First nine months of 2014: Strong margin and cash conversion

- **Net sales for first nine months, excluding revenues attributable to Alfdex: MSEK 1,543 (1,390) [1)] – up 3% year-on-year, after adjusting for currency (+5%) and LICOS (+3%)**
- **Operating income for first nine months, including net income (after interest and tax) attributable to Alfdex: MSEK 247 (206) – operating margin of 16.0% (14.8) [1)]**
- **Earnings after tax for first nine months: MSEK 177 (130) – basic EPS of SEK 4.08 (2.96)**
- **Strong cash flow from operating activities for first nine months: MSEK 243 (120)**
- **Group's net debt at 30 September: MSEK 414 (604) [1)] – gearing ratio of 49% (104), following dividend payout of MSEK 121 (110) and own share buy-backs of MSEK 98 (nil) during Q2 and Q3**

Key Figures – Group, 1)	**Jul-Sep**			**Jan-Sep**			**Oct-Sep**	**Jan-Dec**
Amounts in MSEK	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**	**2013/14**	**2013**
Net sales before IFRS 11 amendment	562	526	7%	1,663	1,477	13%	2,166	1,980
Net sales	**520**	**496**	**5%**	**1,543**	**1,390**	**11%**	**2,011**	**1,858**
Operating income before IFRS 11 amendment	86	76	13%	248	209	19%	323	284
Operating income	**86**	**75**	**15%**	**247**	**206**	**20%**	**320**	**279**
Earnings before tax and before IFRS 11 amendment	84	67	25%	234	185	26%	297	248
Earnings before tax	**84**	**66**	**28%**	**233**	**182**	**28%**	**294**	**243**
Net income for the period	**64**	**49**	**30%**	**177**	**130**	**36%**	**223**	**176**
Cash flow from operating activities	84	55	53%	243	120	103%	322	199
Net debt	**414**	**604**	**-31%**	**414**	**604**	**-31%**	**414**	**409**
Operating margin before IFRS 11 amendment, %	15.4	14.5	0.9	14.9	14.2	0.7	14.9	14.3
Operating margin, %	**16.4**	**15.1**	**1.4**	**16.0**	**14.8**	**1.2**	**15.9**	**15.0**
Return on equity, %	30.9	23.2	7.7	30.9	23.2	7.7	30.9	27.2
Basic EPS, SEK	1.47	1.10	0.37	4.08	2.96	1.12	5.09	4.00
Diluted EPS, SEK	1.46	1.10	0.36	4.07	2.95	1.12	5.08	4.00
Gearing ratio, %	**49**	**104**	**-55**	**49**	**104**	**-55**	**49**	**52**

Third quarter of 2014: Positive margin development continued

- **Net sales for Q3, excluding revenues attributable to Alfdex: MSEK 520 (496) [1)] – down 3% year-on-year, after adjusting for currency (+8%)**
- **Operating income for Q3, including net income (after interest and tax) attributable to Alfdex: MSEK 86 (75) – operating margin of 16.4% (15.1) [1)]**
- **Earnings after tax for Q3: MSEK 64 (49) – basic EPS of SEK 1.47 (1.10)**
- **Strong cash flow from operating activities for Q3: MSEK 84 (55)**

1) The 2013 comparative figures for Net sales, Operating income, Earnings before tax and Net debt for the period have been adjusted for the amendments to IFRS 11, "Joint arrangements" (see Appendices 1 to 3 for the restated consolidated income statements, balance sheets and cash flow statements).

President and CEO, David Woolley, comments on interim report for Q3 2014:

"Sales for the third quarter, excluding revenues attributable to Alfdex, were down 3% year-on-year in constant currency driven primarily by the weaker demand experienced in our European end-markets, particularly for medium and heavy trucks. However, the business responded well to these lower activity levels, as the group's EBIT margin improved to 16.4% for the third quarter.

Looking forward, the orders received, and expected to be fulfilled during the fourth quarter, were in line with sales levels for the third quarter, adjusted for the fewer working days in the fourth quarter, indicating that end-customer confidence remains stable.

The increasing pressure to reduce fuel consumption in all forms of machinery and trucks just reinforces the importance of our ongoing customer development programmes for our variable flow pump technology. Furthermore, our longstanding expertise in hydraulic products, will allow us to continue to occupy strong positions in niche areas where customers require more advanced, custom-made solutions. Concentric remains well positioned both financially and operationally, to fully leverage our market opportunities."

Key business events announced during 2014:

26-Feb-14 Andreas Wolf has been appointed Senior Vice President of Europe and Rest of World (RoW), with responsibility for operations in the UK, Sweden, Germany, China and India. Andreas joined the Concentric group as Managing Director of LICOS Trucktec GmbH ("LICOS") in June 2013 when LICOS was acquired by Concentric.

3-Mar-14 Concentric has appointed Kurt Peter Vice President Sales with responsibility for sales of the company's diesel engine pumps and LICOS clutches in both the European and Chinese markets.

21-Mar-14 Concentric Rockford, Inc. has earned recognition as a Partner-level supplier for 2013 in the John Deere Achieving Excellence Program. The Partner-level status is Deere & Company's highest supplier rating. Our manufacturing facility in Rockford, Illinois was selected for the honor in recognition of its dedication to providing products and service of outstanding quality as well as its commitment to continuous improvement.

24-Apr-14 Concentric has appointed Paul Shepherd to head up a new Advanced Research and Development Unit which will focus on innovation and emerging technologies in both the engine pump and hydraulics sectors in which the company operates.

12-May-14 Concentric has appointed Mark Derry Vice President and General Manager at its plant in Itasca, Illinois.

26-Jun-14 LICOS has appointed Dr. Bernhard Huurdeman Chief Engineer at its plant in Markdorf.

1-Jul-14 Concentric has appointed Tom Herrington Vice President Sales at its plant in Itasca, Illinois.

5-Aug-14 Concentric announced launch of EHS – an Electro Hydraulic Steering unit – to be presented at the IAA show, which has been designed primarily for servo steering applications in trucks, buses and off-highway applications.

24-Sep-14 Concentric won a multi-million GBP contract with a leading global OEM of heavy trucks to manufacture transmission pumps in its UK plant that will be used for lubrication and for cooling the transmission oil in a range of gearboxes. The pumps are being introduced into volume production for the OEM during the latter part of 2014 following a rapid prototyping programme.

Net sales and operating income – Group

Key Figures – Group, 1)	**Jul-Sep**			**Jan-Sep**			**Oct-Sep**	**Jan-Dec**
Amounts in MSEK	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**	**2013/14**	**2013**
Net sales before IFRS 11 amendment	562	526	7%	1,663	1,477	13%	2,166	1,980
Net sales	**520**	**496**	**5%**	**1,543**	**1,390**	**11%**	**2,011**	**1,858**
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Operating income	**86**	**75**	**15%**	**247**	**206**	**20%**	**320**	**279**
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Earnings before tax	**84**	**66**	**28%**	**233**	**182**	**28%**	**294**	**243**
Net income for the period	**64**	**49**	**30%**	**177**	**130**	**36%**	**223**	**176**
Operating margin before IFRS 11 amendment, %	15.4	14.5	0.9	14.9	14.2	0.7	14.9	14.3
Operating margin, %	**16.4**	**15.1**	**1.4**	**16.0**	**14.8**	**1.2**	**15.9**	**15.0**
ROCE before IFRS 11 amendment, %	27.1	21.3	5.8	27.1	21.3	5.8	27.1	25.8
ROCE, %	**26.5**	**21.2**	**5.3**	**30.6**	**30.0**	**0.6**	**26.5**	**25.0**

1) The 2013 comparative figures for Net sales, Operating income and Earnings before tax for the period have been adjusted for the amendments to IFRS 11, "Joint arrangements" (see Appendix 1 for restated income statements).

Following the amendments to IFRS 11, "Joint arrangements", revenues attributable to the group's joint venture have been excluded from the reported consolidated net sales for the group. Accordingly, the comparative figures for 2013 have been restated to remove Concentric's 50% share of the revenues attributable to Alfdex AB ("Alfdex").

Under these new rules, reported sales for the first nine months were MSEK 1,543 (1,390), up 11% year-on-year in absolute terms. Adjusting for the acquisition of LICOS (+3%) and the impact of currency (+5%), the underlying year-on-year increase in sales for the first nine months was 3%. As a result, the Group's average sales per working day, including the impact of LICOS and currency, for the first nine months increased year-on-year to MSEK 8.3 (7.4).

Reported sales for the third quarter were MSEK 520 (496), up 5% year-on-year in absolute terms. Adjusting for the impact of currency (+8%), sales for the third quarter were actually down 3%. Overall, including the impact of currency, the Group's average sales per working day for the third quarter increased slightly year-on-year to MSEK 8.2 (8.0).

Following the amendments to IFRS 11, "Joint arrangements", the net income attributable to the group's joint venture has been reported as a single line item within the reported consolidated operating income for the group, given that the nature of the business in the joint venture is similar to that of the rest of the group. Accordingly, the comparative figures for 2013 have been restated to include Concentric's 50% share of the net income, i.e. including interest and taxation, attributable to Alfdex.

Under these new rules, reported operating income for the first nine months amounted to MSEK 247 (206). This increase in operating income represented a year-on-year drop-through rate of 27% on the additional reported sales. As a result, the reported operating margin for the first nine months improved to 16.0% (14.8).

Reported operating income for the third quarter amounted to MSEK 86 (75). This increase in operating income represented a year-on-year drop-through rate of 46% on the additional reported sales. As a result, the reported operating margin for the third quarter improved to 16.4% (15.1).

Net financial items

Net financial expenses incurred for the first nine months amounted to MSEK 14 (24), comprising interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 4 (7)and net financial expenses in respect of net pension liabilities of MSEK 13 (17), after deducting cumulative net exchange rate gains of MSEK 3 (0). Accordingly, consolidated income before taxation amounted to MSEK 233 (182) for the first nine months.

Net financial expenses incurred for the third quarter amounted to MSEK 2 (9), comprising interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 0 (2) and net financial expenses in respect of net pension liabilities of MSEK 5 (7), after deducting cumulative net exchange rate gains of MSEK 3 (0) . Accordingly, consolidated income before taxation amounted to MSEK 84 (66) for the third quarter.

Taxes

Tax expenses for the first nine months amounted to MSEK 56 (52). The comparative period in 2013 has been restated for the amendments to IFRS 11, “Joint arrangements”, thereby reducing the reported net tax expenses by MSEK 3. On a like-for-like basis with previous interim reports, the underlying effective tax rate for the first nine months would have been 25% (30%).

Tax expenses for the third quarter amounted to MSEK 20 (17). The comparative quarter in 2013 has been restated for the amendments to IFRS 11, “Joint arrangements”, thereby reducing the reported net tax expenses by MSEK 1. On a like-for-like basis with previous interim reports, the underlying effective tax rate for the third quarter would have been 24% (27%).

The internal refinancing undertaken for the group during 2013 accounts for around 2% of the reduction in the group’s underlying effective tax rate for the first nine months of 2014. Any other movements in the group’s underlying effective annual tax rate largely reflect the change in mix of taxable earnings and the change in corporate tax rates applicable across the various tax jurisdictions in which the group operates.

Net income and Earnings per share

Earnings after taxation for the first nine months amounted to MSEK 177 (130). Basic and diluted earnings per share for the first nine months amounted to SEK 4.08 (2.96) and SEK 4.07 (2.95) respectively.

Earnings after taxation for the third quarter amounted to MSEK 64 (49). Basic and diluted earnings per share for the third quarter amounted to SEK 1.47 (1.10) and SEK 1.46 (1.10) respectively.

Segment reporting

The Americas segment comprises the Group's operations in the USA together with the start-up costs associated with establishing a new facility in Brazil. As our operations in India and China remain relatively small in comparison to our Western facilities, Europe & RoW continues to be reported as a single combined segment, in line with our management structure, comprising the Group's operations in Europe (including the proportional consolidation of Alfdex), India and China.

Following the amendments to IFRS 11, “Joint arrangements”, the restatement of the group’s results has only been carried out at a consolidated level, i.e. the segmental reporting remains as previously reported.

The evaluation of an operating segment's earnings is based upon its operating income or EBIT. Financial assets and liabilities are not allocated to segments.

Net sales and operating income – Americas

Americas	Jul-Sep			Jan-Sep			Oct-Sep	Jan-Dec
Amounts in MSEK	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**	**2013/14**	**2013**
External net sales	267	251	6%	775	743	4%	1,005	974
Operating income	41	35	17%	118	99	19%	154	134
Operating margin, % 1)	15.1	14.0	1.1	15.2	13.3	1.9	15.3	13.8
ROCE, %	49.4	36.2	13.2	49.4	36.2	13.2	49.4	40.9

1) Operating margins are based on external sales.

External sales were up 2% year-on-year for the first nine months in constant currency, driven primarily by the improvement in the North American end-markets for medium and heavy trucks and construction equipment. As a result, the average external sales per working day for the first nine months, including the impact of currency, increased slightly year-on-year to MSEK 4.1 (4.0).

External sales were flat year-on-year for the third quarter in constant currency, with the improvement in the North American end-markets for medium and heavy trucks and construction equipment offset by the weaker demand for agricultural machinery. However, the average external sales per working day for the third quarter actually increased slightly year-on-year to MSEK 4.2 (4.1), due primarily to currency.

Operating income for the first nine months amounted to MSEK 118 (99), improving the operating margin based on external sales to 15.2% (13.3). This increase in operating income represented a year-on-year drop-through rate of 59% based upon the additional external sales.

Operating income for the third quarter amounted to MSEK 41 (35), improving the operating margin based on external sales to 15.1% (14.0).

Net sales and operating income – Europe & RoW

Europe & RoW	Jul-Sep			Jan-Sep			Oct-Sep	Jan-Dec
Amounts in MSEK	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**	**2013/14**	**2013**
External net sales (including Alfdex)	293	275	7%	886	735	21%	1,157	1,006
Operating income	48	41	17%	133	110	21%	173	150
Operating margin, % 1)	16.2	14.9	1.3	15.0	15.0	0.0	15.0	14.9
ROCE, %	22.6	22.3	0.3	19.4	14.7	4.7	22.6	19.0

1) Operating margins are based on external sales.

External sales for the first nine months, including Concentric's 50% share of the revenues attributable to Alfdex, were up 8% year-on-year, after adjusting for the acquisition of LICOS (+7%) and the impact of currency (+6%). This growth was achieved in spite of some pre-buy of Euro V engines in the fourth quarter of 2013 which reduced sales of Euro VI engines launched during the first quarter of 2014. As a result, average external sales per working day for the first nine months, including 50% of Alfdex and the impact of LICOS and currency, increased year-on-year to MSEK 4.8 (3.9).

External sales for the third quarter, including Concentric's 50% share of the revenues attributable to Alfdex, were down 1% year-on-year, after adjusting for the impact of currency (+8%). However, the average external sales per working day for the third quarter, including 50% of Alfdex, actually increased year-on-year to MSEK 4.7 (4.4), due primarily to currency.

Operating income, including Concentric's 50% share of the operating income attributable to Alfdex, amounted to MSEK 133 (110) for the first nine months, representing a year-on-year drop-through rate of 15% on the additional external sales. As a result, the operating margin for the first nine months remained flat at 15.0% (15.0), due mainly to the pressure arising from the ongoing consolidation of the European hydraulics business.

Operating income, including Concentric's 50% share of the operating income attributable to Alfdex, amounted to MSEK 48 (41) for the third quarter. This increase in operating income year-on-year represented a drop-through rate of 39% based upon the additional external sales. As a result, the operating margin for the third quarter improved to 16.2% (14.9).

Market development

The market information detailed below pertaining to diesel engines is based on statistics from Power Systems Research. The market information pertaining to hydraulics products is based on statistics from Off-Highway Research for construction equipment and the International Truck Association for lift trucks.

End-markets & Regions	Q3-14 vs. Q3-13			YTD-14 vs. YTD-13			FY-14 vs. FY-13		
	North America	Europe	China/ India	North America	Europe	China/ India	North America	Europe	China/ India
Agricultural machinery									
Diesel engines	2%	-1%	-17%	3%	2%	-7%	1%	1%	1%
Construction equipment									
Diesel engines	-7%	-1%	-37%	8%	1%	-12%	4%	0%	10%
Hydraulic equipment	9%	-37%	n/a	11%	-23%	n/a	11%	-17%	n/a
Trucks									
Light vehicles	1%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a
Medium/Heavy vehicles	15%	-8%	-12%	14%	-8%	6%	14%	-12%	5%
Industrial Applications									
Other Off-highway	5%	1%	1%	4%	-1%	19%	2%	3%	6%
Hydraulic lift trucks	12%	9%	n/a	14%	6%	n/a	13%	6%	n/a

Based on Q3 2014 updates received from Power Systems Research, Off-Highway Research and the International Truck Association for lift trucks

The latest market indices continue to be broadly in line with Concentric's actual sales order experience with the growth in activity levels experienced during the first six months flattening out in the third quarter of 2014.

North American end-markets

- Latest market indices report diesel engines for the first nine months were up across the board in all four end-markets year-on-year, with medium and heavy trucks showing the strongest growth levels. This was broadly consistent with Concentric's actual sales of engine products in North America for the same period.
- Demand for hydraulic products, typically used later in the production cycle, was also up year-on-year for the first nine months, with lift trucks for material handling showing the strongest growth. This was in contrast with Concentric's actual sales of hydraulic products in North America for the first nine months, which were down c. 2% year-on-year.

European end-markets

- Market indices for the production of diesel engines during the first nine months were pretty flat year-on-year with the exception of medium and heavy trucks which are down 8%. This was broadly consistent with Concentric's actual sales of engine products in Europe for the same period although Concentric has also benefitted from some structural growth derived from Euro VI platform launches.
- Demand for hydraulic products in European end-markets was down significantly for construction equipment but remained relatively stable for lift trucks for the first nine months. This was broadly consistent with Concentric's actual sales for the same period.

Emerging end-markets

- Latest market indices for both India and China show lower growth year-on-year than in previous quarters which is broadly consistent with Concentric's actual sales experience, although these markets still only represent c. 6% of the group's total revenues.

Seasonality

Each end-market will have its own seasonality profile based on the end-users, e.g. sales of Agricultural machinery will be linked to harvest periods in the Northern and Southern hemispheres. However, there is no significant seasonality in the demand profile of Concentric's customers and, therefore, the most significant driver is actually the number of working days in the quarter.

The weighted average number of working days in the first nine months was 186 (188) for the Group, with an average of 188 (187) working days for the Americas region and 184 (189) working days for the Europe & RoW region.

The weighted average number of working days in the third quarter was 63 (62) for the Group, with an average of 64 (61) working days for the Americas region and 63 (63) working days for the Europe & RoW region.

Consolidated sales development	**Q3-14 vs. Q3-13**			**YTD-14 vs. YTD-13**			**FY-14 vs. FY-13**		
	America	**Europe & RoW**	**Group**	**America**	**Europe & RoW**	**Group**	**America**	**Europe & RoW**	**Group**
Blended market rates 1)	7%	-7%	**0%**	7%	-2%	**3%**	8%	-3%	**2%**
Concentric actual rates 2)	0%	-2%	**-1%**	2%	6%	**4%**			

1) *Based on latest market indices blended to Concentric's mix of end-markets and locations*

2) *Based on actual sales in constant currency, including Alfdex but excluding the impact of LICOS*

Overall, market indices suggest production rates, blended to the Group's end-market and regions, was flat year-on-year for the third quarter and up 3% year-on-year for the first nine months. This compares to Concentric's actual sales, including revenues attributable to Alfdex, which were down 1% year-on year for the third quarter and up 4% year-on-year for the first nine months of 2014, adjusting for currency and the acquisition of LICOS.

Cash flow

Following the amendments to IFRS 11, "Joint arrangements", the cash balances and flows attributable to the group's joint venture have been excluded from the reported consolidated cash flow statement. Accordingly, the comparative figure for 2013 has been restated to remove Concentric's 50% share of the cash flows attributable to Alfdex with the exception of the dividends received during the period.

Under these new rules, the reported cash inflow from operating activities for the first nine months amounted to MSEK 243 (120), which represents SEK 5.60 (2.72) per share.

The reported cash inflow from operating activities for the third quarter amounted to MSEK 84 (55), which represents SEK 1.94 (1.25) per share.

In addition, the group also received a dividend of MSEK 12 (12) in the first quarter from its 50% ownership in the joint-venture company, Alfdex AB.

Net investments in fixed assets

The Group's net investments in tangible fixed assets amounted to MSEK 15 (22) for the first nine months, and MSEK 6 (14) for the third quarter.

Following the amendments to IFRS 11, "Joint arrangements", the net investment in the group's joint venture should be consolidated onto a single line within fixed assets. Accordingly, the comparative figure for 2013 has been restated to include Concentric's 50% share of the net assets attributable to Alfdex. Under these new rules, the reported net investment in the joint venture as of 30 September 2014 amounted to MSEK 20 (21).

Financial position

The carrying amount of financial assets and financial liabilities are considered to be reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. As of 30 September, 2014 the fair value of derivative instruments that were assets was MSEK 5 (1), and the fair value of derivative instruments that were liabilities was MSEK 0 (6). These fair value measurements belong in level 2 in the fair value hierarchy.

Following the amendments to IFRS 11, "Joint arrangements", the cash and bank assets attributable to the group's joint venture have been excluded from the reported consolidated balance sheet. Accordingly, the comparative figure for 2013 has been restated to remove Concentric's 50% share of the cash and bank assets attributable to Alfdex.

Under these new rules, the Group's net debt was MSEK 414 (604), comprising loans and corporate bonds of MSEK 186 (189) and net pension liabilities of MSEK 419 (537), net of cash amounting to MSEK 191 (121).

Shareholders' equity amounted to MSEK 841 (617), resulting in a gearing ratio of 49% (104).

Employees

The average number of full-time equivalents employed by the group during the first nine months and the third quarter of 2014, restated under IFRS 11 to exclude Concentric's share of Alfdex employees, was 1,040 (1,024) and 1,032 (1,067) respectively.

Parent Company

Net sales for the first nine months amounted to MSEK 20 (17), generating an operating income of MSEK 8 (7). The slight improvement reflects the higher remuneration from subsidiaries in the current period for services rendered. The company also received a dividend of MSEK 12 (12) in the first quarter from their 50% ownership in the joint-venture company, Alfdex AB. The cumulative net exchange rate losses and interest expenses for the first nine months amounted to MSEK 58 (gains 4) and MSEK 4 (2) respectively.

Net sales for the third quarter amounted to MSEK 6 (6), generating an operating income of MSEK 1 (2). The slight deterioration reflects the higher costs incurred for providing services rendered in the current quarter. The cumulative net exchange rate losses and interest expenses for the third quarter amounted to MSEK 38 (gains 13) and MSEK 1 (income 1) respectively.

Related-party transactions

The Parent Company is a related party to its subsidiaries and associated companies. Transactions with subsidiaries and associated companies occur on commercial market terms. No transactions have been carried out between Concentric AB and its subsidiary undertakings and any other related parties that had a material impact on either the company's or the group's financial position and results.

Business overview

Descriptions of Concentric's business and its objectives, the driving forces it faces, its products, market position and the end-markets it serves, together with details on the business excellence programme are all presented on pages 6-25 of the 2013 Annual Report (http://www.concentricab.com/_downloads/AGM-2014/Concentric_Annual%20Report_2013.pdf).

Significant risks and uncertainties

All business operations involve risk – managed risk-taking is a condition of maintaining a sustainable profitable business. Risks may arise due to events in the world and can affect a given industry or market or can be specific to a single company or group. Concentric works continuously to identify, measure and manage risk, and in some cases Concentric is able to influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Concentric's control, the aim is to minimise the consequences. The risks to which Concentric are exposed may be classified into four main categories:

- Industry and market risks – external related risks such as the cyclical nature of our end-markets, intense competition, customer relationships and the availability and prices of raw materials;
- Operational risks – such as constraints on the capacity and flexibility of our production facilities and human capital, product development and new product introductions, customer complaints, product recalls and product liability;
- Legal risks – such as the protection and maintenance of intellectual property rights and potential disputes arising from third parties; and
- Financial risks – such as liquidity risk, interest rate fluctuations, currency fluctuations, credit risk, management of pension obligations and the group's capital structure.

Concentric's Board of Directors and Senior management team have reviewed the development of these significant risks and uncertainties since the publication of the 2013 Annual Report and confirm that there have been no changes other than those comments made above in respect of the improving market development.

Please refer to the Risk and Risk Management section on pages 31-34 of the 2013 Annual Report (http://www.concentricab.com/_downloads/AGM-2014/Concentric_Annual%20Report_2013.pdf) for further details.

Acquisitions and divestments

There were no acquisitions or divestments in the current period. On 28 June, 2013, Concentric completed the acquisition of the entire share capital of LICOS Trucktec GmbH, a leading producer of water pumps and electromagnetic fan clutches for the truck industry based in Markdorf, Germany to broaden Concentric's current product portfolio in the growing niche market of variable flow pumps.

Events after the balance-sheet date

There were no significant post balance sheet events to report.

Basis of Preparation and Accounting policies

This interim report for the Concentric AB group is prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable rules in the Annual Accounts Act. The report for the Parent Company is prepared in accordance with the Annual Accounts Act, Chapter 9 and applicable rules in RFR2 *Accounting for legal entities*.

The basis of accounting and the accounting policies adopted in preparing this interim report are consistent for all periods presented and comply with those policies stated in the 2013 Annual Report, except as described below.

New standards, amendments and interpretations to existing standards that have been endorsed by the EU and adopted by the group

IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. There were no restatements arising from group's application of IFRS 10 from 1 January 2014.

IFRS 11, "Joint arrangements", no longer provides a choice of accounting treatment. A joint arrangement is defined as an arrangement where two or more parties contractually agree to share control. The purpose is to focus on rights and obligations rather than on the legal form of an arrangement. IFRS 11 classifies a joint arrangement as either a joint operation or a joint venture. In a joint operation the parties to the arrangement have direct rights to the assets and obligations for the liabilities. In such an arrangement, assets, liabilities, income and expenses shall be recognized in relation to the interest in the arrangement. A joint venture gives parties rights to the net assets and earnings relating to the arrangement. An interest in a joint venture will therefore be recognized using the equity method as the proportionate method no longer will be permitted. Concentric has applied the amendments to IFRS 11 for the financial year beginning 1 January, 2014. The impact of the new standard has been to reduce total assets, as the different items previously reported line by line according to the proportionate method have now been consolidated onto a single line that represents Concentric's share of the net assets of the joint venture. The group's income and cash flow statements have also been impacted as Concentric's share of earnings and cash flows (derived from dividends) from the joint venture have been reported on one line instead of previously reported on a line by line basis.

As at 30 September 2013, the key figures restated following the application of IFRS 11 may be summarised as follows:

- Net sales and gross income for the first nine months were reduced by MSEK 87 and MSEK 41 respectively, to remove Concentric's 50% share of those revenues and gross income attributable to Alfdex;
- Operating income and earnings before tax for the first nine months were both reduced by MSEK 3, to reflect the reclassification of interest and taxation previously recognised below these lines in respect of Alfdex;
- Total assets were reduced by MSEK 25, to reflect Concentric's 50% share of net assets in Alfdex consolidated into one line within fixed assets; and
- The closing cash balance and bank assets were reduced by MSEK 10 and the net cash flows for the first nine months were increased by MSEK 4, to remove all items previously included in respect of Alfdex and replace them with the cash dividends received during the period.

See Appendices 1 to 3 to this interim report for full details of the restated consolidated income statements, balance sheets and cash flow statements for 2013 by quarter, in summary.

IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates and "structured entities". The group has applied the new standard, for the financial year beginning 1 January 2014.

None of the other IFRS and IFRIC interpretations endorsed by the EU are considered to have a material impact on the group.

Purpose of report and forward-looking information

Concentric AB (publ) is listed on NASDAQ OMX Stockholm, Mid Cap. The information in this report is of the type that Concentric is required to disclose under the Swedish Securities Market Act. The information was submitted for publication at 8.00am on 24 October, 2014. This report contains forward-looking information in the form of statements concerning the outlook for Concentric's operations. This information is based on the current expectations of Concentric's management, as well as estimates and forecasts. The actual future outcome could vary significantly compared with the information provided in this report, which is forward-looking, due to such considerations as changed conditions concerning the economy, market and competition.

Future reporting dates

Interim Report January-December 2014	4 February, 2015
Annual Report January-December 2014	5 March, 2015
Annual General Meeting 2015	26 March, 2015
Interim Report January-March 2015	28 April, 2015

Stockholm, 24 October, 2014

Concentric AB (publ)

David Woolley
President and CEO

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Corporate Registration Number 556828-4995

Consolidated Income Statement, in summary 1)

Amounts in MSEK	Jul-Sep 2014	Jul-Sep 2013 Restated	Jan-Sep 2014	Jan-Sep 2013 Restated	Oct-Sep 2013/14	Full year 2013 Restated
Net sales	520	496	1,543	1,390	2,011	1,858
Cost of goods sold	-379	-368	-1,122	-1,026	-1,469	-1,373
Gross income	**141**	**128**	**421**	**364**	**542**	**485**
Selling expenses	-18	-17	-50	-48	-62	-60
Administrative expenses	-31	-27	-87	-80	-112	-105
Product development expenses	-10	-16	-45	-45	-62	-62
Share of profit in joint venture, net of interest and tax	3	5	6	11	11	16
Other operating income and expenses	1	2	2	4	3	5
Operating income	**86**	**75**	**247**	**206**	**320**	**279**
Financial income and expense	-2	-9	-14	-24	-26	-36
Earnings before tax	**84**	**66**	**233**	**182**	**294**	**243**
Taxes	-20	-17	-56	-52	-71	-67
Net income for the period	**64**	**49**	**177**	**130**	**223**	**176**
Basic earnings per share, SEK	1.47	1.10	4.08	2.96	5.09	4.00
Diluted earnings per share, SEK	1.46	1.10	4.07	2.95	5.08	4.00
Basic average number of shares (000)	43,259	43,945	43,379	43,910	43,741	40,216
Diluted average number of shares (000)	43,360	43,986	43,474	43,942	43,827	43,962

1) Figures for 2013 have been restated for the amendments to IFRS 11, Joint arrangements. See "Basis of preparation and Accounting Policies" section.

Consolidated statement of comprehensive income 1)

Amounts in MSEK	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Oct-Sep 2013/14	Full year 2013
Net income for the period	**64**	**49**	**177**	**130**	**223**	**176**
Other comprehensive income						
Items that will not be reclassified to profit or loss:						
Actuarial Gains/Losses	-	-	-	-	139	139
Tax on actuarial losses	-	-	-	-	-37	-37
Tax arising from reduction in tax rates	-	-	-	-	-11	-11
Items that may be reclassified subsequently to profit or loss:						
Exchange rate differences related to liabilities to foreign operations	-39	14	-59	4	-66	-3
Tax arising from exchange rate differences related to liabilities to foreign operations	9	-	13	-	14	1
Cash-flow hedging	0	-2	5	-4	8	-1
Tax arising from cash-flow hedging	-1	-	-2	-	-	-
Foreign currency translation differences	73	-30	142	-22	172	8
Total other comprehensive income	***42***	***-18***	***99***	***-22***	***219***	***96***
Total comprehensive income	**106**	**31**	**276**	**108**	**442**	**272**

1) Figures for 2013 have been restated for amendments to IFRS 11, Joint arrangements. See "Basis of preparation and Accounting Policies" section.

Consolidated Balance Sheet, in summary 1,2)

Amounts in MSEK	**30 Sep 2014**	**30 Sep 2013**	**31 Dec 2013**
		Restated	**Restated**
Goodwill	585	507	534
Other intangible fixed assets	329	344	337
Tangible fixed assets	184	175	185
Share of net assets in joint venture	20	21	26
Deferred tax assets	138	183	144
Long-term receivables	3	5	4
Total fixed assets	**1,259**	**1,235**	**1,230**
Inventories	217	198	199
Current receivables	299	276	247
Cash and cash equivalents	191	121	193
Total current assets	**707**	**595**	**639**
Total assets	**1,966**	**1,830**	**1,869**
Total Shareholders' equity	**841**	**617**	**783**
Pensions and similar obligations	419	537	406
Deferred tax liabilities	92	79	107
Long-term interest-bearing liabilities	178	178	178
Other long-term liabilities	4	4	4
Total long-term liabilities	**693**	**798**	**695**
Short-term interest-bearing liabilities	8	11	18
Other current liabilities	424	404	373
Total current liabilities	**432**	**415**	**391**
Total equity and liabilities	**1,966**	**1,830**	**1,869**

1) Figures for 2013 have been restated for amendments to IFRS 11, Joint arrangements. See "Basis of preparation and Accounting Policies" section.

2) The carrying amount of financial assets and financial liabilities are considered reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. As of 30 September, 2014 the fair value of derivative instruments that were assets was MSEK 5 (1), and the fair value of derivative instruments that were liabilities was MSEK 0 (6). These fair value measurements belong in level 2 in the fair value hierarchy.

Consolidated changes in shareholders' equity, in summary

Amounts in MSEK	**30 Sep 2014**	**30 Sep 2013**	**31 Dec 2013**
Opening balance	**783**	**615**	**615**
Net income for the period	177	130	176
Other comprehensive income	99	-22	96
Total comprehensive income	**276**	**108**	**272**
Dividend	-121	-110	-110
Sale of own shares for acquisition of subsidiary	-	4	5
Own share buy-backs	-98	-	-
Long-term incentive plan	1	-	1
Closing balance	**841**	**617**	**783**

Consolidated cash flow statement, in summary 1)

Amounts in MSEK	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Oct-Sep 2013/14	Full year 2013
		Restated		**Restated**		**Restated**
Earnings before tax	84	66	233	182	294	243
Reversal of depreciation, amortization and write-down of fixed assets	20	22	67	63	92	88
Reversal of share of profit in joint venture	-3	-5	-6	-11	-11	-16
Reversal of other non-cash items	5	-	10	3	8	1
Taxes paid	-39	-21	-69	-68	-84	-83
Cash flow from operating activities before changes in working capital	*67*	*62*	*235*	*169*	*299*	*233*
Change in working capital	17	-7	8	-49	23	-34
Cash flow from operating activities	***84***	***55***	***243***	***120***	***322***	***199***
Investments in subsidiaries 2)	-	-	-	-105	-	-105
Investments in property, plant and equipment	-6	-14	-15	-22	-30	-37
Cash flow from investing activities	***-6***	***-14***	***-15***	***-127***	***-30***	***-142***
Dividends paid	-	-	-121	-110	-121	-110
Dividends received from joint venture	-	-	12	12	12	12
Buy back of own shares	-48	-	-98	-	-98	-
New loans received	2	-	9	52	16	59
Repayment of loans	-1	-51	-19	-65	-19	-65
Pension payments and other cash flows from financing activities	-9	-6	-28	-30	-30	-32
Cash flow from financing activities	***-56***	***-57***	***-245***	***-141***	***-240***	***-136***
Cash flow for the period	**22**	**-16**	**-17**	**-148**	**52**	**-79**
Cash and bank assets, opening balance	161	141	193	274	121	274
Exchange-rate difference in cash and bank assets	8	-4	15	-5	18	-2
Cash and bank assets, closing balance	**191**	**121**	**191**	**121**	**191**	**193**

1) *Figures for 2013 have been restated for amendments to IFRS 11, Joint arrangements. See "Basis of preparation and Accounting Policies" section.*

2) *Total cash flow relating to the investment in LICOS, comprising cash consideration MSEK -77, short-term loans repaid on acquisition MSEK -30, cash balances acquired MSEK 3 and acquisition-related expenses MSEK -1.*

Data per Share

	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Oct-Sep 2013/14	Full year 2013
Basic earnings per share, SEK	1.47	1.10	4.08	2.96	5.09	4.00
Diluted earnings per share, SEK	1.46	1.10	4.07	2.95	5.08	4.00
Equity per share, SEK	19.59	14.04	19.59	14.04	19.59	17.80
Cash-flow from current operations per share, SEK 1)	1.94	1.25	5.60	2.72	7.38	4.54
Basic weighted average no. of shares (000's)	43,259	43,945	43,379	43,910	43,741	40,216
Diluted weighted average no. of shares (000's)	43,360	43,986	43,474	43,942	43,827	43,962
Number of shares at period-end (000's)	42,922	43,957	42,922	43,957	42,922	43,957

1) Figures for 2013 have been restated for amendments to IFRS 11, Joint arrangements. See "Basis of preparation and Accounting Policies" section.

Key figures 1)

	Jul-Sep		Jan-Sep		Oct-Sep	Full year
	2014	**2013**	**2014**	**2013**	**2013/14**	**2013**
Sales growth before IFRS 11 amendments, constant currency, % 2)	0	3	5	-11	n/a	-7
Sales growth, constant currency, % 2)	-3	3	3	-11	n/a	-8
Sales growth, %	5	7	11	-13	n/a	-8
EBITDA margin, %	20.3	19.5	20.3	19.3	20.3	19.8
Operating margin, %	16.4	15.1	16.0	14.8	15.9	15.0
Capital Employed, MSEK	1,244	1,161	1,244	1,161	1,244	1,194
ROCE, %	26.5	21.2	30.6	30.0	26.5	25.0
ROE, %	30.9	23.2	30.9	23.2	30.9	27.2
Working Capital, MSEK	92	70	92	70	92	73
Working capital as a % of annual sales 3)	4.6	3.6	4.6	3.6	4.6	3.9
Net Debt, MSEK	414	604	414	604	414	409
Gearing ratio, %	49	104	49	104	49	52
Net investments	6	14	15	22	2	37
R&D, %	2.1	3.2	2.9	3.2	3.1	3.4
Number of employees, average	1,032	1,067	1,040	1,024	1,044	1,031

1) Figures for 2013 have been restated for amendments to IFRS 11, Joint arrangements. See "Basis of preparation and Accounting Policies" section.

2) Sales growth excludes the impact of any acquisitions or divestments.

3) Annual sales calculated on a rolling 12 month basis. Sales for 2012 have not been restated for IFRS 11, " Joint arrangements".

Consolidated income statement in summary, by type of cost 1)

	Jul-Sep		Jan-Sep		Oct-Sep	Full year
Amounts in MSEK	**2014**	**2013**	**2014**	**2013**	**2013/14**	**2013**
		Restated		**Restated**		**Restated**
Net sales	520	496	1,543	1,390	2,011	1,858
Direct material costs	-273	-264	-812	-730	-1,059	-977
Personnel costs	-103	-97	-296	-285	-392	-381
Depreciation, amortization and impairment losses	-20	-22	-67	-63	-92	-88
Share of profit in joint venture, net of tax	3	5	6	11	11	16
Other operating costs, net	-41	-43	-127	-117	-159	-149
Operating income	**86**	**75**	**247**	**206**	**320**	**279**
Financial income and expense	-2	-9	-14	-24	-26	-36
Earnings before tax	**84**	**66**	**233**	**182**	**294**	**243**
Taxes	-20	-17	-56	-52	-71	-67
Net income for the period	**64**	**49**	**177**	**130**	**223**	**176**

1) Figures for 2013 have been restated for amendments to IFRS 11, Joint arrangements. See "Basis of preparation and Accounting Policies" section.

Consolidated Income Statement in summary, per quarter 1)

Amounts in MSEK	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
Net sales	520	527	496	468	496	472	422	431
Cost of goods sold	-379	-381	-361	-347	-368	-342	-316	-332
Gross income	**141**	**146**	**135**	**121**	**128**	**130**	**106**	**99**
Selling expenses	-18	-18	-14	-12	-17	-16	-15	-13
Administrative expenses	-31	-27	-29	-25	-27	-27	-26	-22
Product development expenses	-10	-17	-18	-17	-16	-15	-14	-21
Share of net income from joint venture	3	-	3	5	5	3	3	-
Other operating income and expenses	1	-	-	1	2	-2	4	-10
Operating income	**86**	**84**	**77**	**73**	**75**	**73**	**58**	**33**
Financial income and expenses	-2	-5	-7	-12	-9	-7	-8	-12
Earnings before tax	**84**	**79**	**70**	**61**	**66**	**66**	**50**	**21**
Taxes	-20	-19	-17	-15	-17	-22	-13	-5
Net income for the period	**64**	**60**	**53**	**46**	**49**	**44**	**37**	**16**

1) *Figures for 2013 have been restated for the amendments to IFRS 11, "Joint arrangements". See "Basis of preparation and Accounting Policies" section. Figures for 2012 have not been restated for IFRS 11 and are as previously reported during 2013.*

Key figures by quarter 1)

	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
Basic EPS, SEK	1.47	1.39	1.20	1.04	1.10	1.01	0.84	0.37
Diluted EPS, SEK	1.46	1.38	1.20	1.04	1.10	1.01	0.84	0.37
Operating margin, %	16.4	16.0	15.5	15.6	15.1	15.5	13.7	7.5
ROCE, %	26.5	26.0	26.0	25.0	21.2	21.1	22.4	25.3
ROE, %	30.9	28.8	27.7	27.2	23.5	23.2	23.6	26.5
Equity per share, SEK	19.59	18.01	19.29	17.80	14.04	13.28	14.37	14.00
Cash-flow per share, SEK	1.94	2.15	1.47	1.82	1.25	1.47	0.00	2.46
Net investments in fixed assets	6	4	5	15	14	6	2	20
R&D, %	2.1	3.2	3.6	3.7	3.2	3.1	3.4	4.7
Number of employees, average	1,032	1,046	1,046	1,053	1,067	1,041	972	1,054

1) *Figures for 2013 have been restated for the amendments to IFRS 11, "Joint arrangements". See "Basis of preparation and Accounting Policies" section. Figures for 2012 have not been restated for IFRS 11 and are as previously reported during 2013.*

Segment reporting 1)

Amounts in MSEK	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
Americas								
External net sales	267	261	246	231	251	266	226	239
Operating income	41	39	38	35	35	39	25	31
Operating margin, % 2)	15.1	15.1	15.3	15.3	14.0	14.5	11.0	12.9
Assets	562	533	522	494	529	563	524	514
Liabilities	283	290	270	250	297	320	271	265
Capital employed	318	294	315	309	310	338	349	332
ROCE, %	49.4	47.1	45.2	40.9	38.3	36.2	36.5	40.5
Net investments	0	-	-	2	3	-	-	-
Depreciation, amortization & impairment losses	6	6	5	6	6	6	6	13
Number of employees, average	310	315	317	326	336	338	300	340
Europe & RoW								
External net sales (including Alfdex)	293	305	289	272	275	236	223	192
Operating income	48	45	40	40	41	35	34	1
Operating margin, % 2)	16.2	14.7	14.0	14.6	14.9	15.0	15.1	0.8
Assets	1,356	1,314	1,258	1,258	1,245	1,248	1,053	1,069
Liabilities	631	611	584	601	695	720	685	718
Capital employed	908	914	878	886	852	826	679	707
ROCE, %	22.6	19.0	19.0	19.0	14.7	14.9	16.0	17.3
Net investments	6	4	5	14	12	7	3	20
Depreciation, amortization & impairment losses	14	18	18	20	17	15	15	18
Number of employees, average	782	787	781	776	779	751	718	715
Eliminations and unallocated items								
Elimination of sales	-40	-39	-39	-35	-30	-30	-27	-
Operating income	-3	-	-1	-2	-1	-1	-1	-
Assets	48	53	137	117	56	173	190	235
Liabilities	211	217	215	235	221	260	181	220
Capital employed	18	22	9	-1	-1	1	-1	-20
Net investments	-	-	-	-1	-1	-1	-1	-
Depreciation, amortization and impairment losses	0	-	-	0	1	-	-	-
Number of employees, average	-60	-56	-52	-49	-48	-48	-46	-
Group								
Net sales	520	527	496	468	496	472	422	431
Operating income	86	84	77	73	75	73	58	32
Operating margin, %	16.4	16.0	15.5	15.6	15.1	15.5	13.7	7.5
Assets	1,966	1,900	1,917	1,869	1,830	1,883	1,767	1,818
Liabilities	1,125	1,118	1,069	1,086	1,213	1,301	1,137	1,203
Capital employed	1,244	1,230	1,202	1,194	1,161	1,165	1,027	1,019
ROCE, %	26.5	26.0	26.0	25.0	21.2	21.1	22.4	25.3
Net investments	6	4	5	15	14	6	2	20
Depreciation, amortization and impairment losses	20	24	23	26	23	21	21	31
Number of employees, average	1,032	1,046	1,046	1,053	1,067	1,041	972	1,054

1) *Group figures for 2013 have been restated for the amendments to IFRS 11, "Joint arrangements". See "Basis of preparation and Accounting Policies" section. Figures for 2012 have not been restated for IFRS 11 and are as previously reported during 2013.*

2) *Operating margins are based on external sales.*

Operating income per operating segment, 1)

Amounts in MSEK	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
Americas	41	39	38	35	35	39	25	31
Europe & RoW	48	45	40	40	41	35	34	1
Eliminations and unallocated items 2)	-3	-	-1	-2	-1	-1	-1	-
Total operating income	**86**	**84**	**77**	**73**	**75**	**73**	**58**	**32**
Financial income and expenses	-2	-5	-7	-12	-9	-7	-8	-11
Earnings before tax	**84**	**79**	**70**	**61**	**66**	**66**	**50**	**21**

Sales by customer location - geographic area 1)

Amounts in MSEK	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
USA	251	232	213	211	211	249	213	234
Rest of North America	16	28	29	24	43	17	11	15
South America	1	0	2	2	3	2	2	2
Germany	82	86	89	76	95	65	69	63
UK	49	44	40	39	38	38	34	29
Sweden	20	24	24	23	20	26	26	25
Rest of Europe	70	83	70	57	54	42	42	34
Asia	31	29	27	35	30	31	24	28
Other	0	1	2	1	2	2	1	1
Total Group	**520**	**527**	**496**	**468**	**496**	**472**	**422**	**431**

Sales by product groups (including Alfdex) 1)

Amounts in MSEK	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
Concentric branded Engine products	262	262	250	235	247	247	213	204
LICOS branded Engine products	36	36	29	33	32	-	-	-
Alfdex branded Engine products	41	40	38	35	30	30	27	27
Total Engine products	339	338	317	304	309	277	240	231
Total Hydraulics products	222	229	217	200	217	225	209	200
Eliminations	-41	-40	-38	-35	-30	-30	-27	-
Total Group	**520**	**527**	**496**	**468**	**496**	**472**	**422**	**431**

Tangible assets by operating location 1)

Amounts in MSEK	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
USA	46	47	48	51	51	54	56	59
Germany	50	51	53	52	51	41	31	34
UK	64	62	57	57	48	45	43	46
Sweden	1	1	1	1	1	4	3	12
Other	23	23	23	24	24	27	28	30
Total Group	**184**	**184**	**182**	**185**	**175**	**171**	**161**	**181**

1) *Group figures for 2013 have been restated for the amendments to IFRS 11, "Joint arrangements". See "Basis of preparation and Accounting Policies" section. Figures for 2012 have not been restated for IFRS 11 and are as previously reported during 2013.*

2) *Includes elimination of net income adjustments attributable to Alfdex AB from Q1 2013 onwards, following the restatements made under IFRS 11 "Joint arrangements".*

Parent Company's income statement, in summary

	Jul-Sep		Jan-Sep		Oct-Sep	Full year
Amounts in MSEK	**2014**	**2013**	**2014**	**2013**	**2013/14**	**2013**
Net sales	6	6	20	17	26	23
Operating costs	-5	-4	-12	-10	-18	-16
Operating income	**1**	**2**	**8**	**7**	**8**	**7**
Income from shares in subsidiaries	-	-	-	817	485	1,302
Income from shares in joint venture	-	-	12	12	12	12
Net foreign exchange rate differences	-38	13	-58	4	-63	-1
Other financial income and expense	-1	1	-4	-2	-7	-5
Earnings before tax	**-38**	**16**	**-42**	**838**	**435**	**1,315**
Taxes	8	-4	12	-2	11	-3
Net income for the period 1)	**-30**	**12**	**-30**	**836**	**446**	**1,312**

1) *Total Comprehensive income for the Parent Company is the same as Net income/loss for the period.*

Parent Company's balance sheet, in summary

	30 Sep	30 Sep	31 Dec
Amounts in MSEK	**2014**	**2013**	**2013**
Shares in subsidiaries	2,395	1,753	2,395
Shares in joint venture	10	10	10
Long-term loans receivable from subsidiaries	50	221	46
Deferred tax assets	12	1	-
Total financial fixed assets	**2,467**	**1,985**	**2,451**
Other current receivables	1	1	1
Short-term receivables from subsidiaries	65	38	36
Cash and cash equivalents	85	75	138
Total current assets	**151**	**114**	**175**
Total assets	**2,618**	**2,099**	**2,626**
Total Shareholders' equity	**1,534**	**1,306**	**1,783**
Pensions and similar obligations	19	-	19
Long-term interest-bearing liabilities	175	175	175
Long-term loans payable to subsidiaries	835	545	604
Total long-term liabilities	**1,029**	**720**	**798**
Short-term loans payable to joint venture	7	5	12
Short-term loans payable to subsidiaries	39	61	27
Other current liabilities	9	7	6
Total current liabilities	**55**	**73**	**45**
Total equity and liabilities	**2,618**	**2,099**	**2,626**

Parent Company's changes in shareholders' equity, in summary

Amounts in MSEK	30 Sep 2014	30 Sep 2013	31 Dec 2013
Opening balance	1,783	576	576
Net income for the period 1)	-30	836	1,312
Dividend	-121	-110	-110
Sale of own shares for acquisition of subsidiary	-	4	5
Own share buy-backs	-98	-	-
Closing balance	**1,612**	**1,290**	**1,783**

1) Total Comprehensive income for the Parent Company is the same as Net income/loss for the period.

Definitions

Americas	Americas operating segment comprising the Group's USA operations together with the start-up costs associated with establishing a new facility in Brazil
CAGR	Compound annual growth rate
Capital employed	Total assets less interest bearing financial assets and cash and cash equivalents and non-interest bearing liabilities, excluding any tax assets and tax liabilities
Dividend yield	Dividend divided by market price at year end
EBIT or Operating income	Earnings before interest and tax
EBIT multiple	Market value at year end plus net debt divided by EBIT
EBIT or Operating margin	Operating income as a percentage of net sales
EPS	Earnings per share, net income divided by the average number of shares
Europe & RoW	Europe and the rest of the world operating segment comprising the Group's operations in Europe, India and China
Gearing ratio	Ratio of net debt to shareholders' equity
Gross margin	Net sales less cost of goods sold, as a percentage of net sales
Net debt	Total interest-bearing liabilities less liquid finds
Net investments in fixed assets	Fixed asset additions net of fixed asset disposals and retirements
OEMs	Original Equipment Manufacturers
P/E ratio	Market value at year-end divided by net earnings
Payout ratio	Dividend divided by EPS
R&D	Research and development expenditure
ROCE	Return on capital employed; EBIT or Operating income as a percentage of the average capital employed over a rolling 12 months
ROE	Return on equity; net income as a percentage of the average shareholders' equity over a rolling 12 months
Sales growth, constant currency	Growth rate based on sales restated at prior year foreign exchange rates
"Underlying" or "before items affecting comparability"	Adjusted for restructuring costs and other 'one-off' items
Working capital	Current assets excluding cash and cash equivalents, less non-interest-bearing current liabilities

Appendix 1 - Restated Consolidated Income Statement for 2013 by quarter, in summary

Year-to-date *Amounts in MSEK*	Reported Income Statement 2013 Jan-Mar	2013 Jan-Jun	2013 Jan-Sep	2013 Jan-Dec	Adjustments 2013 Jan-Mar	2013 Jan-Jun	2013 Jan-Sep	2013 Jan-Dec	Restated Income Statement 2013 Jan-Mar	2013 Jan-Jun	2013 Jan-Sep	2013 Jan-Dec
Net sales	449	951	1,477	1,980	-27	-57	-87	-122	422	894	1,390	1,858
Cost of goods sold	-330	-689	-1,072	-1,436	14	31	46	63	-316	-658	-1,026	-1,373
Gross income	**119**	**262**	**405**	**544**	**-13**	**-26**	**-41**	**-59**	**106**	**236**	**364**	**485**
Selling expenses	-16	-34	-52	-65	1	3	4	5	-15	-31	-48	-60
Administrative expenses	-28	-56	-84	-112	2	3	4	7	-26	-53	-80	-105
Product development expenses	-16	-33	-51	-72	2	4	6	10	-14	-29	-45	-62
Share of net income in joint venture	-	-	-	-	3	6	11	16	3	6	11	16
Other operating income and expenses	0	-6	-9	-11	4	8	13	16	4	2	4	5
Operating income	**59**	**133**	**209**	**284**	**-1**	**-2**	**-3**	**-5**	**58**	**131**	**206**	**279**
Financial income and expenses	-8	-15	-24	-36	0	0	0	0	-8	-15	-24	-36
Earnings before tax	**51**	**118**	**185**	**248**	**-1**	**-2**	**-3**	**-5**	**50**	**116**	**182**	**243**
Taxes	-14	-37	-55	-72	1	2	3	5	-13	-35	-52	-67
Net income for the period	**37**	**81**	**130**	**176**	**-**	**-**	**-**	**-**	**37**	**81**	**130**	**176**

Quarterly *Amounts in MSEK*	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
Net sales	449	502	526	503	-27	-30	-30	-35	422	472	496	468
Cost of goods sold	-330	-359	-383	-364	14	17	15	17	-316	-342	-368	-347
Gross income	**119**	**143**	**143**	**139**	**-13**	**-13**	**-15**	**-18**	**106**	**130**	**128**	**121**
Selling expenses	-16	-18	-18	-13	1	2	1	1	-15	-16	-17	-12
Administrative expenses	-28	-28	-28	-28	2	1	1	3	-26	-27	-27	-25
Product development expenses	-16	-17	-18	-21	2	2	2	4	-14	-15	-16	-17
Share of net income in joint venture	-	-	-	-	3	3	5	5	3	3	5	5
Other operating income and expenses	-	-6	-3	-2	4	4	5	3	4	-2	2	1
Operating income	**59**	**74**	**76**	**75**	**-1**	**-1**	**-1**	**-2**	**58**	**73**	**75**	**73**
Financial income and expenses	-8	-7	-9	-12	0	0	0	0	-8	-7	-9	-12
Earnings before tax	**51**	**67**	**67**	**63**	**-1**	**-1**	**-1**	**-2**	**50**	**66**	**66**	**61**
Taxes	-14	-23	-18	-17	1	1	1	2	-13	-22	-17	-15
Net income for the period	**37**	**44**	**49**	**46**	**-**	**-**	**-**	**-**	**37**	**44**	**49**	**46**

Appendix 2 - Restated Consolidated Balance Sheet for 2013 by quarter, in summary

Amounts in MSEK	Reported Balance Sheet 31 Mar 2013	Reported Balance Sheet 30 Jun 2013	Reported Balance Sheet 30 Sep 2013	Reported Balance Sheet 31 Dec 2013	Adjustments 31 Mar 2013	Adjustments 30 Jun 2013	Adjustments 30 Sep 2013	Adjustments 31 Dec 2013	Restated Balance Sheet 31 Mar 2013	Restated Balance Sheet 30 Jun 2013	Restated Balance Sheet 30 Sep 2013	Restated Balance Sheet 31 Dec 2013
Goodwill	463	551	507	534	-	-	-	-	463	551	507	534
Other intangible fixed assets	314	318	344	337	-	-	-	-	314	318	344	337
Tangible fixed assets	170	180	184	194	-9	-9	-9	-9	161	171	175	185
Share of net assets in joint venture	-	-	-	-	13	16	21	26	13	16	21	26
Deferred tax assets	150	178	184	145	-1	-1	-1	-1	149	177	183	144
Long-term receivables	5	5	5	4	-	-	-	-	5	5	5	4
Total fixed assets	**1,102**	**1,232**	**1,224**	**1,214**	**3**	**6**	**11**	**16**	**1,105**	**1,238**	**1,235**	**1,230**
Inventories	166	211	203	205	-4	-5	-5	-6	162	206	198	199
Current receivables	267	319	297	271	-20	-21	-21	-24	247	298	276	247
Cash and cash equivalents	268	152	131	199	-15	-11	-10	-6	253	141	121	193
Total current assets	**701**	**682**	**631**	**675**	**-39**	**-37**	**-36**	**-36**	**662**	**645**	**595**	**639**
Total assets	**1,803**	**1,914**	**1,855**	**1,889**	**-36**	**-31**	**-25**	**-20**	**1,767**	**1,883**	**1,830**	**1,869**
Total Shareholders' equity	**630**	**582**	**617**	**783**	**-**	**-**	**-**	**-**	**630**	**582**	**617**	**783**
Pensions and similar obligations	522	539	537	406	-	-	-	-	522	539	537	406
Deferred tax liabilities	73	81	81	110	-2	-2	-2	-3	71	79	79	107
Long-term interest-bearing liabilities	175	175	178	178	-	-	-	-	175	175	178	178
Other long-term liabilities	4	6	4	4	-	-	-	-	4	6	4	4
Total long-term liabilities	**774**	**801**	**800**	**698**	**-2**	**-2**	**-2**	**-3**	**772**	**799**	**798**	**695**
Short-term interest-bearing liabilities	9	60	6	6	-	5	5	12	9	65	11	18
Other current liabilities	390	471	432	402	-34	-34	-28	-29	356	437	404	373
Total current liabilities	**399**	**531**	**438**	**408**	**-34**	**-29**	**-23**	**-17**	**365**	**502**	**415**	**391**
Total equity and liabilities	**1,803**	**1,914**	**1,855**	**1,889**	**-36**	**-31**	**-25**	**-20**	**1,767**	**1,883**	**1,830**	**1,869**

Appendix 3a - Restated Consolidated Cash Flow Statement for 2013 by quarter, in summary

Year-to-date *Amounts in MSEK*	Reported Cash Flow Statement 2013 Jan-Mar	 2013 Jan-Jun	 2013 Jan-Sep	 2013 Jan-Dec	Adjustments 2013 Jan-Mar	 2013 Jan-Jun	 2013 Jan-Sep	 2013 Jan-Dec	Restated Cash Flow Statement 2013 Jan-Mar	 2013 Jan-Jun	 2013 Jan-Sep	 2013 Jan-Dec
Earnings before tax	51	118	185	248	-1	-2	-3	-5	50	116	182	243
Reversal of depreciation, amortization and write-down of fixed assets	21	42	65	91	-1	-1	-2	-3	20	41	63	88
Reversal of net income from joint venture	-	-	-	-	-3	-6	-11	-16	-3	-6	-11	-16
Reversal of other non-cash items	2	3	3	1	-	-	-	-	2	3	3	1
Taxes paid	-28	-51	-73	-90	0	4	5	7	-28	-47	-68	-83
Cash flow from operating activities before changes in working capital	*46*	*112*	*180*	*250*	*-5*	*-5*	*-11*	*-17*	*41*	*107*	*169*	*233*
Change in working capital	-41	-41	-54	-41	1	-1	5	7	-40	-42	-49	-34
Cash flow from operating activities	***5***	***71***	***126***	***209***	***-4***	***-6***	***-6***	***-10***	***1***	***65***	***120***	***199***
Investments in subsidiaries	-	-105	-105	-105	-	-	-	-	-	-105	-105	-105
Investments in property, plant and equipment	-3	-10	-25	-41	1	2	3	4	-2	-8	-22	-37
Cash flow from investing activities	***-3***	***-115***	***-130***	***-146***	***1***	***2***	***3***	***4***	***-2***	***-113***	***-127***	***-142***
Dividends paid	-	-110	-110	-110	-	-	-	-	-	-110	-110	-110
Dividends received from joint venture	-	-	-	-	12	12	12	12	12	12	12	12
New loans received	-	47	47	47	-	5	5	12	-	52	52	59
Repayment of loans	-4	-4	-55	-55	-10	-10	-10	-10	-14	-14	-65	-65
Pension payments and other cash flows from financing activities	-15	-24	-30	-32	0	0	0	0	-15	-24	-30	-32
Cash flow from financing activities	***-19***	***-91***	***-148***	***-150***	***2***	***7***	***7***	***14***	***-17***	***-84***	***-141***	***-136***
Cash flow for the period	***-17***	***-135***	***-152***	***-87***	***-1***	***3***	***4***	***8***	***-18***	***-132***	***-148***	***-79***
Cash and bank assets, opening balance	288	288	288	288	-14	-14	-14	-14	274	274	274	274
Exchange-rate difference in cash and bank assets	-3	-1	-5	-2	-	-	-	-	-3	-1	-5	-2
Cash and bank assets, closing balance	**268**	**152**	**131**	**199**	**-15**	**-11**	**-10**	**-6**	**253**	**141**	**121**	**193**

Appendix 3b - Restated Consolidated Cash Flow Statement for 2013 by quarter, in summary

Quarterly *Amounts in MSEK*	Reported Cash Flow Statement 2013 Q1	Reported 2013 Q2	Reported 2013 Q3	Reported 2013 Q4	Adjustments 2013 Q1	Adjustments 2013 Q2	Adjustments 2013 Q3	Adjustments 2013 Q4	Restated Cash Flow Statement 2013 Q1	Restated 2013 Q2	Restated 2013 Q3	Restated 2013 Q4
Earnings before tax	51	67	67	63	-1	-1	-1	-2	50	66	66	61
Reversal of depreciation, amortization and write-down of fixed assets	21	21	23	26	-1	0	-1	-1	20	21	22	25
Reversal of net income from joint venture	-	-	-	-	-3	-3	-5	-5	-3	-3	-5	-5
Reversal of other non-cash items	2	1	0	-2	-	-	-	-	2	1	0	-2
Taxes paid	-28	-23	-22	-17	0	4	1	2	-28	-19	-21	-15
Cash flow from operating activities before changes in working capital	*46*	*66*	*68*	*70*	*-5*	*0*	*-6*	*-6*	*41*	*66*	*62*	*64*
Change in working capital	-41	-	-13	13	1	-2	6	2	-40	-2	-7	15
Cash flow from operating activities	***5***	***66***	***55***	***83***	***-4***	***-2***	***0***	***-4***	***1***	***64***	***55***	***79***
Investments in subsidiaries	-	-105	-	-	-	-	-	-	-	-105	-	-
Investments in property, plant and equipment	-3	-7	-15	-16	1	1	1	1	-2	-6	-14	-15
Cash flow from investing activities	***-3***	***-112***	***-15***	***-16***	***1***	***1***	***1***	***1***	***-2***	***-111***	***-14***	***-15***
Dividends paid	-	-110	-	-	-	-	-	-	-	-110	-	-
Dividends received from joint venture	-	-	-	-	12	-	-	-	12	-	-	-
New loans received	-	47	-	-	-	5	-	7	-	52	-	7
Repayment of loans	-4	-	-51	-	-10	-	-	-	-14	-	-51	-
Pension payments and other cash flows from financing activities	-15	-9	-6	-2	0	0	0	0	-15	-9	-6	-2
Cash flow from financing activities	***-19***	***-72***	***-57***	***-2***	***2***	***5***	***0***	***7***	***-17***	***-67***	***-57***	***5***
Cash flow for the period	***-17***	***-118***	***-17***	***65***	***-1***	***4***	***1***	***4***	***-18***	***-114***	***-16***	***69***
Cash and bank assets, opening balance	288	268	152	131	-14	-15	-11	-10	274	253	141	121
Exchange-rate difference in cash and bank assets	-3	2	-4	3	-	-	-	-	-3	2	-4	3
Cash and bank assets, closing balance	**268**	**152**	**131**	**199**	**-15**	**-11**	**-10**	**-6**	**253**	**141**	**121**	**193**