CONCENTRIC INTERIM REPORT
JANUARY – DECEMBER 2014

Full Year 2014: Strong margin and cash conversion

- **Net sales for the full year, excluding revenues attributable to Alfdex: MSEK 2,078 (1,858) [1)] – up 3% year-on-year, after adjusting for currency (+7%) and LICOS (+2%)**
- **Operating income for the full year, including net income (after interest and tax) attributable to Alfdex: MSEK 333 (279) – operating margin of 16.0% (15.0) [1)]**
- **Earnings after tax for the full year: MSEK 241 (176) – basic EPS of SEK 5.54 (4.00)**
- **Strong cash flow from operating activities for the full year: MSEK 340 (199)**
- **Net debt at year-end: MSEK 528 (409) [1)] – gearing ratio of 65% (52), following revaluation of pension liabilities, and total share buy-backs of MSEK 148 (nil)**
- **Based on the Group's strong earnings and financial position, the Board of Directors intend to propose a total dividend of SEK 3.00 (2.75) per share and to renew the current mandate for share buybacks**

Key Figures – Group, 1)	**Oct-Dec**			**Jan-Dec**		
Amounts in MSEK	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
Net sales before IFRS 11 amendment	575	503	14%	2,237	1,980	13%
Net sales	**535**	**468**	**14%**	**2,078**	**1,858**	**12%**
Operating income before IFRS 11 amendment	89	75	19%	337	284	19%
Operating income	**86**	**73**	**18%**	**333**	**279**	**19%**
Earnings before tax and before IFRS 11 amendment	86	63	37%	320	248	29%
Earnings before tax	**83**	**61**	**36%**	**316**	**243**	**30%**
Net income for the period	**64**	**46**	**39%**	**241**	**176**	**37%**
Cash flow from operating activities	97	79	23%	340	199	71%
Net debt	**528**	**409**	**29%**	**528**	**409**	**29%**
Operating margin before IFRS 11 amendment, %	15.4	14.9	0.4	15.1	14.3	0.7
Operating margin, %	**16.1**	**15.6**	**0.4**	**16.0**	**15.0**	**1.0**
Return on equity, %	29.6	27.2	2.4	29.6	27.2	2.4
Basic EPS, SEK	**1.49**	**1.04**	**0.45**	**5.54**	**4.00**	**1.54**
Diluted EPS, SEK	1.49	1.04	0.45	5.53	4.00	1.53
Gearing ratio, %	**65**	**52**	**13**	**65**	**52**	**13**

Fourth quarter of 2014: Positive margin development continued

- **Net sales for Q4, excluding revenues attributable to Alfdex: MSEK 535 (468) [1)] – up 3% year-on-year, after adjusting for currency (+11%)**
- **Operating income for Q4, including net income (after interest and tax) attributable to Alfdex: MSEK 86 (73) – operating margin of 16.1% (15.6) [1)]**
- **Earnings after tax for Q4: MSEK 64 (46) – basic EPS of SEK 1.49 (1.04)**
- **Strong cash flow from operating activities for Q4: MSEK 97 (79)**

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 Q4 2014:

"Sales for both the fourth quarter and full year of 2014 were up 3% year-on-year in constant currency, driven primarily by the structural growth achieved in the European truck market from the ongoing ramp up of Euro VI platforms. In North America, the higher demand for medium and heavy duty trucks was largely offset by the weak demand for agricultural machinery. Overall, the business continued to demonstrate its strong operating leverage from the increased activity levels, as the group's EBIT margin improved to 16.0% for the full year.

Looking forward, the orders received, and expected to be fulfilled during the first quarter of 2015, were slightly ahead of sales levels for the fourth quarter of 2014, adjusted for the fewer working days in the fourth quarter, indicating that end-customer confidence remains stable.

A key strategic objective for Concentric is to stay close to our customers through our manufacturing footprint. The recently announced acquisition of a pumps business in South America emphasises our commitment to sell locally to our global customers and the importance we place on this region for our future growth ambitions.

Despite current low oil prices, the pressure to reduce fuel consumption in all forms of machinery and trucks continues to increase through the planned legislation to reduce CO_2. European, North American, and Japanese heavy-duty vehicle and engine manufacturers have called for further promotion and cooperation of regulatory harmonisation for fuel efficiency improvements and reductions in greenhouse gas emissions. This just reinforces the importance of our ongoing customer development programmes for our variable flow pump technology, which continue to perform well under engine test. Accordingly, Concentric remains well positioned, both financially and operationally, to fully leverage our market opportunities."

Key business events:

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.

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 honour 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.

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.

10-Oct-14 Concentric has been awarded Caterpillar's prestigious Supplier Quality Excellence Process (SQEP) silver award for its plants in Birmingham and Pune.

12-Nov-14 Concentric has appointed Michael Hardbattle as Business Improvement Manager, based at its corporate headquarters in Birmingham.

21-Nov-14 Concentric has completed the latest phase of an ongoing international investment programme at its factory in Birmingham. Dedicated manufacturing cells were created, equipped with sophisticated new CNC machining centres and backed by automated assembly.

2-Feb-15 Concentric completes acquisition of GKN Sinter Metals de Argentina SA, a supplier of engine pumps in South America, strengthening Concentric's presence in the region.

Net sales and operating income – Group

Key Figures – Group, 1)	**Oct-Dec**			**Jan-Dec**		
Amounts in MSEK	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
Net sales before IFRS 11 amendment	575	503	14%	2,237	1,980	13%
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Earnings before tax	**83**	**61**	**36%**	**316**	**243**	**30%**
Net income for the period	**64**	**46**	**39%**	**241**	**176**	**37%**
Operating margin before IFRS 11 amendment, %	15.4	14.9	0.4	15.1	14.3	0.7
Operating margin, %	**16.1**	**15.6**	**0.4**	**16.0**	**15.0**	**1.0**
ROCE before IFRS 11 amendment, %	27.7	25.8	1.9	27.7	25.8	1.9
ROCE, %	**27.1**	**25.0**	**2.1**	**27.1**	**25.0**	**2.1**

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 full year were MSEK 2,078 (1,858), up 12% year-on-year in absolute terms. Adjusting for the acquisition of LICOS (+2%) and the impact of currency (+7%), the underlying year-on-year increase in sales for the full year was 3%. As a result, the Group's average sales per working day, including the impact of LICOS and currency, for the full year increased year-on-year to MSEK 8.5 (7.7).

Reported sales for the fourth quarter were MSEK 535 (468), up 14% year-on-year in absolute terms. Adjusting for the impact of currency (+11%), sales for the fourth quarter were up 3%. Overall, including the impact of currency, the Group's average sales per working day for the fourth quarter increased significantly year-on-year to MSEK 9.3 (7.8).

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 full year amounted to MSEK 333 (279). This increase in operating income represented a year-on-year drop-through rate of 25% on the additional reported sales. As a result, the reported operating margin for the full year improved to 16.0% (15.0).

Reported operating income for the fourth quarter amounted to MSEK 86 (73). This increase in operating income represented a year-on-year drop-through rate of 19% on the additional reported sales. As a result, the reported operating margin for the fourth quarter improved to 16.1% (15.6).

Net financial items

Net financial expenses incurred for the full year amounted to MSEK 17 (36), comprising interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 5 (12) and net financial expenses in respect of net pension liabilities of MSEK 18 (20), after deducting cumulative net exchange rate gains of MSEK 6 (loss 4). Accordingly, consolidated income before taxation amounted to MSEK 316 (243) for the full year.

Net financial expenses incurred for the fourth quarter amounted to MSEK 3 (12), comprising interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 1 (5) and net financial expenses in respect of net pension liabilities of MSEK 5 (3), after deducting cumulative net exchange rate gains of MSEK 3 (loss 4). Accordingly, consolidated income before taxation amounted to MSEK 83 (61) for the fourth quarter.

Taxes

Tax expenses for the full year amounted to MSEK 75 (67). 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 5. On a like-for-like basis with previous interim reports, the underlying effective tax rate for the year would have been 25% (29%).

Tax expenses for the fourth quarter amounted to MSEK 19 (15). 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 2. On a like-for-like basis with previous interim reports, the underlying effective tax rate for the fourth quarter would have been 25% (27%).

The internal refinancing undertaken for the group during 2013 accounts for around 3% of the 4% reduction in the group's underlying effective tax rate for the full year 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 full year amounted to MSEK 241 (176). Basic and diluted earnings per share for the full year amounted to SEK 5.54 (4.00) and SEK 5.53 (4.00) respectively.

Earnings after taxation for the fourth quarter amounted to MSEK 64 (46). Basic and diluted earnings per share for the fourth quarter both amounted to SEK 1.49 (1.04).

Segment reporting

The Americas segment comprises the Group's operations in the USA together with the start-up costs associated with establishing an operation in South America. 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	Oct-Dec			Jan-Dec		
Amounts in MSEK	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
External net sales	258	231	12%	1,033	974	6%
Operating income	39	35	11%	157	134	17%
Operating margin, %	15.2	15.3	-0.1	15.2	13.8	1.4
ROCE, %	49.9	40.9	9.0	49.9	40.9	9.0

1) Operating margins are based on external sales.

External sales were up 1% year-on-year for the full year 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 full year, including the impact of currency, increased slightly year-on-year to MSEK 4.2 (4.1).

External sales were down 2% year-on-year for the fourth quarter in constant currency, with the continued weakening in demand for agricultural machinery largely offset by the improvement in the medium and heavy duty truck market. However, the average external sales per working day for the fourth quarter actually increased slightly year-on-year to MSEK 4.6 (3.9), due primarily to currency.

Operating income for the full year amounted to MSEK 157 (134), improving the operating margin based on external sales to 15.2% (13.8). This increase in operating income represented a year-on-year drop-through rate of 39% based upon the additional external sales.

Operating income for the fourth quarter amounted to MSEK 39 (35), slightly reducing the operating margin, based on external sales, to 15.2% (15.3).

Net sales and operating income – Europe & RoW

Europe & RoW	Oct-Dec			Jan-Dec		
Amounts in MSEK	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
External net sales (including Alfdex)	317	272	17%	1,203	1,006	20%
Operating income	49	40	23%	182	150	21%
Operating margin, %	15.5	14.6	0.9	15.1	14.9	0.2
ROCE, %	20.0	19.0	1.0	20.0	19.0	1.0

1) Operating margins are based on external sales.

External sales for the full year, including Concentric's 50% share of the revenues attributable to Alfdex, were up 8% year-on-year, after adjusting for the acquisition of LICOS (+5%) and the impact of currency (+7%). 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 full year, including 50% of Alfdex and the impact of LICOS and currency, increased year-on-year to MSEK 4.9 (4.2).

External sales for the fourth quarter, including Concentric's 50% share of the revenues attributable to Alfdex, were up 9% year-on-year, after adjusting for the impact of currency (+8%). As a result, the average external sales per working day for the fourth quarter, including 50% of Alfdex, increased year-on-year to MSEK 5.4 (4.4), including currency.

Operating income, including Concentric's 50% share of the operating income attributable to Alfdex, amounted to MSEK 182 (150) for the full year, representing a year-on-year drop-through rate of 16% on the additional external sales, due mainly to the pressure arising from the ongoing consolidation of the European hydraulics business. As a result, the operating margin for the full year improved slightly to 15.1% (14.9).

Operating income, including Concentric's 50% share of the operating income attributable to Alfdex, amounted to MSEK 49 (40) for the fourth quarter. This increase in operating income year-on-year represented a drop-through rate of 20% based upon the additional external sales. As a result, the operating margin for the fourth quarter improved to 15.5% (14.6).

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	Q4-14 vs. Q4-13			FY-14 vs. FY-13			FY-15 vs. FY-14		
	North America	Europe	China/ India	North America	Europe	China/ India	North America	Europe	China/ India
Agricultural machinery									
Diesel engines	-16%	-8%	28%	-13%	-3%	0%	-8%	0%	5%
Construction equipment									
Diesel engines	-7%	6%	-9%	4%	5%	-11%	10%	2%	2%
Hydraulic equipment	8%	5%	n/a	30%	-17%	n/a	4%	3%	n/a
Trucks									
Light vehicles	6%	n/a	n/a	5%	n/a	n/a	12%	n/a	n/a
Medium/Heavy vehicles	15%	-8%	-7%	15%	-12%	-3%	4%	7%	1%
Industrial Applications									
Other Off-highway	-3%	9%	-20%	2%	7%	6%	3%	2%	5%
Hydraulic lift trucks	11%	-2%	n/a	13%	4%	n/a	-1%	2%	n/a

Source: Q4 2014 updates received from Power Systems Research, Off-Highway Research and the International Truck Association for lift trucks

The published market indices for the fourth quarter include some realignment of the full year volumes which appear more in keeping with Concentric's actual sales order experience for 2014. As noted in previous quarters, movements in the market indices tend to lag our order intake experience by 3-6 months.

North American end-markets

- Latest market indices report diesel engines for the full year were up in most end-markets year-on-year, with medium and heavy trucks showing the strongest growth levels. The exception is Agricultural Machinery, where the indices have been significantly realigned to reflect the downturn in orders previously announced. Overall, the latest market indices are 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 full year, with both construction equipment and lift trucks for material handling showing strong growth. This was in contrast with Concentric's actual sales of hydraulic products in North America for the full year, which were down c. 3% year-on-year.

European end-markets

- Market indices for the production of diesel engines during the full year were pretty flat year-on-year with the exception of medium and heavy trucks which are down 12%. 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 full year. This was broadly consistent with Concentric's actual sales for the same period.

Emerging end-markets

- Latest market indices for both India and China continue to show a worsening trend of lower growth year-on-year than in previous quarters which is broadly consistent with Concentric's actual sales experience. These markets continue to 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 full year was 243 (244) for the Group, with an average of 244 (245) working days for the Americas region and 243 (244) working days for the Europe & RoW region.

The weighted average number of working days in the fourth quarter was 57 (60) for the Group, with an average of 56 (58) working days for the Americas region and 59 (61) working days for the Europe & RoW region.

Consolidated sales development	**Q4-14 vs. Q4-13**			**FY-14 vs. FY-13**			**FY-15 vs. FY-14**		
	America	**Europe & RoW**	**Group**	**America**	**Europe & RoW**	**Group**	**America**	**Europe & RoW**	**Group**
Blended market rates 1)	4%	-2%	**1%**	3%	-3%	**0%**	3%	4%	**3%**
Concentric actual rates 2)	-2%	9%	**4%**	1%	8%	**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, were up 1% year-on-year for the fourth quarter and flat for the full year. This compares to Concentric's actual sales, including revenues attributable to Alfdex, which were up 4% year-on year for both the fourth quarter and the full year 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 full year amounted to MSEK 340 (199), which represents SEK 7.83 (4.54) per share.

The reported cash inflow from operating activities for the fourth quarter amounted to MSEK 97 (79), which represents SEK 2.27 (1.82) 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 25 (37) for the full year, and MSEK 10 (15) for the fourth 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 at year-end amounted to MSEK 26 (26).

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 31 December, 2014 the fair value of derivative instruments that were assets was MSEK 5 (0), and the fair value of derivative instruments that were liabilities was MSEK 0 (0). 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.

Following the revaluation of the Group's defined benefit pension plans, a total actuarial loss of MSEK 127 (gain 139) has been recognised in the net pension liabilities at year-end.

As a result, the Group's net debt at year-end was MSEK 528 (409), comprising loans and corporate bonds of MSEK 195 (196) and net pension liabilities of MSEK 568 (406), net of cash amounting to MSEK 235 (193).

Shareholders' equity amounted to MSEK 811 (783), resulting in a gearing ratio of 65% (52).

Employees

The average number of full-time equivalents employed by the group during the full year and the fourth quarter of 2014, restated under IFRS 11 to exclude Concentric's share of Alfdex employees, was 1,036 (1,031) and 1,023 (1,053) respectively.

Parent Company

Net sales for the full year amounted to MSEK 28 (23), generating an operating income of MSEK 7 (7).

The company also received the following income from subsidiaries and joint ventures during the year and last year:

- Dividends amounting to MSEK nil (817) arising its wholly owned US subsidiary undertaking, Concentric Americas, Inc.;
- Profits amounting to MSEK nil (474) arising from the disposal of its wholly owned German subsidiary undertaking, Concentric Hof GmbH, following the group reorganisation undertaken subsequent to the LICOS acquisition;
- Profits amounting to MSEK 13 (11) arising from contributions made by its wholly owned Swedish subsidiary undertaking, Concentric Skånes Fagerhult AB; and
- Dividends amounting to MSEK 12 (12) arising from its 50% ownership in the Swedish joint-venture company, Alfdex

The cumulative net exchange rate losses and interest expenses for the full year amounted to MSEK 108 (1) and MSEK 11 (5) respectively.

Net sales for the fourth quarter amounted to MSEK 8 (6), generating an operating loss of MSEK 1 (0). 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 fourth quarter amounted to MSEK 50 (5) and MSEK 7 (3) 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

On 29 January, 2015, Concentric AB signed new financing agreements with its existing banks, securing a five year term loan for MSEK 175, to replace the maturing bond facility in the same amount, and a three year multi-currency revolving credit facility for approximately MSEK 560.

On 30 January, 2015 Concentric AB completed the acquisition of the entire share capital of GKN Sinter Metals de Argentina SA ("GKN Pumps"), a supplier of engine pumps in South America, to strengthen its presence in this region. GKN Pumps will be consolidated in Concentric's financial statements as of 1 February, 2015. For the year ended 31 December, 2014, GKN Pumps made sales of approximately MSEK 100 with 166 employees.

Dividends

The Company's policy for distributing unrestricted capital to the shareholders remains unchanged, whereby one-third of annual after-tax profit over a business cycle is to be distributed to the shareholders, taking into account the Group's anticipated financial status. However, due to the Group's strong earnings and financial position, the Board of Directors intend to propose to the shareholders at the Annual General Meeting a total dividend of SEK 3.00 (2.75) per share for the 2014. This corresponds to an ordinary dividend of SEK 2.00 (1.50) which equates to around 36% (38) of the earnings per share, plus an additional dividend of SEK 1.00 (1.25) associated with the Group's strong financial position.

Buy-back and Holdings of Own Shares

During the year, under the own share buyback mandate resolved at the 2014 Annual General Meeting, the company has purchased 1,565,016 ordinary shares for a total consideration of MSEK 148 (nil), Consequently the holdings of own shares at year-end was 1,824,311 (259,295), which represents 4% of the total number of shares of 44,215,970.

The Group's strong earnings and financial position continue to enable capital transfer to shareholders in addition to the total dividend proposals detailed above.

In light of this, the Board of Directors will propose that the 2015 Annual General Meeting resolve to authorise the Board of Directors, during the period up to the next Annual General Meeting after that, to resolve on buying back own shares so that the Company's holdings do not at any point exceed 10 percent of the Company's shares. Acquisitions shall be made in cash and take place on NASDAQ OMX Stockholm.

The Board of Directors' complete proposal for a resolution regarding authorisation will be available in conjunction with the notice of Annual General Meeting on 24 February 2015.

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 31 December 2013, the key figures restated following the application of IFRS 11 may be summarised as follows:

- Net sales and gross income for the full year were reduced by MSEK 122 and MSEK 59 respectively, to remove Concentric's 50% share of those revenues and gross income attributable to Alfdex;
- Operating income and earnings before tax for the full year were both reduced by MSEK 5, to reflect the reclassification of interest and taxation previously recognised below these lines in respect of Alfdex;
- Total assets were reduced by MSEK 20, 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 6 and the net cash flows for the full year were increased by MSEK 8, 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 4 February, 2015. 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

Annual Report January-December 2014	5 March, 2015 (see website: www.concentricab.com)
Annual General Meeting 2015	26 March, 2015
Interim Report January-March 2015	28 April, 2015
Interim Report January-June 2015	24 July, 2015
Interim Report January-September 2015	23 October, 2015

Stockholm, 4 February, 2015

Concentric AB (publ)

David Woolley

President and CEO

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Corporate Registration Number 556828-4995

This Interim Report has not been audited.

Consolidated Income Statement, in summary 1)

Amounts in MSEK	Oct-Dec 2014	Oct-Dec 2013 Restated	Jan-Dec 2014	Jan-Dec 2013 Restated
Net sales	535	468	2,078	1,858
Cost of goods sold	-388	-347	-1,510	-1,373
Gross income	**147**	**121**	**568**	**485**
Selling expenses	-32	-12	-82	-60
Administrative expenses	-29	-25	-116	-105
Product development expenses	-13	-17	-58	-62
Share of profit in joint venture, net of interest and tax	6	5	12	16
Other operating income and expenses	7	1	9	5
Operating income	**86**	**73**	**333**	**279**
Financial income and expense	-3	-12	-17	-36
Earnings before tax	**83**	**61**	**316**	**243**
Taxes	-19	-15	-75	-67
Net income for the period	**64**	**46**	**241**	**176**
Basic earnings per share, SEK	1.49	1.04	5.54	4.00
Diluted earnings per share, SEK	1.49	1.04	5.53	4.00
Basic average number of shares (000)	42,690	43,957	43,421	43,922
Diluted average number of shares (000)	42,793	43,997	43,523	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	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net income for the period	**64**	**46**	**241**	**176**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Actuarial gains/losses	-127	139	-127	139
Tax on actuarial gains/losses	33	-37	33	-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	-49	-7	-108	-3
Tax arising from exchange rate differences related to liabilities to foreign operations	11	1	24	1
Cash-flow hedging	-1	3	4	-1
Tax arising from cash-flow hedging	0	-	-2	-
Foreign currency translation differences	89	30	231	8
Total other comprehensive income	***-44***	***118***	***55***	***96***
Total comprehensive income	**20**	**164**	**296**	**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	**31 Dec 2014**	**31 Dec 2013 Restated**
Goodwill	612	534
Other intangible fixed assets	335	337
Tangible fixed assets	194	185
Share of net assets in joint venture	26	26
Deferred tax assets	165	144
Long-term receivables	4	4
Total fixed assets	**1,336**	**1,230**
Inventories	222	199
Current receivables	273	247
Cash and cash equivalents	235	193
Total current assets	**730**	**639**
Total assets	**2,066**	**1,869**
Total Shareholders' equity	**811**	**783**
Pensions and similar obligations	568	406
Deferred tax liabilities	64	107
Long-term interest-bearing liabilities	3	178
Other long-term liabilities	5	4
Total long-term liabilities	**640**	**695**
Short-term interest-bearing liabilities	192	18
Other current liabilities	423	373
Total current liabilities	**615**	**391**
Total equity and liabilities	**2,066**	**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 31 December, 2014 the fair value of derivative instruments that were assets was MSEK 5 (0), and the fair value of derivative instruments that were liabilities was MSEK 0 (0). These fair value measurements belong in level 2 in the fair value hierarchy.*

Consolidated changes in shareholders' equity, in summary

Amounts in MSEK	**31 Dec 2014**	**31 Dec 2013**
Opening balance	**783**	**615**
Net income for the period	241	176
Other comprehensive income	55	96
Total comprehensive income	**296**	**272**
Dividend	-121	-110
Sale of own shares for acquisition of subsidiary	-	5
Own share buy-backs	-148	-
Long-term incentive plan	1	1
Closing balance	**811**	**783**

Consolidated cash flow statement, in summary 1)

	Oct-Dec		Jan-Dec	
Amounts in MSEK	**2013**	**2013**	**2013**	**2013**
		Restated		**Restated**
Operating income	83	61	316	243
Reversal of depreciation, amortization and write-down of fixed assets	16	25	83	88
Reversal of share of profit in joint venture	-6	-5	-12	-16
Reversal of other non-cash items	7	-2	17	1
Taxes paid	-30	-15	-99	-83
Cash flow from operating activities before changes in working capital	*70*	*64*	*305*	*233*
Change in working capital	27	15	35	-34
Cash flow from operating activities	***97***	***79***	***340***	***199***
Investments in subsidiaries 2)	-	-	-	-105
Investments in property, plant and equipment	-10	-15	-25	-37
Cash flow from investing activities	***-10***	***-15***	***-25***	***-142***
Dividend	-	-	-121	-110
Dividend received from Joint Venture	-	-	12	12
Buy-Back Own Shares	-50	-	-148	-
New loans	7	7	16	59
Repayment of loans	-	-	-19	-65
Pension payments and other cash flows from financing activities	-11	-2	-39	-32
Cash flow from financing activities	***-54***	***5***	***-299***	***-136***
Cash flow for the period	**33**	**69**	**16**	**-79**
Cash and bank assets, opening balance	191	121	193	274
Exchange-rate difference in cash and bank assets	11	3	26	-2
Cash and bank assets, closing balance	**235**	**193**	**235**	**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

	Oct-Dec		Jan-Dec	
	2014	**2013**	**2014**	**2013**
Basic earnings per share, SEK	1.49	1.04	5.54	4.00
Diluted earnings per share, SEK	1.49	1.04	5.53	4.00
Equity per share, SEK	19.13	17.80	19.13	17.80
Cash-flow from current operations per share, SEK 1)	2.27	1.82	7.83	4.54
Basic weighted average no. of shares (000's)	42,690	43,957	43,421	43,922
Diluted weighted average no. of shares (000's)	42,793	43,997	43,523	43,962
Number of shares at period-end (000's)	42,392	43,957	42,392	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)

	Oct-Dec		Jan-Dec	
	2014	**2013**	**2014**	**2013**
Sales growth before IFRS 11 amendments, constant currency, % 2)	4	11	4	-7
Sales growth, constant currency, % 2)	3	2	3	-8
Sales growth, %	14	12	12	-8
EBITDA margin, %	19.2	21.1	20.0	19.8
Operating margin, %	16.1	15.6	16.0	15.0
Capital Employed, MSEK	1,278	1,194	1,278	1,194
ROCE, %	27.1	25.0	27.1	25.0
ROE, %	29.6	27.2	29.6	27.2
Working Capital, MSEK	72	73	72	73
Working capital as a % of annual sales	3.5	3.9	3.5	3.9
Net Debt, MSEK	528	409	528	409
Gearing ratio, %	65	52	65	52
Net investments	10	15	25	37
R&D, %	2.3	3.7	2.8	3.4
Number of employees, average	1,023	1,053	1,036	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.*

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

	Oct-Dec		Jan-Dec	
Amounts in MSEK	**2014**	**2013**	**2014**	**2013**
		Restated		**Restated**
Net sales	535	468	2,078	1,858
Direct material costs	-283	-247	-1,095	-977
Personnel costs	-103	-96	-399	-381
Depreciation, amortization and impairment losses	-16	-25	-84	-88
Share of profit in joint venture, net of tax	6	5	12	16
Other operating income and expenses	-53	-32	-179	-149
Operating income	**86**	**73**	**333**	**279**
Financial income and expense	-3	-12	-17	-36
Earnings before tax	**83**	**61**	**316**	**243**
Taxes	-19	-15	-75	-67
Net income for the period	**64**	**46**	**241**	**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 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1
Net sales	535	520	527	496	468	496	472	422
Cost of goods sold	-388	-379	-381	-361	-347	-368	-342	-316
Gross income	**147**	**141**	**146**	**135**	**121**	**128**	**130**	**106**
Selling expenses	-32	-18	-18	-14	-12	-17	-16	-15
Administrative expenses	-29	-31	-27	-29	-25	-27	-27	-26
Product development expenses	-13	-10	-17	-18	-17	-16	-15	-14
Share of net income from joint venture	6	3	-	3	5	5	3	3
Other operating income and expenses	7	1	-	-	1	2	-2	4
Operating income	**86**	**86**	**84**	**77**	**73**	**75**	**73**	**58**
Financial income and expense	-3	-2	-5	-7	-12	-9	-7	-8
Earnings before tax	**83**	**84**	**79**	**70**	**61**	**66**	**66**	**50**
Taxes	-19	-20	-19	-17	-15	-17	-22	-13
Net income for the period	**64**	**64**	**60**	**53**	**46**	**49**	**44**	**37**

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

Key figures by quarter 1)

	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1
Basic EPS, SEK	1.49	1.47	1.39	1.20	1.04	1.10	1.01	0.84
Diluted EPS, SEK	1.49	1.46	1.38	1.20	1.04	1.10	1.01	0.84
Operating margin, %	16.1	16.4	16.0	15.5	15.6	15.1	15.5	13.7
ROCE, %	27.1	26.5	26.0	26.0	25.0	21.2	21.1	22.4
ROE, %	29.6	28.8	28.8	27.7	27.2	23.5	23.2	23.6
Equity per share, SEK	19.13	19.59	18.01	19.29	17.80	14.04	13.28	14.37
Cash-flow per share, SEK	2.27	1.94	2.15	1.47	1.82	1.25	1.47	0.00
Net investments in fixed assets	10	6	4	5	15	14	6	2
R&D, %	2.3	2.1	3.2	3.6	3.7	3.2	3.1	3.4
Number of employees, average	1,023	1,032	1,046	1,046	1,053	1,067	1,041	972

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

Segment reporting 1)

Amounts in MSEK	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1
Americas								
External net sales	258	267	261	246	231	251	266	226
Operating income	39	41	39	38	35	35	39	25
Operating margin, % 2)	15.2	15.1	15.1	15.3	15.3	14.0	14.5	11.0
Assets	565	562	533	522	494	529	563	524
Liabilities	286	283	290	270	250	297	320	271
Capital employed	334	318	294	315	309	310	338	349
ROCE, %	49.9	49.4	47.1	45.2	40.9	38.3	36.2	36.5
Net investments	0	0	-	-	2	3	-	-
Depreciation, amortization & impairment losses	5	6	6	5	6	6	6	6
Number of employees, average	308	310	315	317	326	336	338	300
Europe & RoW								
External net sales (including Alfdex)	317	293	305	289	272	275	236	223
Operating income	49	48	45	40	40	41	35	34
Operating margin, % 2)	15.5	16.2	14.7	14.0	14.6	14.9	15.0	15.1
Assets	1,397	1,356	1,314	1,258	1,258	1,245	1,248	1,053
Liabilities	733	631	611	584	601	695	720	685
Capital employed	959	908	914	878	886	852	826	679
ROCE, %	20.0	19.4	19.0	19.0	19.0	14.7	14.9	16.0
Net investments	10	6	4	5	14	12	7	3
Depreciation, amortization & impairment losses	12	14	18	18	20	16	15	15
Number of employees, average	773	782	787	781	776	779	751	718
Eliminations and unallocated items								
Elimination of sales	-41	-40	-39	-39	-35	-30	-30	-27
Operating income	-2	-3	-	-1	-2	-1	-1	-1
Assets	104	48	53	137	117	56	173	190
Liabilities	236	211	217	215	235	221	260	181
Capital employed	-15	18	22	9	-1	-1	1	-1
Net investments	0	0	-	-	-1	-1	-1	-1
Depreciation, amortization and impairment losses	-1	0	-	-	-1	-1	-	-
Number of employees, average	-58	-60	-56	-52	-49	-48	-48	-46
Group								
Net sales	535	520	527	496	468	496	472	422
Operating income	86	86	84	77	73	75	73	58
Operating margin, %	16.1	16.4	16.0	15.5	15.6	15.1	15.5	13.7
Assets	2,066	1,966	1,900	1,917	1,869	1,830	1,883	1,767
Liabilities	1,255	1,125	1,118	1,069	1,086	1,213	1,301	1,137
Capital employed	1,278	1,244	1,230	1,202	1,194	1,161	1,165	1,027
ROCE, %	27.1	26.5	26.0	26.0	25.0	21.2	21.1	22.4
Net investments	10	6	4	5	15	14	6	2
Depreciation, amortization and impairment losses	16	20	24	23	25	21	21	21
Number of employees, average	1,023	1,032	1,046	1,046	1,053	1,067	1,041	972

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

2) Operating margins are based on external sales.

Operating income per operating segment, 1)

Amounts in MSEK	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1
Americas	39	41	39	38	35	35	39	25
Europe & RoW	49	48	45	40	40	41	35	34
Eliminations and unallocated items 2)	-2	-3	-	-1	-2	-1	-1	-1
Total operating income	**86**	**86**	**84**	**77**	**73**	**75**	**73**	**58**
Financial income and expenses	-3	-2	-5	-7	-12	-9	-7	-8
Earnings before tax	**83**	**84**	**79**	**70**	**61**	**66**	**66**	**50**

Sales by customer location - geographic area 1)

Amounts in MSEK	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1
USA	246	251	232	213	211	211	249	213
Rest of North America	17	16	28	29	24	43	17	11
South America	0	1	0	2	2	3	2	2
Germany	86	82	86	89	76	95	65	69
UK	45	49	44	40	39	38	38	34
Sweden	27	20	24	24	23	20	26	26
Rest of Europe	76	70	83	70	57	54	42	42
Asia	37	31	29	27	35	30	31	24
Other	1	0	1	2	1	2	2	1
Total Group	**535**	**520**	**527**	**496**	**468**	**496**	**472**	**422**

Sales by product groups (including Alfdex) 1)

Amounts in MSEK	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1
Concentric branded Engine products	285	263	263	249	235	247	247	213
LICOS branded Engine products	27	36	36	29	33	32	-	-
Alfdex branded Engine products	41	40	39	39	35	30	30	27
Total Engine products	353	339	338	317	303	309	277	240
Total Hydraulics products	223	221	228	218	200	217	225	209
Eliminations	-41	-40	-39	-39	-35	-30	-30	-27
Total Group	**535**	**520**	**527**	**496**	**468**	**496**	**472**	**422**

Tangible assets by operating location 1)

Amounts in MSEK	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1
USA	48	46	47	48	51	51	54	56
Germany	55	50	51	53	52	51	41	31
UK	65	64	62	57	57	48	45	43
Sweden	3	1	1	1	1	1	4	3
Other	23	23	23	23	24	24	27	28
Total Group	**194**	**184**	**184**	**182**	**185**	**175**	**171**	**161**

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

2) Includes elimination of net income adjustments attributable to Alfdex AB following the restatements made under IFRS 11 "Joint arrangements".

Parent Company's income statement, in summary

Amounts in MSEK	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	8	6	28	23
Operating costs	-9	-6	-21	-16
Operating loss/income	**-1**	**0**	**7**	**7**
Income from shares in subsidiaries	13	485	13	1,302
Income from shares in associated companies	-	0	12	12
Net foreign exchange rate differences	-50	-5	-108	-1
Other financial income and expense	-7	-3	-11	-5
Loss/earnings before tax	**-45**	**477**	**-87**	**1,315**
Taxes	9	-1	21	-3
Net loss/income for the period 1)	**-36**	**476**	**-66**	**1,312**

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

Parent Company's balance sheet, in summary

Amounts in MSEK	31 Dec 2014	31 Dec 2013
Shares in subsidiaries	2,395	2,395
Shares in joint venture	10	10
Long-term loans receivable from subsidiaries	52	46
Deferred tax assets	20	-
Total financial fixed assets	**2,477**	**2,451**
Other current receivables	1	1
Short-term receivables from subsidiaries	63	36
Cash and cash equivalents	118	138
Total current assets	**182**	**175**
Total assets	**2,659**	**2,626**
Total Shareholders' equity	**1,448**	**1,783**
Pensions and similar obligations	18	19
Long-term interest-bearing liabilities	-	175
Long-term loans payable to subsidiaries	976	604
Total long-term liabilities	**994**	**798**
Short-term loans	175	-
Short-term loans payable to joint venture	8	12
Short-term loans payable to subsidiaries	28	27
Other current liabilities	6	6
Total current liabilities	**217**	**45**
Total equity and liabilities	**2,659**	**2,626**

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

Amounts in MSEK	31 Dec 2014	31 Dec 2013
Opening balance	1,783	576
Net loss/income for the period 1)	-66	1,312
Dividend	-121	-110
Sale of own shares for acquisition of subsidiary	-	5
Own share buy-backs	-148	-
Closing balance	**1,448**	**1,783**

1) Total Comprehensive loss/income for the Parent Company is the same as Net loss/income 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**				**Adjustments**				**Restated Income Statement**			
	2013 Jan-Mar	**2013 Jan-Jun**	**2013 Jan-Sep**	**2013 Jan-Dec**	**2013 Jan-Mar**	**2013 Jan-Jun**	**2013 Jan-Sep**	**2013 Jan-Dec**	**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 30 Jun 2013	Reported 30 Sep 2013	Reported 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 30 Jun 2013	Restated 30 Sep 2013	Restated 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**	**2013 Q2**	**2013 Q3**	**2013 Q4**	**Adjustments** **2013 Q1**	**2013 Q2**	**2013 Q3**	**2013 Q4**	**Restated Cash Flow Statement** **2013 Q1**	**2013 Q2**	**2013 Q3**	**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**