's UFR 3, Classification of ITP Plans, retirement and survivor commitments for salaried employees in Sweden secured through an insurance policy with Alecta are defined-benefit plans that encompass several employers. For fiscal year 2013, the Group did not have access to such information that would enable it to recognize this plan as a defined benefit pension plan. Therefore, the ITP pension plan for those secured through an insurance policy with Alecta is recognized as a defined contribution plan.

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

Termination benefits

An expense for benefits in connection with termination of employment is only recognized if the company is demonstrably obligated by a formal detailed plan to prematurely terminate employment. When benefits are offered to encourage voluntary redundancy, an expense is recognized 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 recognized as an expense when the related services are rendered. A provision is recognized 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 recognized 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 recognized 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 and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's statements on quoted companies are also applied. RFR 2 means that the Parent Company, in its own financial statements, applies all of the EU-approved IFRSs 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 2013

Unless otherwise stated below, the Parent Company accounting policies in 2013 were changed as per that which was specified for the Group.

Changed accounting policies in 2014 and beyond

See changed accounting policies for the Group.

Differences between Group and Parent Company accounting policies

The differences between Group and Parent Company accounting policies are indicated as follows. 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 a statement of profit or loss and other comprehensive income are reported for the Parent Company, while in the Group these two reports constitute the consolidated statement of profit or loss and 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 profit or loss and other 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 recognized in the Parent Company using the cost method. 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.

Goodwill

Goodwill and other intangible assets with indefinite useful lives that are not subject to amortization 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 recognized 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 and shareholder contributions

Group contributions that the Parent Company receives from a subsidiary are recognized in the Parent Company using the same principles as ordinary dividends from subsidiaries. Group contributions paid by the Parent Company to subsidiaries are recognized as an increase in participating interests in subsidiaries. Shareholder contributions are posted directly against the recipient's equity and as an increase in participating interests in subsidiaries for the grantor, to the extent that write-down adjustments are not required.

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 minimizing adverse effects on the Group's financial performance. Proffice's financial risk management is governed by the Group's financial policy as updated annually and approved by the Board. Risk management is handled centrally according to existing policies and guidelines.

No offset of financial assets and liabilities has occurred.

FINANCIAL RISK	
Currency risk	The risk that exchange rate fluctuations negatively affect the Group's financial results
Liquidity risk	The risk that Proffice cannot fulfil its liability obligations
Interest rate risk	The risk of a negative impact on the Group's cash flow and earnings due to changes in market interest rates
Credit risk	Risk of possible losses on accounts receivable

Currency risks

Proffice runs operations in Sweden, Norway, Finland, and Denmark. Currency risks arise from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations. Group companies operate in their local currency and principally in their own markets, which means that exchange risks in commercial flows are very rare. 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. Currency exposure and the extent of the risk is followed up and reported to the Board regularly for the purpose of facilitating future hedging decisions. Translation of the foreign operation's net assets is from EUR, DKK, and NOK to the Swedish krona. In 2013, translation of the foreign subsidiaries affected consolidated equity by SEK -23 million (0). Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings in the currencies involved.

A change in exchange rates of 5 per cent influences consolidated earnings and financial position as follows.

CURRENCY CHANGE, +/-5%	SEK million	SEK million	SEK million
Translated currency	NOK	EUR	DKK
Change in translation/exchange difference	+/- 7.5	+/- 4.1	+/- 0.5

These exchange rates were used:

	2013		2012	
EXCHANGE RATE	Average	End of reporting period	Average	End of reporting period
EUR	8.649	8.943	8.666	8.617
DKK	1.160	1.199	1.162	1.155
NOK	1.109	1.058	1.177	1.167

Liquidity risk

Financing needs are secured through long-term agreements with credit institutions, borrowing against customer invoices, and bank overdraft facilities. The Group's long-term financing is from the lender coupled with requirements of the covenants, net debt/EBITDA and equity/assets ratio. The covenants were met during the year. The Group has a central group accounting system.

Management monitors rolling 12-month liquidity forecasts, which consist of cash and cash equivalents and unused loan commitments that cover all Group entities. A significant portion of long-term capital procurement is to have maturities of two to five years. At 31 December 2013, the average remaining contract term was 26 months. Data on confirmed, granted, and utilized borrowing limits and due dates of utilized credit are shown in Note 24.

Interest rate risk

As the Group has no significant interest-bearing assets besides its bank accounts, consolidated earnings and cash flows from operating activities are not dependent on changes in market interest rates. Interest rate risk arises with financing through external borrowing. At year-end, there were interest-bearing liabilities to credit institutions of SEK 57 million (89), 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 percentage point of negative interest fluctuation does not affect earnings negatively by more than SEK 2 million (0.5) over a rolling 12-month period. An increase in the average interest rate of one percentage point would affect consolidated earnings negatively by less than SEK 1 million.

Credit risk

Credit risk arises in the Group's operation largely in conjunction with selling on credit. Proffice's assignments are invoiced regularly as services are completed. The Group has a credit policy detailing how customer credit should be managed. The credit policy specifies things such as conditions for credit ratings, credit monitoring, and collection management. Normal payment terms are net 15-30 days. Longer payment terms exist. The Group checks the creditworthiness of customers by obtaining information about the financial position of each customer from a credit rating agency. 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's bad debt losses have been very limited.

Credit risks attributable to the Group's accounts receivable in the Nordic region are distributed among a large number of customers. There was no significant concentration of credit exposure at the end of the reporting period. 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 594 million (741), other receivables SEK 37 million (40), prepaid expenses and accrued income SEK 246 million (250), and cash and cash equivalents SEK 42 million (94).

Fair value of financial instruments

Group loans and accounts receivable are valued at the amortized cost. The recognized amount at the end of the reporting period was SEK 858 million (1,056). The carrying amounts represent a good approximation of fair value since they will soon fall due.

The Group's other financial liabilities are valued at amortized cost. The recognized amount at the end of the reporting period was SEK 176 million (346). Carrying amounts of the current liabilities represent a good approximation of fair value since they will soon fall due. 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 characterized 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 specialized services are factors that are becoming increasingly important for staffing companies.

Proffice has customers in several countries and in various industries, including both public and private sectors, and provides expertise in many professional fields. Opportunities to meet customers' flexibility and competence management needs thereby increase.

Sensitivity to economic fluctuations

Economic trends affect the market, and customers adapt their businesses accordingly. Proffice has three operating areas – Staffing, Recruitment, and Outplacement – which have different economic cycles that help offset them against each other. Proffice has positioned itself as a product leader in order to be the customer's first choice in good and bad times alike.

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. No single customer accounts for 10 per cent or more of revenue.

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 specialization. Our organizational structure increases specialization 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 expertise it needs. Introduction of the EU's staffing directive ensures through its equality directive that the industry can continue to attract good candidates and consultants.

Sensitivity analysis

The following summary shows the effect on operating profit/loss of a one per cent price change in customer and employee expenses, calculated on 2013 results.

Change +/-1%	SEK million
Price to customer calculated from revenue	+/-43
Employee expenses	+/-36

Recognized effects should be considered independently of each other and on the assumption that other factors are not changed.

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 organized 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. The Group-wide item also includes non-current assets related to capitalized system development expenditures for the Group's operational systems. Accounts receivable below are recognized after the reserve for bad debts. Pricing of transactions between segments is founded on market-based conditions.

	2013						
REVENUE AND EARNINGS	Sweden	Norway	Finland	Denmark	Group-wide	Elimination	Total
External revenue	3,162	998	118	40	–	–	4,318
Internal revenue	179	22	1	0	244	-446	–
Revenue	**3,341**	**1,020**	**119**	**40**	**244**	**-446**	**4,318**
Other operating income	5	–	–	–	–	–	5
Depreciation	-4	0	–	–	-9	–	-13
Operating profit/loss	**123**	**35**	**3**	**5**	**-41**	**–**	**125**
Financial items							10
Consolidated earnings before tax							**135**
ASSETS							
Non-current assets[1]	368	134	68	–	62	–	632
Accounts receivable	487	89	13	5	–	–	594
Unallocated assets							338
Total assets							**1,564**
EQUITY AND LIABILITIES							
Equity							571
Unallocated liabilities							993
Total equity and liabilities							**1,564**
Investments[1]	0	0	–	–	-17	–	-17

	2012						
REVENUE AND EARNINGS	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	-7	-1	–	–	-8	–	-16
Operating profit/loss	**129**	**36**	**-4**	**0**	**-51**	**–**	**110**
Financial items							-10
Consolidated earnings before tax							**100**
ASSETS							
Non-current assets[1]	372	149	66	–	58	–	645
Accounts receivable	593	138	7	3	–	–	741
Unallocated assets							409
Total assets							**1,795**
EQUITY AND LIABILITIES							
Equity							512
Unallocated liabilities							1,283
Total equity and liabilities							**1,795**
Investments[1]	-1	0	–	–	-19	–	-20

[1] Intangible and tangible.

	2013				
REVENUE BY OPERATING AREA	Sweden	Norway	Finland	Denmark	Total
Staffing	2,943	972	114	34	4,063
Recruitment	134	24	4	6	168
Outplacement	85	2	–	–	87
Total	**3,162**	**998**	**118**	**40**	**4,318**

	2012				
REVENUE BY OPERATING AREA	Sweden	Norway	Finland	Denmark	Total
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**

Note 5 | Breakdown of revenues

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 from Proffice's specialist areas who help companies with their competence management. In the Outplacement operating area, job coaches provide outplacement support and help individuals in the transition process from one job to another.

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

BREAKDOWN BY OPERATING AREA	2013	2012
Revenue		
Staffing	4,063	4,611
Recruitment	168	183
Outplacement	87	82
Total	**4,318**	**4,876**

BREAKDOWN BY BUSINESS AREA	2013	2012
Revenue		
Office & Customer Service	1,342	1,554
Industry & Logistics	1,462	1,728
Finance	329	365
IT	443	491
Care	346	342
Life Sciences	141	131
Total	**4,063**	**4,611**

Note 6 | Other operating income

	Group		Parent Company	
	2013	2012	2013	2012
Reversed contingent consideration[1]				
– Komet Holding AB[2]	5	27	–	–
– Legevisitten Bemanning[3]	–	13	–	–
Other	0	0	–	–
Total	5	40	–	–

[1] Deviation between actual contingent consideration from previous acquisition and estimated contingent consideration at acquisition.

[2] See Note 7, Business combinations.

[3] On 1 September 2010, through its Proffice Vård AB subsidiary, Proffice acquired all shares in medical staffing companies Legevisitten Bemanning AS and Legevisitten Bemanning AB with wholly-owned subsidiary Legevisitten Bemmaning II AB.

Note 7 | Business combinations

Acquisitions in 2013
No acquisitions were made in 2013.

Settlement of contingent considerations
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).

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 amortization of goodwill, and the other part on the 2013 operating profit/loss before depreciation and amortization 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 the contingent consideration and the estimated conditional purchase price at acquisition is recognized as other operating income in 2012 and 2013 in the consolidated statement of profit or loss and other comprehensive income (see Note 6). In the Parent Company, the deviation reduced the cost for participating interests in Group companies (see Note 18).

The additional purchase price is dependent on outcomes for 2013, so the calculation is preliminary and will be finalized in conjunction with Komet's AGM.

Business combinations had an effect on consolidated cash flow during the year of SEK -166 million. The amount resulted primarily from two events: the proceeds paid for the remaining 49 per cent of Dfind AB amounting to SEK 159 million and the SEK 6 million that was paid as an additional consideration for the acquisition of student staffing company Komet Holding AB.

Acquisitions in 2012
Acquisition of non-controlling interest
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 cost of the remaining 49 per cent of shares totalled SEK 154 million (the purchase price totalled SEK 159 million discounted by interest 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 were related to consultant fees in connection with the acquisition. These expenditures were recognized as other operating expenses in the consolidated statement of profit or loss and other comprehensive income. In the Parent Company, the expenditures are included in the cost of acquisition of the subsidiary.

Note 8 | Personnel

	2013		2012	
AVERAGE NUMBER OF EMPLOYEES	Total no. of employees	Of whom men	Total no. of employees	Of whom men
Parent Company				
Sweden	100	23	102	27
Subsidiaries				
Sweden	4,526	2,341	5,779	3,108
Norway	1,471	876	2,199	1,287
Denmark	69	18	37	10
Finland	380	169	168	85
Total subsidiaries	6,446	3,404	8,183	4,490
Group total	6,546	3,427	8,285	4,517

Gender distribution among the Board and senior executives, 31 December 2013
The Group's Board consisted of 9 men (9) and 8 women (8).

The Board of the Parent Company consisted of 6 members (6), of whom 3 were male (3), along with 1 male and 1 female employee representative.

Senior Group executives consisted of 4 persons (18), of which 3 were men (8), and in the Parent Company of 4 persons (3), of which 3 were men (2).

Note 9 | Salaries, other remuneration, and social charges

	Group		Parent Company	
Salaries, other remuneration, and social charges	2013	2012	2013	2012
Salaries and remuneration [1)]	2,737	3,014	70	88
Social charges	571	664	25	29
Pension expenses [2)]	185	198	12	13
Total	3,493	3,876	107	130
Allocation of salaries and remuneration				
Board, CEO, and other senior executives [3–5)]	17	34	13	12
Other employees	2,720	2,980	57	76
Total	2,737	3,014	70	88

1) Of recognized salaries and remuneration, SEK 1 million (5) was invoiced within the Group and SEK 1 million (4) in the Parent Company.
2) Contributions for the year for pension insurance policies with Alecta totalled SEK 35 million (49). Alecta's surplus may be distributed to policyholders and/or the insured. At the end of 2013, Alecta's surplus in the form of the collective consolidation level totalled 148 per cent (129).
3) See page 68 for Proffice's Group management at 31 December 2013; as of 1 April 2013, this also represents senior executives in the Parent Company.
4) Proffice's Group management at 31 December 2013 (excluding CEO): Benno Eliasson, Kathrine Engman, Marie Eriksson, Agnetha Forssén, Johannes Gussander, Christer Hammar, Stein André Haugerud, Monika Korsboen, Johan Lagercrantz, Anna Lannerhjelm, Viktoria Lindström, Markus Pikka, Maria Rosengren, Öyvind Ryber, Ci Taylor, Anette Timm, and Katarina Wallin Dackander.
5) Parent Company management, 31 December 2013 (excluding CEO): Benno Eliasson and Ci Taylor.

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. At the 2013 AGM it was decided that the following basically unchanged guidelines would be in effect until the 2014 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.

During the year, Proffice followed the guidelines adopted at the 2013 AGM, but in accordance with what is permitted by the guidelines, the Board deviated from them when it entered into an employment contract with the CEO that has a six-month notice period of termination on the CEO's part. The CEO is also entitled to a guaranteed bonus of six monthly salaries in 2014. The deviations are justified by market factors.

REMUNERATION AND PENSIONS 2013

SEK thousand	Board fees[6)], fixed salary	Variable remuneration	Retirement premiums
Lars Murman, Board Chairman	500	–	–
Cecilia Daun Wennborg, Board member	320	–	–
Karin Eliasson, Board member	290	–	–
Karl Åberg, Board member	260	–	–
Christer Hägglund, Board member (through 23 April)	83	–	–
Katarina Mellström, Board member (through 23 April)	88	–	–
Susanna Marcus, Board member (from 24 April)	177	–	–
Lars Johansson, Board member (from 24 April)	177	–	
Lars Kry, CEO [1–2)]	5,841	–	1,752
Other Group management (3 persons excluding CEO) [3–5)]	9,212	–	2,719
of whom employed by Parent Company (3 persons)			
of whom employed by subsidiary (0 persons)			
Total	16,948	–	4,471

REMUNERATION AND PENSIONS 2012

SEK thousand	Board fees[6)], fixed salary	Variable remuneration	Retirement premiums
Lars Murman, Board Chairman	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 (through 3 May)	83	–	–
Karl Åberg, Board member (from 4 May)	167	–	–
Lars Kry, CEO [1)]	3,367	495	990
Other Group management (17 persons excluding CEO) [5)]	26,251	1,823	6,012
of whom employed by Parent Company (2 persons)			
of whom employed by subsidiary (15 persons)			
Total	31,488	2,318	7,002

1) No part of the pension premiums is made up of salary exchange.
2) Of the total amount of SEK 5,841 thousand, SEK 2,475 thousand was reserved as final salaries and SEK 757 thousand is included in pensions.
3) January-March 2013, Proffice's Group management consisted of 17 persons (excluding CEO). April-December 2013, Proffice's Group management consisted of three persons (excluding CEO). Fixed salaries for Group management for the period January-March totalled SEK 4,109 thousand and pensions totalled SEK 1,261 thousand.
4) One person left Group management with six months of severance pay.
5) Of the total amount, SEK 0 thousand (3,454) relates to invoiced amounts for Group management.
6) Board fees correspond to AGM approved fees excluding social charges.

Note 11 Auditors' fees

	Group		Parent Company	
	2013	2012	2013	2012
KPMG				
– Audit engagement	5	4	1	2
– Tax consulting	0	0	0	0
– Other services	0	0	0	0
Total	5	4	1	2

The audit engagement concerns fees for the statutory audit, reviewing the annual report and consolidated financial statements, bookkeeping, and the Board's and CEO's administration, that is, such undertakings as are necessary to issue the auditor's report and the auditor guidance submitted in conjunction with the audit engagement. The engagement also includes auditing and other reviews as agreed or contracted.

Note 13 Net financial items

	Group		Parent Company	
	2013	2012	2013	2012
Earnings from interests in Group companies [1]	–	–	124	108
Interest income	2	3	11	13
Other	1	1	0	0
Net exchange rate fluctuations	12	–	12	–
Total financial income	15	4	23	13
Interest expenses	-4	-10	-8	-16
Other	-1	-2	0	0
Net exchange rate fluctuations	–	-2	–	-2
Total financial expenses	-5	-14	-8	-18
Net financial items	10	-10	139	103

[1] Earnings from interests in Group companies concern Group contributions received of SEK 61 million (24), impairment of shares of SEK -17 million (-32), and dividends of SEK 80 million (116).

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 10 million (11) and interest expenses were SEK -7 million (-8).

Note 12 Operating leases

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

	2013		
	Group	Of which premises	Parent Company
Leasing and rental costs for the year	58	47	24
Variable fees	–	–	–
Minimum lease payment due dates			
Within 1 year	62	51	30
Between 1 and 5 years	128	116	98
After 5 years	27	27	27

	2012		
	Group	Of which premises	Parent Company
Leasing and rental costs for the year	63	50	25
Variable fees	–	–	–
Minimum lease payment due dates			
Within 1 year	53	37	19
Between 1 and 5 years	147	121	93
After 5 years	58	58	58

Leases consist mainly of office space rental. Other agreements mostly have to do with cars and IT equipment. Leases are concluded based on market conditions with respect to rates and duration. No leases have variable charges in their terms and conditions.

Note 14 Appropriations

	Parent Company	
	2013	2012
Difference between recognized depreciation and amortization and depreciation and amortization according to plan:	-20	0
Tax allocation reserve, year's reversal	6	–
Total	-14	0

Note 15 Tax

	Group		Parent Company	
	2013	2012	2013	2012
Current tax expense				
Tax expense/revenue for the year	-18	-27	–	–
Adjustment of tax relating to prior years	-1	-3	–	0
Total	-19	-30	–	0
Deferred tax				
Deferred tax on temporary differences and deficit deduction	-8	2	-5	6
Other deferred tax, current year	-3	1	–	–
Revaluation of deferred tax[1-2]	-1	5	–	-1
Total	-12	8	-5	5
Total recognized tax expense/revenue	-31	-22	-5	5

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

	Group			
Reconciliation of effective tax	2013 (%)	2013	2012 (%)	2012
Net profit before tax		135		100
Tax according to each country's current tax rate	-23.7	-32	-27.0	-27
Tax effects of non-deductible expenses	-0.7	-1	-6.0	-6
Tax effects of non-taxable income	1.5	2	11.0	11
Adjustment for previous years' tax	-0.7	-1	-3.0	-3
Increase in current year deficit deductions without corresponding capitalization	0.0	0	-1.0	-1
Increase of previously uncapitalized deficit deduction	1.5	2	–	–
Revaluation of deferred tax[1-2]	-0.7	-1	5.0	5
Other	0.0	0	-1.0	-1
Recognized tax expense	-23.0	-31	-22.0	-22

	Parent Company			
Reconciliation of effective tax	2013 (%)	2013	2012 (%)	2012
Net profit before tax		84		52
Tax according to current tax rate	-22.0	-18	-26.3	-14
Tax effects of non-deductible expenses	-4.8	-4	-21.2	-11
Tax effects of non-taxable income	20.2	17	59.6	31
Adjustment for previous years' tax	–	–	0.0	0
Standard interest on tax allocation reserve	0.0	0	0.0	0
Revaluation of deferred tax[1]	–	–	-1.9	-1
Recognized tax expense/revenue	-6.0	-5	9.6	5

[1] As of 1 January 2013, the corporate tax rate is 22 per cent in Sweden; deferred tax was revalued from 26.3 per cent to 22 per cent at 31 December 2012.
[2] As of 1 January 2014, the corporate tax rate is 27 per cent in Norway and 20 per cent in Finland; deferred tax was revalued from 28 to 27 per cent and 24.5 to 20 per cent, respectively, at 31 December 2013.

Of the Parent Company's other receivables, 0 constitute tax assets (6).

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

	Group		Parent Company	
	2013	2012	2013	2012
Deferred tax asset attributable to:				
Property, plant, and equipment	0	1	–	–
Intangible non-current assets	2	4	–	–
Deficit deduction	9	17	–	5
Total	11	22	–	5
Deferred tax liability attributable to:				
Tax allocation reserves	38	38	–	–
Difference between booked depreciation and amortization and depreciation and amortization according to plan	5	0	–	–
Other	0	0	–	–
Total	43	38	–	–

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 2013-01-01	Recognized in profit/loss	Recognized against equity	Acquisition/ disposal of business	Closing balance 2013-12-31
Property, plant, and equipment	1	-1	–	–	0
Intangible non-current assets	4	-2	–	–	2
Deficit deduction	17	-4	-4	–	9
Tax allocation reserves	-38	0	–	–	-38
Difference between booked depreciation and amortization and depreciation and amortization according to plan	0	-5	–	–	-5
Other	0	0	–	–	0
Total	-16	-12	-4	–	-32

GROUP	Opening balance 2012-01-01	Recognized in profit/loss	Recognized against equity	Acquisition/ disposal of business	Closing balance 2012-12-31
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 amortization and depreciation and amortization according to plan	0	0	–	–	0
Other	0	0	–	–	0
Total	-24	8	–	–	-16

Unrecognized deferred tax assets

In addition to the capitalized value of tax deficit deductions of SEK 9 million (17), there are tax deficit deductions for which deferred tax assets have not been recognized 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 unrecognized deficit deductions as of 31 December 2013 was SEK 32 million (32).

Deferred tax assets were not recognized for this item, as it is not probable that the Group will utilize them against future taxable profits within a five year period. Of the unrecognized carry forward of unused tax losses, SEK 1 million falls due under current tax rules; of this amount, SEK 0.2 million falls due within five years.

Note 16 Intangible assets

All intangible assets are acquired externally.

	Goodwill		Customer contracts		Systems development		Total	
GROUP	2013	2012	2013	2012	2013	2012	2013	2012
Opening accumulated cost	605	614	12	12	74	58	691	684
Translation difference	-11	-2	–	–	–	–	-11	-2
Purchases	–	–	–	–	13	16	13	16
Divestments/disposals	–	–	–	–	-8	–	-8	–
Reclassification/redistribution	0	-7	2	–	–	–	2	-7
Closing accumulated cost	594	605	14	12	79	74	687	691
Opening accumulated impairment/amortization	-35	-37	-3	-1	-21	-16	-59	-54
Translation difference	-1	1	–	–	–	–	-1	1
Depreciation for the year	–	–	-1	-2	-7	-5	-8	-7
Divestments/disposals	–	–	–	–	5	–	5	–
Reclassification/redistribution	-1	1	-1	–	0	0	-2	1
Closing accumulated impairment/amortization	-37	-35	-5	-3	-23	-21	-65	-59
Carrying amount	557	570	9	9	56	53	622	632

	Goodwill		Customer contracts		Systems development		Total	
GROUP	2013	2012	2013	2012	2013	2012	2013	2012
Group intangible assets are broken down into the following cash-generating entities:								
Sweden	357	357	8	9	1	1	366	367
Norway	132	147	1	–	–	–	133	147
Denmark	0	0	–	–	–	–	0	0
Finland	68	66	–	–	–	–	68	66
Group-wide	–	–	–	–	55	52	55	52
Total	557	570	9	9	56	53	622	632

	Systems development	
PARENT COMPANY	2013	2012
Opening accumulated cost	69	53
Purchases	13	16
Divestments/disposals	-5	–
Closing accumulated cost	77	69
Opening accumulated depreciation	-17	-12
Depreciation for the year	-6	-5
Divestments/disposals	1	–
Closing accumulated depreciation	-22	-17
Carrying amount	55	52

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 calculation of value in use is based on assumptions and assessments. The most important assumptions concern organic sales growth, developments in the operating margin, utilization of operating capital employed, and the relevant weighted average cost of capital (WACC). The projections for 2014 are based on the budget for each entity. The trend for 2015-2018 and beyond is based on growth and margin development assumptions for the market in general and the operations anticipated growth. The growth rate after the explicit projection period, the so-called terminal value, is expected to amount to 2 per cent (2).

The present value of projected cash flows was calculated using a discount rate, which is based on a WACC for the required return on equity and cost of external borrowing.

Each cash-generating entity has a locally calculated WACC for which the risk-free interest payable and the tax rate are adjusted based on local conditions.

The following discount rates before tax were used:
Sweden 10.4 per cent (10.2)
Norway 10.7 per cent (10.2)
Finland 9.8 per cent (10.2)

In recent years, the business in Finland has not attained the desired growth and profitability, so the sensitivity analysis was focused on this operating segment. In the impairment test, annual revenue growth of 7–10 per cent and an operating margin of 5-6 per cent was assumed during the forecast period. An annual reduction in operating capital employed of 0.5–2.0 percentage points of revenue was also forecast. After the end of the forecast period, the operation in Finland is assumed to have revenue growth of 2 per cent, an operating margin of 6 per cent, and a reduction in operating capital employed of 2 percentage points of revenue.

For the Group's other cash-generating entities, possible changes in terminal value, discount rate, or projected cash flow would not have such an impact as to reduce the value in use to a value equal to or less than the carrying amount.

The following tables show the assumptions and changes to those assumptions that would result in an impairment loss.

SENSITIVITY ANALYSIS – FINLAND	2013
Carrying amount	68
Value in use	120
Operating margin decreases by 2.0 per cent and discount rate before tax increases to 11.8 per cent	Value in use is SEK 2 million less than 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 carrying amount
Revenue and operating margin decrease 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 2013.

Note 17 Property, plant, and equipment

	Group		Parent Company	
EQUIPMENT	2013	2012	2013	2012
Opening accumulated cost	75	72	13	9
Translation difference	-1	0	–	–
Purchases	4	4	4	3
Divestments/disposals	-13	-2	-2	–
Reclassification/redistribution	–	1	–	1
Closing accumulated cost	65	75	15	13
Opening accumulated depreciation	-62	-56	-7	-4
Acquisitions	–	0	–	0
Translation difference	0	0	–	–
Depreciation for the year	-5	-8	-3	-3
Divestments/disposals	12	2	2	–
Reclassification/redistribution	–	0	–	–
Closing accumulated depreciation	-55	-62	-8	-7
Carrying amount	10	13	7	6

	Group		Parent Company	
BUILDING ALTERATIONS TO ANOTHER PARTY'S PROPERTY	2013	2012	2013	2012
Opening balance, new construction and reconstruction	8	24	1	1
Divestments/disposals	-6	-15	0	–
Reclassification/redistribution	–	-1	–	–
Closing balance, new construction and reconstruction	2	8	1	1
Opening depreciation	-8	-21	-1	0
Depreciation for the year	0	-2	0	-1
Divestments/disposals	6	15	0	–
Closing accumulated depreciation	-2	-8	-1	-1
Carrying amount	0	0	0	0

Note 18 Participating interests in Group companies

	Parent Company	
	2013	2012
Opening accumulated cost	687	592
Acquisitions [1]	–	154
Shareholder contribution paid	27	–
Additional purchase price settled [1]	-5	-27
Impairment	-17	-32
Closing carrying amount	692	687

PARENT COMPANY HOLDINGS	Corporate ID number	Principle place of business	Capital share (%)	Share of voting power (%)	No. of shares	Carrying amount 2013	Carrying amount 2012
Antenn Consulting AB	556517-7143	Stockholm	100	100	1,000	115	115
Dfind AB	556633-3612	Gothenburg	100	100	10,000	154	154
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	0
Proffice A/S	25 05 05 41	Copenhagen	100	100	6,500	11	11
Proffice Industrial & Logistics AB	556584-8941	Stockholm	100	100	600	21	1
Dfind Finance and Executive AB	556803-3145	Stockholm	97.12	97.12	48,560	5	5
Proffice Finland Oy	1642464-1	Helsinki	100	100	571	50	63
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	4	3
Proffice Vård AB	556543-1979	Stockholm	100	100	1,000	24	23
Komet Holding AB	556685-3262	Stockholm	100	100	2,007,127	97	101
Total						692	687

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.

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 244 million (309), and expenses from other Group companies totalled SEK -197 million (-87). Interest income from other Group companies totalled SEK 10 million (11) and interest expenses SEK -7 million (-8). The Parent Company has long-term receivables in other Group companies of SEK 91 million (85), current receivables in other Group companies of SEK 135 million (120), and current liabilities of SEK 483 million (320).

Note 20 Accounts receivable

	Group		Parent Company	
	2013	2012	2013	2012
Accounts receivable	597	749	53	2
Bad debts	-3	-8	–	–
Total	594	741	53	2
Age analysis, accounts receivable				
Non-overdue accounts receivable	540	650	51	1
Overdue accounts receivable, 1-7 days	13	31	-5	0
Overdue accounts receivable, 8-30 days	30	44	6	0
Overdue accounts receivable, 31-60 days	6	10	0	0
Overdue accounts receivable, more than 60 days	8	14	1	1
Total	597	749	53	2

At 31 December 2013, the Group's reserve for bad debts totalled SEK -3 million (-8). The receivables for which an impairment is deemed to exist are individually assessed in the Group and subsidiaries. Assessment showed that a portion of the reserved receivables are expected to be recoverable. Historically, the Group's bad debt losses have been very limited.

Provisions and impairment losses related to accounts receivable are recognized in other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

In 2013 the Parent Company invoiced for external deliveries to some Group-wide customers.

Note 21 Prepaid expenses and accrued income

	Group		Parent Company	
	2013	2012	2013	2012
Prepaid rent	7	12	4	6
Prepaid lease payments	1	0	–	–
Accrued income	227	220	12	2
Prepaid items, other	11	18	5	10
Total	246	250	21	18

Note 22 Equity, including share data

	A shares		B shares		Total	
	Shares	Votes	Shares	Votes	Shares	Votes
Shares at start of year	4,000,000	40,000,000	64,677,773	64,677,773	68,677,773	104,677,773
Shares at end of year	2,000,000	20,000,000	66,677,773	66,677,773	68,677,773	86,677,773

Reconciliation of share capital	
Total shares	68,677,773
Quotient value	0.25
Total share capital	17,169,443

	Group	
EARNINGS PER SHARE	2013	2012
Basic earnings per share (SEK)	1.52	1.11
Diluted earnings per share (SEK)	1.52	1.11
Average number of shares, basic	68,677,773	68,677,773
Average number of shares, diluted	68,677,773	68,677,773
Holdings of Proffice treasury shares	438,919	438,919
Average number of basic shares outstanding	68,238,854	68,238,854
Average number of diluted shares outstanding	68,238,854	68,238,854

Shareholders holding more than 10 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	3,803,588	3,803,588	8.45	27.60
Swedbank Robur Funds	0	0	11,235,058	11,235,058	16.36	13.03
Nordea Investment Funds	0	0	9,930,952	9,930,952	14.46	11.52

*Votes are adjusted for the Parent Company's treasury share holdings, 438,919 B shares.

Dividend

The goal of the Board is that, over time, dividends should be at least 50 per cent of consolidated earnings after tax on average. The Board aims 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 2013, the Board proposes a dividend to shareholders of SEK 0.60 (0.30) per share, totalling SEK 41 million (21).

Share buy-back and cancellation

At Proffice AB's AGM on 23 April 2013, the Board was authorized to make decisions on acquisition and transfer of treasury shares. No treasury shares were acquired in 2013. Proffice holds 438,919 reacquired shares.

Presentation method for Group equity

In the consolidated financial statements, equity is specified 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 recognized 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 -39 million (-16), of which SEK 0 million (0) is attributable to non-controlling interest.

The retained profits 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 recognized as per the Swedish Annual Accounts Act and recognized separately as restricted equity and unrestricted equity. Share capital and statutory reserve are recognized as restricted equity. Share premium reserve, accumulated profit/loss, and profit/loss for the year are recognized as non-restricted equity.

Statutory reserve

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

Share premium reserve

When shares are issued at a premium, that is, more than the share's 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 reserve. Amounts added to the share premium reserve starting 1 January 2006 are included in non-restricted capital.

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

Note 23 Untaxed reserves

	Parent Company	
	2013	2012
Accumulated amortization in excess of plan	20	0
Tax allocation reserves		
Reserved at tax assessment 2008	–	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	68	54

Note 24 Liabilities to credit institutions

	Group		Parent Company	
	2013	2012	2013	2012
Long-term credit confirmed from credit institutions	100	–	–	–
– of which utilized	25	–	–	–
Short-term credit granted from credit institutions	200	260	100	60
– of which utilized	32	89	18	37

	Group		Parent Company	
MATURITY STRUCTURE FOR INTEREST-BEARING LIABILITIES	2013	2012	2013	2012
Less than one year	32	89	18	37
One to five years	25	–	–	–
More than five years	–	–	–	–

All credit facilities are in Swedish krona (SEK) and have variable interest rates. The carrying amount is estimated to be nearly equal to fair value. Assets are pledged to the credit facilities (see Note 27).

Note 25 Accrued expenses and deferred income

	Group		Parent Company	
	2013	2012	2013	2012
Holiday pay liability including social charges	211	270	14	13
Social charges	59	48	2	5
Accrued wages and salaries including social charges	234	257	7	11
Accrued expenses, other	48	55	3	8
Deferred income	43	2	–	1
Total	595	632	26	38

Note 26 Adjustments for items not included in cash flow

	Group		Parent Company	
	2013	2012	2013	2012
Reversed depreciation and write-downs	13	16	26	40
Deviation between actual and estimated additional consideration	-5	-40	–	–
Group contributions received but not paid	–	–	-61	-24
Other	7	0	-1	–
Total	15	-24	-36	16

Note 27 Pledged assets

	Group		Parent Company	
	2013	2012	2013	2012
For own liabilities				
Shares in subsidiaries	146	174	0	0
Guarantees	–	6	–	2
Floating charges	64	70	–	–
Accounts receivable	105	264	–	–
Other (restricted bank balances)	2	2	–	–
Total pledged assets	317	516	0	2

Note 28 Contingent liabilities

	Group		Parent Company	
	2013	2012	2013	2012
Contingent liabilities [1]	–	–	–	–

[1] The Parent Company made capital cover guarantees on behalf of certain subsidiaries.

Note 29 Events after end of reporting period

Lars Murman, Proffice's Chairman of the Board, announced that he sold all of his Proffice AB (publ) shareholdings. He also announced that he will not stand for re-election at the 2014 AGM.

Proffice's Nomination Committee proposed that Cecilia Daun Wennborg be re-elected as a board member and be appointed as the new board chair for Proffice AB (publ) at the 2014 AGM.

After year-end, the Group entered into an agreement on extending its long-term financing for a term of 36 months.

Proffice and AgriKjøp, the purchasing organization for Landbrukssamvirket in Norway, concluded a new nationwide agreement for staffing services.

Proffice Care expanded its services in Norway with recruitment and placement of nurses and specialist nurses.

Note 30 Important estimates and assessments

Preparation of the financial statements using IFRS presumes that the Board and company management make judgements, estimates and assumptions that affect application of the accounting policies and the recognized 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 recognized 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 years' financial statements are described below.

Impairment testing of goodwill and other acquisition-related intangible assets

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 realizable value and value in use. Since under normal circumstances no quoted market prices are available to assess an asset's net realizable 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, utilization of operating capital employed, and the relevant WACC, which is used to discount future cash flows. All in all, this means that measurement of the goodwill and intangible asset items related to acquisitions are subject to critical estimates and assessments. A description of these can be found in Note 16.

Deferred tax assets

The Group recognizes 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 utilizable against future taxable income within a reasonable 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 accounts receivable and provision for bad debt losses

Accounts receivable is one of the most significant items on the statement of financial position. Accounts receivable are recognized net of deductions for provision of bad debts. The provision for bad debt losses is thus subject to critical estimates and assessments. More information on credit risk in accounts receivable appears in Notes 2 and 20.

Note 31 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, 7 April 2014

Lars Murman Chairman of the Board	Cecilia Daun Wennborg Board member	Karin Eliasson Board member	Lars Johansson Board member
Susanna Marcus Board member	Karl Åberg Board member	Magnus Bergström Board member (employee representative)	Sylvia Kristensen Board member (employee representative)

Henrik Höjsgaard
Chief Executive Officer

Our auditor's report was submitted on 11 April 2014
KPMG AB

Stefan Holmström
Authorized public accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of Proffice AB (publ), corporate ID number 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 2013. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 33-66.

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

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

Auditor's responsibility

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

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

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

Opinions

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

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

As 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 audit 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, 11 April 2014
KPMG AB

Stefan Holmström
Authorized Public Accountant

GROUP MANAGEMENT AND AUDITOR

Lars Kry
CEO and President of Proffice AB November 2008
through December 2013
Born 1969
Employed since 2006
Proffice shareholdings: 100,000 B shares via endowment insurance

Henrik Höjsgaard
CEO and President of Proffice AB since January 2014

Born 1965, educated at Nils Brock Handelshögskola (Copenhagen Business College) in Copenhagen

Employed since 2014

Work experience: Started as CEO of Postnord Logistics in 2007 after a long international career. CEO of Keolis Nordic AB and has held various management roles in Sweden and Denmark in the transport and logistics sector, including CEO of TNT International Express AB

Other boards: None

Proffice shareholdings: Acquired 10,000 B shares 17 Jan 2013

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

Jan Lillieborg
Director for Norway, Finland, and Denmark
Born 1955
Employed since 2013
Proffice shareholdings: 0

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

AUDITOR
KPMG AB, elected at 2011 AGM
Chief auditor, Stefan Holmström

DEFINITIONS

KEY RATIOS

Number of working days
Total number of working days in Sweden, less Saturday, Sunday, and public holidays, in accordance with salaried employee contracts.

Cash conversion rate
Cash flow from operating activities related to earnings before financial items, tax, and deduction for depreciation, amortization, and write-down of intangible assets and property, plant, and equipment.

Equity per share
Equity divided by average number of basic shares outstanding.

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

Cash flows from operating activities per share
Cash flows from operating activities for the year divided by average number of basic shares outstanding.

Average number of 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 outstanding.

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

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

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

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

Equity/assets ratio
Equity as a percentage of total assets.

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

Profit margin
Earnings after financial income, excluding any positive exchange rate effects, as a percentage of revenue.

COMPANY/INDUSTRY-SPECIFIC GLOSSARY

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

Temporary Agency Work Directive
A European Union directive entailing that temporary workers have the same basic working and employment conditions as if they had been hired directly by the company they are subcontracted to. The Norwegian Vikarbyrå Directive stems from this EU directive.

Swedish Staffing Agencies
Swedish Staffing Agencies is an employer and trade association for 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.

ADDRESSES, REPORTING DATES, AND AGM

Proffice AB (publ)
Box 70368, SE-107 24 Stockholm, Sweden
Street address: Regeringsgatan 65, Stockholm
Tel: +46 8 787 17 00
Fax: +46 8 553 419 15
E-mail: info@proffice.com
www.proffice.com

FINANCIAL INFORMATION 2014

Annual Report 2013	16 April 2014
Interim report, January-March 2014	22 May 2014
Interim report, January-June 2014	21 August 2014
Interim report, January-September 2014	13 November 2014
Year-end report 2014	18 February 2015

AGM 2014
Proffice's 2014 AGM will be held at Proffice's head office on Regeringsgatan 65 in Stockholm from 3–5 pm on 22 May 2014.

PROFFICE NOMINATION COMMITTEE
Based on the ownership structure as of 6 December 2013, the Nomination Committee consists of:

Joakim Rubin, chair and head of Nomination Committee. Appointed by CapMan Public Market Investment (24.88% of votes)

Marianne Flink, appointed by Swedbank Robur Funds (11.80% of votes)

Jan Särlvik, appointed by Nordea Investment Funds (10.38% of votes)

Frank Larsson, appointed by Handelsbanken Funds (6.13% of votes)

Hans Hedström, appointed by Carnegie Funds (3.30% of votes)

The Nomination Committee represents 56.49 per cent of the votes in the company.

DISTRIBUTION AND OTHER INFORMATION

Proffice's interim reports, annual reports, and other financial information can be read or downloaded on its website at http://www.proffice.com/en/corporate/Investor-Relations/.

The website also contains an archive of interim and annual reports. Please note that we no longer print our annual reports; they are only published digitally.

Production: Proffice AB
Photo: Caroline Söderman and Bertil Strandell, unless otherwise stated.
Illustrations: Caroline Söderman

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 Sciences // Media, Information, and Communication // Mining // Health Care // Student Staffing

PROFFICE AB (PUBL) Regeringsgatan 65, Box 70368, SE-107 24 Stockholm, Sweden, Telephone: +46 8 787 17 00, Fax +46 8 553 419 15
www.proffice.com | info@proffice.com