Annual Report 2014

Carl Bennet AB

Contents

Unless stated otherwise, all amounts are reported in millions of Swedish krona, MSEK.
Information in parentheses refers to the corresponding period during the previous year.

Cover images:
Top: Every day, Getinge's products help to save lives and ensure high quality care. The Group is a leading global supplier of products and services for operating theatres, intensive care wards, treatment wards, sterilisation centres and elderly care, as well as for Life Science companies and institutions.
Middle: Brokk 400 with operator. Brokk AB develops, manufactures and markets remote-controlled demolition machines for the construction, tunnelling, mining, process and cement industries and for nuclear facilities. Brokk is a wholly-owned subsidiary of Lifco AB.
Bottom: HP T230 Inkjet Press with Hunkeler PF7 Inline book block finishing solution at Elanders in Germany.

Administration Report

The Board of Directors and Chief Executive Officer of Carl Bennet AB, Corporate Identity Number 556379-0715, hereby present the annual report and consolidated accounts for the financial year 2014.

INFORMATION REGARDING THE OPERATIONS

Carl Bennet AB was founded in 1989 by Carl Bennet. The Company is the majority shareholder of the listed companies, Getinge AB, Lifco AB and Elanders AB. In addition, operations are conducted through the subsidiaries, Symbrio AB and Dragesholm AB.

Sales for the Carl Bennet AB Group grew to MSEK 37,239 (33,448) and there were 22,108 (19,979) employees at year-end, of whom 2,467 (2,725) were based in Sweden. Profit before tax amounted to MSEK 2,899 (3,764). Carl Bennet AB's share of equity increased to MSEK 16,575 (11,873) and its share of total net worth increased to MSEK 17,371 (16,119). As per 31 March 2015, the net worth had increased to MSEK 20,125.

THE CONSOLIDATED ACCOUNTS AND OTHER DISCLOSURES FOR THE GROUP INCLUDE THE FOLLOWING SUB-GROUPS AND ASSOCIATED COMPANIES:

	Share of equity, %	Share of votes, %
Getinge AB	18.08	48.86
Lifco AB	50.10	68.85
Elanders AB *)	62.34	74.24
Symbrio AB	66.84	66.84
Dragesholm AB	100.00	100.00
HealthInvest Partners AB	27.01	27.01
Entercircle Konfektion AB	43.00	43.00

*) The share of equity and votes in accordance with IFRS, including outstanding options, is 64.52% and 75.73%, respectively.

THE GROUP

During 2014, the Group's reported net sales grew to MSEK 37,239 (33,448). Operating profit amounted to MSEK 3,642 (4,451). Profit before tax amounted to MSEK 2,899 (3,764). The number of employees at year-end increased to 22,108 (19,979). The average number of employees increased to 21,285 (19,559).

As per 31 December 2014, the Group's total equity increased to MSEK 69,486 (56,856) of which non-controlling interests amounted to MSEK 52,911 (44,983). The Carl Bennet AB Group's share of equity increased to MSEK 16,575 (11,873). As of 31 March 2015, the Carl Bennet AB Group's share of equity had increased to MSEK 16,859.

COMPARATIVE FIGURES COVERING SEVERAL YEARS

Group	IFRS 2014	IFRS 2013	IFRS 2012	BFN 2012	BFN 2011	BFN 2010
Sales, MSEK	37,239	33,448	8,141	8,141	7,575	5,111
EBITDA, MSEK	5,991	6,538	1,389	1,505	1,417	1,117
EBITA, MSEK	4,962	5,616	1,253	1,363	1,277	979
EBITA margin, %	13.3	16.8	15.4	16.7	16.9	19.2
Operating profit (EBIT), MSEK	3,642	4,451	1,233	1,164	1,117	859
Profit before tax, MSEK	2,899	3,764	1,142	1,082	1,002	836
Equity, MSEK	69,486	56,856	5,586	4,787	4,441	3,877
Carl Bennet AB's share of Equity, MSEK	16,575	11,873	5,233	4,787	4,441	3,877
Net worth, MSEK	17,371	16,119				
Average number of employees	21,285	19,559	4,697	4,697	4,311	3,724

CARL BENNET AB'S NET WORTH, MSEK

31 Dec 2014	Number of shares	Share of equity, %	Share of votes, %	Net worth, MSEK	Portion of net worth, %
Getinge AB	43,093,898	18.08	48.86	7,662	44
Lifco AB	45,513,260	50.10	68.85	6,122	35
Elanders AB	16,532,557	62.34	74.24	638	4
Other securities				306	2
SHARE PORTFOLIO - MARKET VALUE				**14,728**	**85**
Cash and cash equivalents				2,398	14
Other, net				245	1
TOTAL				**17,371**	**100**
Net worth, 31 December 2013				16,119	

NET SALES PER BUSINESS SEGMENT, MSEK

Group	2014	2013
Getinge (medical technology)	26,669	25,287
Lifco (industry and trade)	6,802	6,030
Elanders (supply chain, print & packaging, e-commerce)	3,730	2,096
Symbrio (IT)	34	32
Dragesholm (forestry)	4	3
Parent Company	4	4
Eliminations	–4	–4
	37,239	33,448

OPERATING PROFIT (EBIT) PER BUSINESS SEGMENT, MSEK

Group	2014	2013
Getinge (medical technology)	2,646	3,748
Lifco (industry and trade)	806	627
Elanders (supply chain, print & packaging, e-commerce)	175	131
Symbrio (IT)	3	3
Healthinvest (finance)	18	9
Entercircle Konfektion (ready-made garments)	–3	–
Biotech Invest i Albano (biotechnology)	–	–4
Parent Company	-56	–63
Eliminations	53	–
	3,642	4,451

SIGNIFICANT EVENTS DURING 2014

In November 2014, Lifco AB was listed on the Nasdaq Stockholm stock exchange. In conjunction with the listing, Carl Bennet sold 49.9% of its shares in Lifco AB, which resulted in a capital gain in the Carl Bennet AB Group of MSEK 2,515. This gain has been reported directly in equity.

During the year, Getinge undertook substantial investments in strengthening its quality management system within the Medical Systems business area.

In January 2014, Elanders acquired the supply chain company, Mentor Media, in Singapore and created the business area, Supply Chain Solutions.

PARENT COMPANY

In conjunction with the listing of 49.9% of the shares in Lifco, a capital gain arose in the Parent Company, MSEK 3,308. The Parent Company's net receivables amounted at year-end to MSEK 2,398 (-1,514).

OPERATIONS OF THE SUBSIDIARIES

Getinge AB

The Getinge Group is a medical technology company and a world leader in its field. The Group comprises of three business areas: Medical Systems (systems for surgery and intensive care), Extended Care (ergonomics and wound care) and Infection Control (systems equipment for disinfection and sterilisation).

The Group's sales increased to MSEK 26,669 (25,287) and profit before tax amounted to MSEK 1,987 (3,153). The average number of employees was 14,879 (14,723).

During the first quarter, Getinge acquired slightly more than 78% of the shares in the listed German company, Pulsion AG.

During the year, Getinge made significant investments in strengthening the quality management system within the Medical Systems business area. In February 2015, the American courts approved of a conciliation agreement between Medical Systems and the FDA (Food and Drug Administration) in the US.

Lifco AB

The Lifco Group operates in three business areas in which it has international market-leading positions. The business areas are Dental, Demolition & Tools and Systems Solutions.

In November 2014, Lifco AB was listed on the Nasdaq Stockholm stock exchange.

The Lifco Group's sales increased to MSEK 6,802 (6,030). Operating profit grew to MSEK 806 (627). Profit after financial items increased to MSEK 763 (575). Excluding listing costs, profit before tax increased to MSEK 873. The average number of employees increased to 3,013 (2,940).

Elanders AB

Elanders is a global group with production units in thirteen countries on four continents, and is one of few suppliers that can offer everything from global supply chain solutions and advanced printing solutions to personalised photography products. In conjunction with the acquisition of the supply chain company, Mentor Media, in January 2014, Elanders implemented a change in its product areas, whereby the new areas comprise of Supply Chain Solutions, Print & Packaging Solutions and e-Commerce Solutions. The acquisition implies that the company moved up a level in the "value chain" and can now offer additional services and products to new and existing customers.

Net sales increased to MSEK 3,730 (2,096) and profit before tax increased to MSEK 140 (102). The average number of employees grew to 3,360 (1,864).

Symbrio AB

Symbrio develops and sells an internet-based purchasing and invoice management system. Sales increased to MSEK 34 (32) and profit before tax amounted to MSEK 3 (3). The average number of employees was 28 (26).

Dragesholm AB

Dragesholm engages in forestry operations. Sales totalled MSEK 4 (4).

ASSOCIATED COMPANIES' OPERATIONS

HealthInvest Partners AB

HealthInvest Partners is a fund management company managing three mutual funds with a focus on the healthcare sector in North America and Asia. The Company has 6 employees.

Entercircle Konfektion AB

At the end of 2013, the Parent Company acquired 35% of the shares in Entercircle Konfektion AB. During 2014, the Parent Company participated in a new share issue of MSEK 5 and, thereafter, the participating interest in the company amounts to 43%. The company conducts operations within the design, import and sale of clothing through its subsidiaries. The most well-known brand is Rut&Circle. The company had sales of MSEK 75 and has 35 employees.

Biotech Invest i Albano AB

In November 2014, the company entered into voluntary liquidation on the basis of a resolution by a general meeting of shareholders.

RESEARCH

Carl Bennet AB provided financing of R&D, totalling to approximately MSEK 13, to the following universities, colleges and institutions:

- Visiting Professor in Education for Sustainable Development, University of Gothenburg
- Industry-employed doctoral student within teaching and learning, University of Gothenburg
- Neuropsychiatric functional limitations in children, Sahlgrenska Academy, Gothenburg
- Digital Innovation, University of Gothenburg, Chalmers and Umeå University
- Hip problems amongst young sports participants, Leif Swärd AB, Gothenburg
- Environmental Humanities, Royal Institute of Technology, Stockholm
- Board work in large Nordic companies, Stockholm School of Economics
- Industry-employed doctoral student, Japan, Stockholm School of Economics
- Evaluation Research, Umeå University
- Cardiovascular research, Umeå University
- Professorship in Medical Technology, Umeå University
- Energy Resources, Uppsala University

In addition to the research funding listed above, Carl Bennet AB is also one of the sponsors of the Nobel Week Dialogue and has participated in a number of projects, for example, NAG (Nordic Action Group on Energy and Climate), EEA–ESEM (research conference on national economics) and IVA.

Research activities are undertaken in order to build up and strengthen existing knowledge environments in terms of both a national and international perspective. This creates development opportunities for the companies in the Carl Bennet AB Group.

ENVIRONMENTAL INFORMATION

Environmental work is highly prioritised within the Group. For example, it can be noted that the Group supports the Gothenburg Award for Sustainable Development. The Group requires environmental permits for its operations undertaken in the subsidiaries, and is also required to report under the Swedish Environmental Code. A large part of the Group also engages in climate compensation programmes.

FUTURE DEVELOPMENT, RISKS AND FACTORS OF UNCERTAINTY

The Group will continue to develop its operations from a long-term perspective. Priority will be given to organic growth supplemented by acquisitions.

Risks and factors of uncertainty within the Group consist mainly of fluctuations in the business cycle. The Group does, however, engage in diverse operations in a range of business areas and geographical markets, implying that a good risk balance is achieved. Refer also to Note 3.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

In February 2015, the American courts approved a conciliation agreement between Getinge's Medical Systems business area and the FDA (Food and Drug Administration) in the US. The agreement implies a framework guaranteeing the FDA that Getinge will fulfil the purposes of the improvement work currently underway to strengthen Medical System's quality management system. In total, MSEK 995 has been reserved for these measures and the goal is to complete the work by the middle of 2016. Excluding the costs for the improvement plan, the total consequences of the conciliation agreement are estimated at approximately MSEK 500.

During the period January to May, the Parent Company received dividends of MSEK 275 from subsidiaries and associated companies.

PROPOSED APPROPRIATION OF PROFITS

The following profits are at the disposal of the Annual General Meeting:

Retained earnings	3,059
Net profit for the year	3,547
MSEK	6,606

The Board of Directors proposes that the available profits be appropriated as follows:

to be distributed as dividends to the shareholder	65
to be carried forward	6,541
MSEK	6,606

The Parent Company has provided a group contribution of TSEK 700 to Dragesholm AB, 556672-9538.

With reference to the above and other circumstances of which the Board is knowledgeable, the Board's opinion is that a fair assessment of the Company's and the Group's financial position leads to the conclusion that the dividend can be considered justifiable, with reference to the requirements regarding the size of the Company's and the Group's equity implied by the nature and scope of the operations, as well as considering the risk exposure in those operations. The dividend can also be considered justifiable considering the Company's and the Group's consolidation requirements, liquidity and financial position, in general.

The Board's opinion is that the proposed dividend will not hinder the Company, and other companies in the Group, from fulfilling their short and long-term obligations, nor from making necessary investments. The proposed dividend can, thereby, be justified with reference to the provisions of the Swedish Companies Act, Chapter 17, Section 3, paragraphs 2–3 (the prudence rule).

For further information regarding the Group's and the Parent Company's results and financial position in general, refer to the following income statements, balance sheets, cash flow statements and accompanying notes.

Group

CONSOLIDATED INCOME STATEMENT, MSEK

	Note	2014	2013
Net sales	5	37,239	33,448
Costs of goods sold		–20,718	–17,672
GROSS PROFIT		**16,521**	**15,776**
Selling expenses		–6,491	–6,259
Administrative expenses		–4,504	–3,877
Research and development costs		–675	–698
Acquisition costs		–48	–13
Restructuring and integration costs		–1,109	–401
Profit from participations in associated companies	6	15	5
Other operating income	7, 8	142	194
Other operating expenses	7, 8	–209	–276
OPERATING PROFIT	9, 10, 11, 12, 13	**3,642**	**4,451**
PROFIT/LOSS FROM FINANCIAL ITEMS			
Financial income	14	134	85
Financial expenses	14	–877	–772
FINANCIAL ITEMS – NET		**–743**	**–687**
PROFIT BEFORE TAX		**2,899**	**3,764**
Tax on profit for the year	15	–771	–1,050
NET PROFIT FOR THE YEAR		**2,128**	**2,714**
Attributable to:			
Shareholders in the Parent Company		870	799
Non-controlling interests		1,258	1,915
NET PROFIT FOR THE YEAR		**2,128**	**2,714**

STATEMENT OF COMPREHENSIVE INCOME, MSEK

	2014	2013
NET PROFIT FOR THE YEAR	**2,128**	**2,714**
OTHER COMPREHENSIVE INCOME		
Items which will not be reversed in the income statement		
Actuarial gains/losses attributable to pensions	–666	–148
Items which can be reversed in the income statement in the future:		
Translation differences	7,456	653
Change in value of cash flow hedges	–109	293
Change in value attributable to available-for-sale financial assets	58	33
Change in value of hedging of net foreign investments	–83	–3
Income tax on other profit/loss items	227	–32
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET AFTER TAX	**6,883**	**796**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**9,011**	**3,510**
Total comprehensive income for the year attributable to:		
Shareholders in the Parent Company	2,310	998
Non-controlling interests	6,701	2,512
	9,011	**3,510**

CONSOLIDATED BALANCE SHEET, MSEK

	Note	31 Dec 2014	31 Dec 2013
ASSETS			
FIXED ASSETS			
Intangible fixed assets	16	79,231	67,307
Tangible fixed assets	17	5,795	5,079
Derivative instruments, long-term	18, 19	40	138
Participations in associated companies	20	36	24
Investments held as fixed assets	19	401	413
Other non-current financial receivables	19	11	11
Deferred tax assets	21	1,538	614
TOTAL FIXED ASSETS		**87,052**	**73,586**
CURRENT ASSETS			
Inventories	22	6,321	5,118
Accounts receivable – trade	19, 23	8,982	7,693
Current tax assets		610	240
Derivative instruments, short-term	18, 19, 23	264	480
Other current receivables	19	837	919
Prepaid expenses and accrued income	24	909	749
Cash and cash equivalents	19, 25, 26	4,882	1,816
TOTAL CURRENT ASSETS		**22,805**	**17,015**
TOTAL ASSETS		**109,857**	**90,601**

CONSOLIDATED BALANCE SHEET, MSEK (CONT.)

	Note	31 Dec 2014	31 Dec 2013
EQUITY AND LIABILITIES			
EQUITY			
Share capital	27	1	1
Reserves		49	49
Retained earnings		16,525	11,823
EQUITY ATTRIBUTABLE TO SHAREHOLDERS IN THE PARENT COMPANY		**16,575**	**11,873**
Non-controlling interests		52,911	44,983
TOTAL EQUITY		**69,486**	**56,856**
LIABILITIES	25		
NON-CURRENT LIABILITIES			
Interest-bearing long-term borrowings	28, 29	16,700	14,062
Other non-current liabilities	28, 29	42	38
Provision for pensions, interest-bearing	29, 30	3,325	2,350
Provision for pensions, non-interest-bearing	30	62	51
Derivative instruments, long-term	18, 28, 29	–	17
Deferred tax liabilities	21	1,699	1,534
Other long-term provisions	31	348	277
TOTAL NON-CURRENT LIABILITIES		**22,176**	**18,329**
CURRENT LIABILITIES			
Interest-bearing short-term borrowings	28, 29	7,976	7,463
Restructuring reserves	31	119	249
Other short-term provisions	31	832	240
Advance payments from clients	28	692	589
Accounts payable – trade		2,868	2,416
Current tax liabilities		190	294
Derivative instruments, short-term	18, 28, 29	1,338	660
Other current liabilities		811	708
Accrued expenses and deferred income	32	3,369	2,797
TOTAL CURRENT LIABILITIES		**18,195**	**15,416**
TOTAL EQUITY AND LIABILITIES		**109,857**	**90,601**

CHANGES IN EQUITY FOR THE GROUP, MSEK

	Share capital	Reserves	Retained earnings (including net profit for the year)	Total	Non-controlling interests	Total equity
OPENING BALANCE, 1 JANUARY 2013	**1**	**–150**	**5,382**	**5,233**	**353**	**5,586**
Other comprehensive income for year	–	199	–	199	597	796
Net profit for the year	–	–	799	799	1,915	2,714
Revaluation of Getinge *)	–	–	5,700	5,700	42,952	48,652
Revaluation of put option liability	–	–	–2	–2	–	–2
Dividend	–	–	–60	–60	–823	–883
Other	–	–	4	4	–11	–7
CLOSING BALANCE, 31 DECEMBER 2013	**1**	**49**	**11,823**	**11,873**	**44,983**	**56,856**
Other comprehensive income for year	–	–	1,440	1,440	5,443	6,883
Net profit for the year	–	–	870	870	1,258	2,128
Additional Non-Controlling interests, Pulsion	–	–	–	–	304	304
Divestment of Lifco to Non-Controlling interests	–	–	2,452	2,452	1,712	4,164
New share issue, Elanders	–	–	–	–	43	43
Dividend	–	–	–60	–60	–832	–892
CLOSING BALANCE, 31 DECEMBER 2014	**1**	**49**	**16,525**	**16,575**	**52,911**	**69,486**

*) The holding was re-calculated at market value as at 1 January 2013.

CASH FLOW STATEMENT FOR THE GROUP, MSEK

	Note	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Profit after financial items		2,899	3,764
Adjustment for non-cash items, etc.	36	2,792	2,260
Income tax paid		–1,040	–1,184
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**4,651**	**4,840**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase/decrease in inventories		–1,055	–192
Increase/decrease in current receivables		–934	–697
Increase/decrease in current liabilities		847	206
CASH FLOW FROM OPERATING ACTIVITIES		**3,509**	**4,157**
INVESTING ACTIVITIES			
Investments in intangible fixed assets		–688	–789
Investments in tangible fixed assets		–1,318	–1,400
Sales of tangible fixed assets		26	36
Acquired companies and operations		–2,759	–439
Investments in other financial fixed assets		–10	–78
Divestment of other financial fixed assets		4,268	53
CASH FLOW FROM INVESTING ACTIVITIES		**–481**	**–2,617**
FINANCING ACTIVITIES			
Increase/decrease in non-current receivables		–	275
Borrowings		6,314	5,021
Repayment of debt		–3,069	–5,614
Other changes in borrowing		43	–
Dividends paid		–892	–883
CASH FLOW FROM FINANCING ACTIVITIES		**2,396**	**–1,201**
CASH FLOW FOR THE YEAR		**5,424**	**339**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,816	674
Acquired cash, Getinge		–	1,254
Translation differences		–2,358	–451
CASH AND CASH EQUIVALENTS AT YEAR-END		**4,882**	**1,816**

Notes for the Group

NOTE 1 GENERAL INFORMATION

Carl Bennet AB is a Swedish limited liability company with its registered offices in Gothenburg. The Group's primary operations are described in the Administration Report.

The consolidated accounts and annual report were approved for publication by the Board of Directors on 7 May 2015.

Unless stated otherwise, all amounts are reported in millions of Swedish krona, MSEK. Information within parentheses refers to the previous year.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

The most important accounting principles applied in the preparation of these consolidated accounts are described below. These principles have been applied consistently for all years presented, unless stated otherwise.

2.1 BASIS OF PREPARATION OF THE REPORTS

The consolidated accounts for the Carl Bennet AB Group have been prepared in accordance with IFRS (International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB) and the interpretation statements of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU (see below for new standards which have been early adopted). Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 *Supplementary Accounting Regulations for Groups* and the Swedish Annual Accounts Act have been applied. Historical financial information has been translated from 1 January 2012, the date of the transition to reporting in accordance with IFRS.

The consolidated accounts have been prepared in accordance with the cost method, with the exception of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The most important accounting principles applied in the preparation of these consolidated accounts are described below. These principles have been applied consistently for all years presented, unless stated otherwise.

The Parent Company's accounts have been prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities* and the Swedish Annual Accounts Act. Those cases in which the Parent Company applies accounting principles deviating from those of the Group are presented at the end of this Note under the heading "The Parent Company's Accounting Principles". The transition to RFR 2 has had no effect on the Parent Company.

The preparation of financial statements in accordance with IFRS requires the application of a number of important estimations for accounting purposes. Furthermore, management is required to make certain assessments when applying the Group's accounting principles (refer to Note 4).

New standards which have been early adopted

The Group has elected to early adopt IFRS 10 *Consolidated Accounts,* IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities,* obligatory within the EU for financial years beginning on or after 1 January 2014. The main impact of the early adoption of these standards is that the associated company, Getinge AB, has been consolidated from 1 January 2013 (refer to Note 4, Important estimates and assumptions, for further information).

Standards, amendments and interpretations of existing standards not yet in force and which have not been applied in advance by the Carl Bennet AB Group

A number of new standards and interpretations are coming into force for financial years starting after 1 January 2014 and have not been applied when this financial report was prepared. None of these are expected to have any material impact on the Group's financial reports with the exception of those set out below:

IFRS 9 *"Financial Instruments"* deals with the classification, valuation and reporting of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces those portions of IAS 39 dealing with the classification and valuation of financial instruments. IFRS 9 retains a mixed valuation approach but simplifies certain aspects of this approach. There will be three valuation categories for financial assets; accrued acquisition value, fair value through comprehensive income and fair value through the income statement. How an instrument should be classified depends on the company's business model and the characteristics of the instrument. Investments in equity instruments shall be recognised at fair value through the income statement but there is also the possibility of recognising the instrument at initial recognition at fair value through Other comprehensive income. In such a case, there will be no reclassification to the income statement when the instrument is disposed of. IFRS 9 also introduces a new model for calculating credit loss reserves based on expected credit losses. For financial liabilities the classification and the valuation will not change except in cases where a liability is recognised at fair value through the income statement based on the fair value alternative. Value changes attributable to changes in own credit risk shall, then, be recognised in Other comprehensive income. IFRS 9 decreases the requirements for applying hedge accounting by replacing the 80–125 criterion with a requirement for a financial relationship between the hedge instrument and the secured item, and there is a requirement that the hedge ratio shall be the same as the ratio used in risk management. The hedge documentation is also slightly changed compared to the documentation stipulated in IAS 39. The standard shall be applied for financial years starting 1 January 2018. Earlier application is permitted. The Group has not yet evaluated the effects of the introduction of the standard.

IFRS 15 *"Revenue from contracts with customers"* regulates how the reporting of revenues shall take place. The principles on which IFRS 15 is based shall provide users of financial reports with more

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES (CONT.)

useful information about the company's revenues. The extended disclosure requirement means that information about the type of revenue, the settlement date, uncertainties linked to the recognition of revenue, as well as cash flow related to the company's customer contracts shall be provided. According to IFRS 15, revenues shall be recognised when the customer gains control over the sold goods or service and is able to use and gain benefit from the goods or the service. IFRS 15 replaces IAS 18 *"Revenues"* and IAS 11 *"Construction Contract"* and thereto related SIC and IFRIC. IFRS 15 enters into force on 1 January 2017. Earlier application is permitted. The Group has not yet evaluated the effects of the introduction of the standard.

None of the IFRS or IFRIC interpretations not yet in force, are expected to have any material impact on the Group.

2.2 CONSOLIDATED ACCOUNTS

Subsidiaries

Subsidiaries are all companies over which the Group exercises a controlling influence. The Group controls a company when it is exposed to, or has the right to, variable returns from its participation in the company and when it has the opportunity to influence these returns by means of its holding in the company. Subsidiaries are included in the consolidated accounts from the date on which the controlling influence is transferred to the Group. They are deconsolidated from the date on which the controlling influence is relinquished.

The Group has assessed that it exercises a controlling influence over Getinge AB, even though it holds 48.86% of the votes and 18.08% of the capital, as the Group is deemed to have de facto control (see also the description in Note 4, Important estimates and assumptions).

The purchase method is applied in reporting the Group's business combinations. The purchase price for the acquisition of a subsidiary is comprised of the fair value of the transferred assets, liabilities and shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities arising as a result of any agreement on a conditional purchase price. Acquisition-related costs are reported as expenses when they arise. Identifiable acquired assets and assumed liabilities in a business combination are valued, initially, at fair value on acquisition date.

For each separate acquisition, the Group determines whether all non-controlling interest in the acquired company is to be reported at fair value or at the holding's proportional share of the acquired company's net assets.

The amount by which the purchase price, any possible non-controlling interest and the fair value, at acquisition date, of any previous share of equity in the acquired company exceeds the fair value of the identifiable acquired net assets, is reported as goodwill.

Intra-Group transactions, balance sheet items, income and expenses, and unrealised gains and losses on transactions between Group companies are eliminated. The accounting principles of the subsidiaries have been changed, where necessary, to ensure consistency with the principles adopted by the Group.

Change in participating interests in subsidiaries without loss of controlling influence

Transactions with non-controlling interests in subsidiaries which do not entail a loss of control are treated as equity transactions, i.e. as transactions with owners in their role as owners. For any purchases from non-controlling interests, the difference between the fair value of the amount paid and the acquired proportion of the reported value of net assets in the subsidiary, is reported in equity. Gains or losses on sales to non-controlling interests are also reported in equity.

Associated companies

Associated companies are all entities over which the Group exercises a significant, but not a controlling, influence generally accompanying a shareholding corresponding to between 20% and 50% of the voting rights. Holdings in associated companies are accounted for using the equity accounting method.

2.3 TRANSLATION OF FOREIGN CURRENCIES

Functional currency and presentation currency

The various entities within the Group use the local currency as their functional currency, whereby the local currency is defined as the currency of the primary economic environment in which the respective entity operates. The consolidated accounts are presented in Swedish krona (SEK), which is the functional currency of the Parent Company and the presentation currency of the Group.

Transactions and balance sheet items

Transactions in foreign currencies are translated to the functional currency using the exchange rates prevailing at the transaction dates. Exchange rate gains and losses arising from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate, are reported under operating profit/loss in the income statement.

Exchange rate gains and losses attributable to lending/borrowing and cash are reported in the income statement as financial income or expenses. All other exchange rate gains and losses are reported as other Operating income or Other operating expenses in the income statement.

Translation of foreign Group companies

The profit/loss and financial position of all entities with functional currencies other than the presentation currency are translated to the Group's presentation currency. Assets and liabilities for each of the entities' balance sheets are translated from the foreign operations' functional currency to the Group's presentation currency, SEK, at the exchange rate applicable on closing date. Income and expenses for each of the entity's income statements are translated into SEK at the average exchange rate. Translation differences arising on the translation of foreign operations are reported in Other comprehensive income.

Goodwill and adjustments to fair value arising on the acquisition of a foreign entity are treated as assets and liabilities attributable to this entity, and are translated at closing rate.

2.4 INTANGIBLE ASSETS

Goodwill

Goodwill arises on acquisitions of subsidiaries and associated companies and is comprised of the amount by which the purchase price exceeds Carl Bennet AB's share in the fair value of the acquired company's identifiable assets, liabilities and contingent liabilities, along with the fair value of non-controlling interest in the acquired company.

Goodwill is always deemed to have an indefinite useful life and is, therefore, annually tested for evidence of an impairment requirement rather than being amortised on an on-going basis. Goodwill is reported at acquisition cost less any possible accumulated impairment. Goodwill acquired in a business combination is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies from the business combination. Each unit or group of units to which goodwill is allocated represents the lowest level in the Group at which the goodwill in question is monitored on the basis of internal control procedures. Goodwill is monitored at operating segment level.

Trademarks
Individually-acquired trademarks are reported at acquisition cost, while trademarks acquired in a business combination are reported at fair value at acquisition date. Trademarks can have either a definite or indefinite useful life. Trademarks with definite useful lives are reported at acquisition cost less accumulated amortisation and any impairment. Amortisation is undertaken on a straight-line basis over the trademarks' estimated useful lives, usually varying between 3–15 years.

Client relationships, technical knowledge, etc.
Acquired intangible assets are reported separately from goodwill if they meet the criteria for definition as an asset, are either separable or derive from contracts or other legal rights, and provided their market value can be reliably estimated. Acquired intangible assets are valued at market value and are amortised on a straight-line basis during their expected useful life, usually between 3–15 years.

Capitalised expenditure for development work
Capitalised expenditure for development work refers to internally-developed intangible assets and is reported as an asset only when an identifiable asset has been produced, when it is probable that the asset will generate future economic benefits and when the expenditure required to develop the asset can be reliably estimated.

Intangible assets are reported at acquisition cost less accumulated amortisation. The acquisition cost for an internally-developed intangible asset is the sum of the expenses arising from the date on which the intangible asset first meets the criteria for capitalisation stated above.

The amortisation period commences when the asset is ready for use. The useful life is assessed on the basis of the period during which the anticipated benefits are expected to accrue to the Company. The useful life is deemed to vary between 3–15 years and amortisation takes place on a straight-line basis during this period.

Expenditure for development work that does not meet the criteria stated above is expensed as it arises. Expenditure for development work which has previously been expensed is not reported as an asset in subsequent periods. Expenditure for development work is charged to profit/loss as it arises.

2.5 IMPAIRMENT OF NON-FINANCIAL FIXED ASSETS
Assets with an indefinite useful life, such as goodwill or assets which are not ready for use, are not subject to amortisation, but are tested annually for impairment requirements. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the reported value may not be recoverable. If an impairment requirement is identified, the amount of the impairment is determined as the difference between the recoverable amount of the asset and its book value. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. When assessing impairment requirements, the assets are grouped at the lowest level at which it is possible to identify independent cash flows (cash-generating units). An assessment is made on each balance sheet date of assets which have previously been impaired, other than goodwill, to determine if the impairment should be reversed.

2.6 TANGIBLE FIXED ASSETS
Tangible fixed assets are reported at acquisition cost less depreciation and any impairment. The asset's acquisition cost includes expenditure that is directly attributable to the acquisition of the asset, as well as expenditure related to transporting the asset to the site concerned and installing it in the condition required for its intended use. Expenditure to improve the performance of the asset increases the asset's reported value if the investment is expected to provide future economic benefits. All other forms of repair and maintenance are reported as expenses during the period in which they arise.

Each component of a tangible fixed asset with an acquisition cost which is significant relative to the asset's total acquisition cost is depreciated separately. Land is not depreciated. Depreciation is undertaken on a straight-line basis as follows:

Land improvements	20-50 years
Buildings	10-50 years
Machinery	3-25 years
Equipment	3-10 years
Production tools	5 years
Equipment held for hire	5 years
Cars	4-5 years
IT Equipment	3-5 years
Permanent equipment, service facilities, etc. in buildings	5-15 years

Fixed assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date. If the reported value of an asset is greater than its estimated recoverable amount, the value of the asset is immediately written down to the recoverable amount.

A gain or loss on the disposal of a tangible fixed asset, comprised of the difference between the sales price and the reported value of the asset, is reported in Other operating income or Other operating expenses in the income statement.

Biological assets
Biological assets are comprised of standing timber, reported in accordance with IAS 41 *Agriculture,* while the land upon which these assets are located is reported as a tangible fixed asset. Both the standing timber and the land have been valued at the combined acquisition cost for the timber and the land, as the asset (the standing timber) cannot be separately valued in a reliable manner.

2.7 FINANCIAL INSTRUMENTS
2.7.1 Classification
The Group classifies its financial assets and liabilities in the following categories: assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, liabilities at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired. The classification into various categories determines, in turn, the valuation and reporting of the financial instruments in the Group.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES (CONT.)

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trade. A financial asset is classified as belonging to this category when it is acquired with the primary objective of being sold within the short-term. Derivatives are classified as being held for trade if they are not identified as being held for hedging purposes. Assets in this category are classified as current assets if they are expected to be settled within twelve months; if not, the assets are classified as fixed assets.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. These items are included in current assets, except for those with maturities more than twelve months after balance sheet date, which are classified as fixed assets.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated as belonging to this category or that cannot be classified in any other categories. These items are included in fixed assets unless management intends to divest the asset within twelve months of balance sheet date.

Liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are financial liabilities held for trade. A financial liability is classified as belonging to this category when it is acquired with the primary objective to be sold within the short-term. Derivatives are classified as being held for trade if they not identified as being held for hedging purposes. Liabilities in in this category are classified as current liabilities if they are expected to be settled within twelve months; if not, the liabilities are classified as non-current liabilities.

Other financial liabilities
The Group's borrowing from shareholders, accounts payable, bank overdraft facilities and factoring liabilities are classified as other financial liabilities. Other financial liabilities are classified as current liabilities if they mature within twelve months; if not, the liabilities are classified as non-current liabilities.

2.7.2 Recognition and valuation
Purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial instruments are initially reported at fair value plus transaction costs. Financial instruments are removed from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred, and when the Group has transferred all material risks and rewards of ownership. Financial liabilities are removed from the balance sheet when the obligations in the agreement have been fulfilled or otherwise extinguished.

Available-for-sale financial assets and financial assets at fair value through profit or loss are valued at fair value after initial recognition.

Loans and receivables and other financial liabilities are valued after initial recognition at amortised cost, using the effective interest method.

Gains and losses arising as a result of changes in fair value for the category financial assets at fair value through profit or loss are reported during the period in which they arise and are included in Financial items – net in the income statement. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are reported in Other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated adjustments to fair value are transferred from equity to the income statement as gains or losses on financial instruments.

2.7.3 Offsetting of financial instruments
Financial assets and liabilities are offset and reported net in the balance sheet only when there is a legally enforceable right to offset the reported amounts and when there is an intention to settle the balances on a net basis, or to simultaneously realise the asset and settle the liability.

2.7.3.1 Derivative financial instruments and hedge accounting
The Group's derivatives have been acquired to hedge the risk of interest rate and currency exposure to which the Group is exposed. All derivatives are reported at fair value in the balance sheet, with revaluations being classified, depending on whether the derivative in question is classified as used for hedging purposes. If the derivative is not classified as used for hedging purposes, changes in value are reported directly in the income statement.

For derivatives or other financial instruments meeting the requirements for hedge accounting according to the method for cash flow hedging or hedging of net foreign investments, the effective portion of the change in value is reported in Other comprehensive income. Accumulated changes in value arising on cash flow hedges are reversed from equity to the income statement at the same time as the hedged item impacts the income statement. Accumulated changes in value arising on the hedging of net foreign investments are reversed from equity to the income statement when the foreign business is partially, or fully, divested. Interest-bearing liabilities, reported according to hedge accounting principles applying the method for fair value hedging, are valued at the fair value of the hedged risk. The hedging effects are reported in the same line as the hedged item.

2.7.4 Impairment of financial instruments
Assets reported at amortised cost (loans and receivables)
At the end of each reporting period the Group assesses whether there is objective evidence of an impairment requirement for a financial asset or a group of financial assets. A financial asset or a group of financial assets are impaired only if there is objective evidence of an impairment requirement as a result of one or several events having occurred after the initial reporting of the asset, and if this event impacts the expected future cash flows from the financial asset or group of financial assets in a manner which can be reliably estimated.

The impairment is calculated as the difference between the asset's reported value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's reported value is written down and the impairment amount is reported in the consolidated income statement. If the impairment requirement decreases in a subsequent period, and the decrease can objectively be attributed to an event occurring after the impairment was reported, the reversal of the previously recognised impairment loss is reported in the consolidated income statement.

2.8 INVENTORIES

Inventories are valued at the lower of acquisition cost and net realisable value. Acquisition cost is determined using the first-in, first-out (FIFO) method. The value of inventories includes an attributable portion of indirect costs. The value of finished goods and work in progress comprises raw materials, direct labour, other direct costs and indirect production overheads, including depreciation/amortisation.

The acquisition cost consists of the purchase price from subcontractors and costs for customs and freight. The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable completion costs and selling expenses. Obsolescence in the inventory is continually monitored and assessed throughout the year.

2.9 ACCOUNTS RECEIVABLE – TRADE

Accounts receivable are amounts to be paid by clients for products sold or services rendered in the course of the Group's normal operating activities. If payment is expected within one year, the accounts receivable is reported as a current asset. Otherwise, these amounts are reported as fixed assets.

Accounts receivable are initially reported at fair value and, thereafter, at amortised cost, with the application of the effective interest method, less any provision for reductions in value. Fair value and, in subsequent periods, amortised cost is equivalent to the nominal amount of the accounts receivable, as this item is short-term in nature.

2.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in both the balance sheet and the cash flow statement consist of cash and bank balances, and, to a limited extent, current investments with a maturity of less than three months from acquisition date.

2.11 ACCOUNTS PAYABLE – TRADE

Accounts payable are obligations to pay for goods and services acquired from suppliers in the course of the Group's normal operating activities. Accounts payable are classified as current liabilities if they mature within one year. Otherwise, these are reported as non-current liabilities.

Accounts payable are initially reported at fair value and thereafter at amortised cost, with the application of the effective interest method, less any provision for reductions in value. Fair value and, in subsequent periods, amortised cost are equivalent to the nominal amounts of the accounts payable, as this item is short-term in nature.

2.12 CURRENT AND DEFERRED TAX

Tax expenses for the period comprise current and deferred tax. Current tax for the period is calculated on the basis of the tax laws enacted, or substantively enacted, as at balance sheet date, in those countries in which the Parent Company and its subsidiaries operate and generate taxable income.

Deferred tax is recognised, using the liability method, on all temporary differences arising between the tax base of assets and liabilities and their reported values in the consolidated accounts. However, deferred tax is not reported if it arises from the initial recognition of an asset or liability in a transaction other than a business combination which at the time of the transaction impacts neither the reported nor fiscal results. Deferred tax is calculated using tax rates that have been enacted, or substantially enacted, as at balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

The valuation of loss carry forwards and the Company's possibility to make use of unutilised loss carry forwards is based on the Company's estimations regarding future taxable income in various tax jurisdictions. These estimations are based on, among other things, an assumption as to whether expenses which have not yet been assessed for tax purposes can be deducted. Deferred tax is reported in the income statement, except for those items reported in Other comprehensive income where the associated deferred tax is reported together with the underlying transaction in Other comprehensive income (see Note 22).

Deferred tax assets and tax liabilities are offset when there is a legal right to offset current tax assets and tax liabilities, when the deferred tax assets and liabilities refer to taxes charged by one and the same tax authority and when they refer either to the same taxpayer or different taxpayers, and when there is the intention to settle the balances on the basis of net payments.

2.13 BORROWING

Borrowings are initially reported at fair value. Borrowings are reported thereafter at amortised cost, with any difference between the received amount and the amount to be repaid reported in the income statement over the tenure of the loan, using the effective interest method.

Bank overdraft facilities are reported in the balance sheet as borrowings within Liabilities to credit institutions.

2.14 EMPLOYEE BENEFITS

Pension commitments

The Group has both defined benefit and defined contribution pension plans, certain of which have assets invested in separate foundations or similar institutions. The Group's Swedish companies are generally included in the ITP plan.

Defined benefit plans

Typically, defined benefit plans determine the amount of pension benefit that an employee will receive upon retirement, based on one or more factors, such as age, period of service and salary. The liability reported in the balance sheet regarding defined benefit plans is comprised of the present value of the defined benefit obligation at the end of the reporting period, less the fair value of the plan, with adjustments for unreported actuarial gains and losses and for unreported costs attributable to service during previous periods. The defined benefit pension obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is established through the discounting of estimated future cash flows, applying the interest rate for first-class corporate bonds issued in the same currency as the currency in which the benefits will be paid, and with maturities comparable to the pension obligation in question. All revaluations of pension obligations and plan assets, plus any supplementary amounts for special employer's contributions, are reported in Other comprehensive income.

Defined contribution plans

For defined contribution pension plans, the Group pays premiums to publicly or privately administered pension insurance plans on a

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES (CONT.)

mandatory, contractual or voluntary basis. The Group has no further payment obligations when these fees have been paid. The fees are reported as personnel costs when they fall due for payment. Prepaid premiums are reported as an asset to the extent to which the Group may benefit from cash repayments or decreases in future premium payments.

2.15 REVENUE RECOGNITION

Income comprises the fair value of the amounts received, or which will be received, for the sale of goods and services and leasing out of items, in the course of the Group's operating activities. Reported income does not include VAT, discounts or returns, and intra-Group sales are eliminated.

Income is recognised when all of the material risks and rights associated with ownership have been transferred to the purchaser, which usually takes place in conjunction with delivery, when the price has been determined and when the collection of the receivable can be guaranteed to a reasonable degree.

Income attributable to services is reported in line with the rendering of the services. For larger assignments with a duration longer than one reporting period, and for which the outcome can be reliably estimated, income and expenses are reported in relation to the degree of completion of the assignment, with the application of the percentage of completion method.

Interest income

Interest income is reported over the duration of the contract, with the application of the effective interest method.

Dividends

Dividend income is reported when the right to receive the dividends is deemed to be certain.

2.16 LEASES

Lease agreements under which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operational lease agreements. Payments made during the lease period are expensed in the income statement over the tenure of the lease.

Lease agreements for fixed assets under which the Group acquires the material risks and benefits of ownership are classified as financial lease agreements. Financial lease agreements are reported at the beginning of the lease period at the lower of the fair value of the leased object and the present value of the minimum lease payments.

2.17 PROVISIONS

Provisions are reported when the Group has a legal or informal obligation as a result of an event which has occurred and when it is more likely than not that an outflow of resources will be required to settle the obligation and when this amount can be reliably estimated.

Provisions for guarantee expenses comprise of estimates of guarantee commitments provided, and are reported on the basis of collective experience comprised of statistics on historical commitments, expected costs for repairs and corrections, and the average time between a fault being identified and the claim being lodged with the Group.

Provisions for restructuring include costs for termination and severance pay. Provisions for restructuring are established when a detailed, formal plan for the restructuring measure has been prepared and when the Group has established a valid expectation of such measures on behalf of those affected. No provisions are made for future operating losses.

2.18 SHARE CAPITAL

Ordinary shares are classified as equity.

2.19 CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. This implies that operating profit/loss is adjusted for transactions which have not resulted in incoming or outgoing payments during the period.

2.20 THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

In conjunction with the transition to preparing the consolidated accounts in accordance with IFRS, the Parent Company has applied RFR 2 *Accounting for Legal Entities*. The transition to reporting in accordance with RFR 2 has not had any effect on Carl Bennet AB. The accounting principles relating to the reporting of group contributions have changed compared with previous years. The previously applied principles implied that group contributions were reported in equity. The new principle implies that group contributions are reported in the income statement as an appropriation. The change in accounting principles has not had any effect on equity.

The Parent Company applies accounting principles differing from those applied by the Group in the cases stated below.

Formats

The income statement and balance sheet are presented according to the format stipulated by the Swedish Annual Accounts Act. The statement of changes in equity is prepared in the format applied by the Group but contains the columns required by the Swedish Annual Accounts Act. The format applied by the Parent Company implies designations differing from those utilised in the consolidated accounts, primarily those designations referring to financial income and expenses and items within equity.

Participations in subsidiaries

Participations in subsidiaries are reported at acquisition cost less any impairment. The acquisition cost also includes acquisition-related costs and any supplementary purchase price.

When there is an indication that a participation in a subsidiary has reduced in value, the recoverable amount is calculated. If this amount is lower than the reported value, the value is considered to be impaired. Impairment losses are reported in the item "Profit from participations in Group companies".

Group contributions

Group contributions are reported in accordance with the alternative rule, implying that both paid and received group contributions are reported as appropriations.

Leases

All lease agreements, regardless of whether they are financial or operational, are reported as operational lease agreements.

Financial instruments

The Parent Company does not apply IAS 39 *Financial Instruments: Recognition and Measurement*. These items are, instead, reported in accordance with the Swedish Annual Accounts Act.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Carl Bennet AB Group is a conglomerate operating in various sectors and with a wide geographical distribution which, in itself, constitutes a risk-limiting factor. Despite this, the Group is, through its operations, subjected to various types of financial risks related to accounts receivable, accounts payable, loans and derivative instruments: market risk (mainly comprising of interest rate risk and currency risk, but also to a lesser extent price risk), credit risk and liquidity risk. The risk management and the responsibility for the financial operations are both centralised and decentralised. The Group does not have a centralised finance department. A financial policy is, however, established annually by each sub-group by the Boards of those groups (Getinge, Lifco and Elanders). As the policies of the subsidiaries differ, only the Parent Company's policy is reported in the risk descriptions. The set objectives for the Group's capital structure are intended to secure the continuation of operations. Until November 2014, the Parent Company has made use of derivative instruments (interest rate swaps) in order to reduce some of the interest rate risk exposure.

a) Market risk

(i) Currency risk

The subsidiaries are exposed to currency risk as they have a major part of their operations outside Sweden. Currency risks consist of the impact of exchange rate fluctuations on profit and equity. Currency exposure arises in conjunction with payment flows in foreign currencies (transaction exposure) and when converting balance sheets and income statements of foreign subsidiaries into Swedish krona (conversion exposure). In each of the sub-groups, the currency risks are handled by using derivative instruments for securing currency flows against exposures to sudden exchange rate fluctuations. The Parent Company does not use derivative instruments to secure flows in foreign currencies primarily because the exposure to foreign currencies is low in the Parent Company.

(ii) Interest rate risk

Interest rate risk refers to the risk that fluctuations in market rates may affect the Group's net interest earnings. In the Parent Company, borrowing transactions are made with variable interest rates, which exposes the Company to interest rate risks related to cash flow, in part, offset by cash funds with variable interest rates. During 2013 and 2014, the Parent Company only had loans in Swedish krona. During 2013 and 2014, the Parent Company managed the interest rate risk related to cash flow by using interest rate swaps, thereby converting borrowings from variable to fixed interest rates. Since November 2014, the Parent Company has been free from debt and, thus, no longer has any interest rate swaps.

The average interest rate, taking interest rate swap agreements into account, amounted to 2.55% (2.75%) for the Parent Company.

The Group has analysed its sensitivity to interest rate fluctuations. If the average interest rate for the currencies represented in the Group's loan portfolio by the end of the year would change temporarily by 1 percentage point, this would affect profits by MSEK +/– 85 on an annual basis. The market value of financial interest rate derivative instruments, meeting the requirements for cash flow hedging and recognised in equity, amounted to MSEK –560 (–416) as of 31 December 2014.

(iii) Price risk

The Parent Company is exposed to price risks on shares in investments held by the Parent Company, and these are classified either as financial instruments that may be sold or as assets valued at fair value through the income statement. In order to manage the price risk resulting from investments in shares, the Parent Company is spreading its investments. Investments in shares in the Parent Company do not involve significant amounts from a Group perspective, which is the reason the exposure to price risks is considered low.

b) Financing risk

Financing risk is defined as the risk of not being able to meet payment commitments as a result of insufficient liquidity or difficulties in obtaining financing. The Parent Company has been free from debt since November 2014.

c) Credit risk

Credit risk or counterparty risk is the risk that the counterparty in a financial transaction does not fulfil its commitments on due date. Credit risk occurs in financial, as well as commercial transactions. In order to reduce the Parent Company's financial credit risk, liquidity is invested in banks with good credit-worthiness, for example, SEB and Handelsbanken, and in instruments with high liquidity. Commercial exposure consists primarily of the credit risk of the Group's accounts receivable and the risk constitutes that customers may not be able to fulfil their payment commitments. The Parent Company does not have any commercial exposure. The reported value of the Group's accounts receivable in the balance sheet represents the maximum exposure to credit risk. The sector spread and the diversified customer base means that the Group does not have any major concentration on individual customers. The accounts receivable are analysed on a continuous basis in the subsidiaries to determine whether an impairment requirement exists. The assessments are based both on individual assessments but also on historical data on suspended payments (please also see Note 23 for an analysis of accounts receivable).

d) Liquidity risk

Liquidity risk is the risk that the Group will lack liquid funds for payment of its commitments on financial liabilities. The Group has a balanced indebtedness and by planning its liquidity, it is deemed to be ensured that sufficient liquid funds are available in the Parent Company and the subsidiaries so that the Group has adequate cash funds to meet the needs of the on-going operations.

As of 31 December 2014, the Group had liquidity of MSEK 4,882 (1,816). The Group has credit facilities and external borrowings. Other future liquidity liabilities refer to payments of accounts payable and other current liabilities.

3.2 CAPITAL RISK MANAGEMENT

The Group's targets as regards its capital structure are to ensure its capacity to continue its operations in order to continue to generate returns to the shareholders and benefits to other stakeholders, and to maintain an optimal capital structure, keeping the cost of capital at a minimum.

The Group's net debt amounted to MSEK 19,794 (19,709), corresponding to a net debt/equity ratio of 0.28% (0.35%). Equity at year-end was MSEK 69,486 (56,856), implying an equity/assets ratio of 63.25% (62.75%).

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

3.3 CALCULATION OF FAIR VALUE

Level 1 includes securities in the form of shares and funds traded on an active market. The fair value of financial instruments traded on an active market is based on listed market prices as per balance sheet date. A market is considered active when listed prices from a stock exchange are readily and regularly available and when these prices represent actual and regularly-occurring market transactions.

Level 2 includes derivative financial instruments. The fair value of financial instruments not traded on an active market is estimated with the aid of valuation techniques. The fair value of interest rate swaps is calculated as the present value of future cash flows based on observable yield curves. The fair value of forward currency agreements is calculated with the application of the exchange rates for forward currency agreements as per balance sheet date, whereby the resulting value is discounted to present value. No transfers between Level 1 and Level 2 have taken place during the year.

Net reporting of financial assets and liabilities

Borrowings and financial instruments are reported gross in the Group.

BORROWINGS AND FINANCIAL INSTRUMENTS IN THE GROUP REPORTED AT GROSS VALUE

	Assets	Liabilities	Net
Borrowings	–	–24,676	–24,676
Interest rate derivatives	11	–570	–559
Foreign exchange derivatives	293	–768	–475
TOTAL	**304**	**–26,014**	**–25,710**

The Group has entered into ISDA agreements with all of its significant counterparties for borrowing and trade in financial instruments. This implies that all receivables and liabilities held by the Group can be offset in full. The Group has reported the net value of its basis swaps against loans in the balance sheet. The value of the basis swaps was MSEK -432 (+141) as per 31 December 2014.

The Group does not report any of its other significant assets or liabilities on a net basis.

NOTE 4 IMPORTANT ESTIMATES AND ASSUMPTIONS

Estimations regarding the valuations of balance sheet items and assumptions required in the application of the accounting principles are assessed on an on-going basis and are based on historical experience and other factors, including expectations concerning future events, considered to be reasonable under the prevailing circumstances.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group undertakes estimations and makes assumptions regarding the future. The resulting accounting estimates will, seldom by definition, correspond to the actual results. A summary of the estimates and judgments implying a considerable risk of significant adjustments in the reported values for assets and liabilities during the coming financial year is presented below.

CONSOLIDATION OF COMPANIES IN WHICH THE GROUP HAS A HOLDING OF LESS THAN 50%

The Group's Board has assessed that the Group exercises a controlling influence over Getinge AB, even though it holds less than 50% of the votes in this subsidiary. This is due to the fact that the Group is the single largest shareholder in Getinge AB with a participation of 18.08% (48.86% of the votes), with the remaining portion being held by a large number of shareholders. Experience shows that these shareholders have no history of forming a voting bloc but, rather, Carl Bennet has exercised the majority of the votes represented at the annual general meeting. In addition, the owner of the Parent Company, Carl Bennet, is also the Chairman of the Board of Getinge AB.

IMPAIRMENT TESTING FOR GOODWILL

Each year, in accordance with the accounting principles described in Note 2, the Group assesses whether goodwill is subject to an impairment requirement. The recoverable amount for cash-generating units has been established via a calculation of the value in use or the fair value less selling expenses. Certain estimates are necessary when estimating the value in use. Impairment testing is undertaken at operating segment level. The reported value of goodwill amounts to MSEK 69,464 (59,419). Impairment testing for goodwill undertaken as per 31 December 2014 did not show evidence of an impairment requirement.

LOSS CARRY FORWARDS

Each year the Group assesses whether it is appropriate to capitalise deferred tax assets attributable to fiscal loss carry forwards for the year. Deferred tax assets are reported only for loss carry forwards where it is probable that a future fiscal surplus and/or fiscal temporary differences will be available against which the loss carry forwards can be utilised. Changes in assumptions regarding forecasted taxable income can result in significant differences in the valuation of deferred taxes. Refer to Note 21 for further information.

NOTE 5 NET SALES BY TYPE OF INCOME AND GEOGRAPHIC MARKETS

	Group	
	2014	2013
Net sales distributed between the following major types of income:		
Sales of goods	30,365	27,083
Service assignments	2,842	2,622
Spare parts	2,067	1,909
Leasing	1,965	1,834
TOTAL	**37,239**	**33,448**
Net sales distributed between the following geographic markets:		
Sweden	2,668	2,666
Rest of Europe	16,250	14,500
North America	9,626	8,961
South America	1,032	1,124
Asia	6,169	4,881
Australia	1,016	922
Africa	478	394
TOTAL	**37,239**	**33,448**

NOTE 6 PROFIT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

	Group	
	2014	2013
Share of earnings in associated companies	15	5
TOTAL	**15**	**5**

NOTE 7 EXCHANGE RATE GAINS AND LOSSES, NET

	Group	
	2014	2013
Exchange rate differences for the year reported in the income statement:		
Other operating income and expenses	–29	–86
Financial income	72	21
Financial expenses	–74	–20
TOTAL	**–31**	**–85**

NOTE 8 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

	Group	
	2014	2013
OTHER OPERATING INCOME		
Exchange rate gains	14	6
Other	128	188
TOTAL OTHER OPERATING INCOME	**142**	**194**
OTHER OPERATING EXPENSES		
Exchange rate losses	–43	–92
Other	–166	–184
TOTAL OTHER OPERATING EXPENSES	**–209**	**–276**

NOTE 9 DEPRECIATION/AMORTISATION ACCORDING TO PLAN

	Group	
	2014	2013
DISTRIBUTION OF DEPRECIATION/AMORTISATION BETWEEN TANGIBLE AND INTANGIBLE ASSETS		
Buildings and land improvements	–112	–117
Plant and machinery	–200	–190
Equipment, tools, fixtures and fittings	–400	–308
Other tangible assets	–317	–307
TOTAL DEPRECIATION OF TANGIBLE ASSETS	**–1,029**	**–922**
Capitalised expenditure for development work	–427	–342
Trademarks (definite useful life)	–91	–86
Client relationships	–256	–204
Other intangible assets	–546	–483
TOTAL AMORTISATION OF INTANGIBLE ASSETS	**–1,320**	**–1,115**
TOTAL DEPRECIATION/AMORTISATION OF FIXED ASSETS	**–2,349**	**–2,037**
DEPRECIATION/AMORTISATION BY FUNCTION		
Cost of goods sold	–1,075	–961
Selling expenses	–779	–665
Administrative expenses	–433	–340
Research and development costs	–62	–71
TOTAL DEPRECIATION/AMORTISATION BY FUNCTION	**–2,349**	**–2,037**
TOTAL DEPRECIATION/AMORTISATION	**–2,349**	**–2,037**

NOTE 10 REMUNERATION TO AUDITORS

	Group	
	2014	2013
PwC		
Audit assignment	31	28
Tax consultancy services	3	3
Other services	9	9
TOTAL	**43**	**40**
Other		
Audit assignment	1	–
Tax consultancy services	1	1
TOTAL	**2**	**1**

Audit assignment refers to the auditing of the annual report, consolidated accounts and accounting records, as well as to the audit of the administration of the Board of Directors and CEO, the execution of other tasks required of the Company's auditors, and the provision of advice and other assistance arising from observations made during such auditing procedures or during the execution of other such tasks. All other activities undertaken by the auditors are referred to as Other services. Tax consultancy services refer primarily to general corporate taxation issues. Other services refer to consultancy services concerning financial reporting and internal control, as well as referring services provided in conjunction with acquisitions.

NOTE 11 EXPENSES BY TYPE OF COST

	Group	
	2014	2013
Personnel costs	10,845	9,926
Raw materials and consumables	16,667	8,488
Depreciation, amortisation and impairment	2,349	2,087
Costs for operational leases	581	461
Other costs	1,946	7,544
TOTAL COST OF GOODS SOLD, SALES, ADMINISTRATION AND RESEARCH AND DEVELOPMENT	**32,388**	**28,506**

NOTE 12 AVERAGE NUMBER OF EMPLOYEES AND PERSONNEL COSTS

AVERAGE NUMBER OF EMPLOYEES

	2014			2013		
	Women	Men	Total	Women	Men	Total
Australia	111	256	367	112	239	351
Austria	59	120	179	21	145	166
Belgium	34	103	137	32	101	133
Brazil	55	103	158	50	107	157
Canada	159	332	491	185	350	535
China	1,095	1,064	2,159	454	852	1,306
Colombia	8	16	24	7	16	23
Czech Republic	78	153	231	56	136	192
Denmark	92	277	369	85	241	326
Estonia	113	115	228	118	110	228
Finland	60	179	239	62	189	251
France	418	897	1,315	418	906	1,324
Germany	1,047	2,110	3,157	930	1,944	2,874
Great Britain	388	1,191	1,579	395	1,106	1,501
Hongkong	32	28	60	29	41	70
Hungary	90	128	218	94	121	215
Iceland	–	9	9	–	9	9
India	70	327	397	45	161	206
Ireland	22	80	102	24	72	96
Italy	95	192	287	96	186	282
Japan	43	189	232	39	183	222
Latvia	6	3	9	8	3	11
Lithuania	10	2	12	10	2	12
Mexico	16	24	40	8	15	23
Netherlands	84	203	287	96	217	313
New Zealand	7	22	29	6	19	25
Norway	51	97	148	45	85	130
Philippines	87	165	252	88	170	258
Poland	479	435	914	421	365	786
Portugal	7	15	22	7	15	22
Russia	20	41	61	21	39	60
Serbia	6	8	14	5	7	12
Singapore	243	294	537	25	37	62
Slovakia	1	2	3	3	2	5
Slovenia	2	15	17	2	14	16
South Africa	38	41	79	32	37	69
South Korea	8	8	16	6	8	14
Spain	31	62	93	24	55	79
Sweden	684	1,902	2,586	740	2,107	2,847
Switzerland	24	75	99	22	69	91
Taiwan	13	13	26	–	–	–
Thailand	35	35	70	33	33	66
Turkey	227	180	407	255	139	394
U.A.E.	20	41	61	22	34	56
Ukraine	–	–	–	2	–	2
USA	1,151	2,410	3,561	1,277	2,458	3,735
Vietnam	–	4	4	–	4	4
GROUP TOTAL	**7,319**	**13,966**	**21,285**	**6,410**	**13,149**	**19,559**

NOTE 12 AVERAGE NUMBER OF EMPLOYEES AND PERSONNEL COSTS (CONT.)

PERSONNEL COSTS

	Group	
	2014	2013
SALARIES AND REMUNERATION		
Board and CEOs	569	553
Other employees	8,764	7,176
	9,333	**7,729**
Statutory and contractual social security contributions	1,507	1,682
Pension costs for Board and CEOs	62	66
Pension costs for other employees	347	440
TOTAL	**11,249**	**9,917**

MEMBERS OF THE BOARD AND SENIOR EXECUTIVES

	Group	
Gender distribution of Board Members per balance sheet date	**2014**	**2013**
Women	33%	33%
Men	67%	67%

	Group	
Gender distribution of CEOs and other senior executives per balance sheet date	**2014**	**2013**
Women	23%	21%
Men	77%	79%

For further information and details regarding remuneration to senior executives in subsidiaries and sub-groups, refer to the respective subsidiary's annual report. For information regarding remuneration to the Parent Company's Board of Directors and CEO, refer to Note 43.

	Parent Company	
Gender distribution of Board Members per balance sheet date	**2014**	**2013**
Women	33%	33%
Men	67%	67%

	Parent Company	
Gender distribution of CEOs and other senior executives per balance sheet date	**2014**	**2013**
Women	50%	50%
Men	50%	50%

Carl Bennet AB's Board of Directors: Carl Bennet, Chairman
Nina Bennet, Member
Johan Stern, Member

Carl Bennet AB's Management: Carl Bennet, Chief Executive Officer
Anne Lenerius, Chief Financial Officer

NOTE 13 LEASING

The Group's operational lease agreements refer primarily to plant and machinery, equipment and tools, renting of premises and computer equipment. No sub-leasing is undertaken.

Future minimum lease payments for non-cancellable operational lease agreements amounted to:

	Group	
	2014	2013
Nominal values		
Due for payment within one year	542	401
Due for payment later than one year but within five years	745	652
Due for payment later than five years	117	93
TOTAL	**1,404**	**1,146**

Costs for operational leases in the Group amounted to MSEK 583 (461) during the financial year. Lease payments for assets held via operational lease agreements are reported among expenses per function.

Future minimum lease payments for non-cancellable operational lease agreements in which the Group is lessor amounted to the following:

	Group	
	2014	2013
Nominal values		
Due for payment within one year	8	7
Due for payment later than one year but within five years	8	9
TOTAL	**16**	**16**

The present value of future minimum lease payments is reported within liabilities to credit institutions, partly among current liabilities and partly among non-current liabilities.

NOTE 14 FINANCIAL INCOME AND EXPENSES

	Group	
	2014	2013
FINANCIAL INCOME		
Interest income on bank balances	21	23
Exchange rate gains	72	21
Fair value of earnings from interest rate swaps	2	13
Capital gains/losses from other securities	12	23
Dividends from other securities	3	4
Other financial income	24	1
TOTAL FINANCIAL INCOME	**134**	**85**
FINANCIAL EXPENSES		
Interest expenses on borrowings	–762	–679
Exchange rate losses	–74	–20
Impairment losses	–	–7
Other financial expenses	–41	–66
TOTAL FINANCIAL EXPENSES	**–877**	**–772**
TOTAL FINANCIAL ITEMS – NET	**–743**	**–687**

NOTE 15 TAX ON PROFIT FOR THE YEAR

	Group	
	2014	2013
Current tax for the year	–783	–1,049
Deferred tax	15	–4
Current tax attributable to previous years	–3	3
TAX EXPENSE	**–771**	**–1,050**

The relationship between tax expenses for the year and net profit for the years shown in the table below. Estimated tax on net profit for the year has been calculated with the application of a tax rate of 22%. Tax for other countries has been estimated with the application of the respective local tax rate.

	Group	
	2014	2013
Net profit before tax	2,899	3,764
Tax according to applicable tax rate in Sweden, 22%	–638	–826
Tax effect of:		
– Non-taxable income	376	208
– Non-deductible expenses	–89	–56
Adjustment for other tax rates in foreign subsidiaries	–447	–485
Revaluation of deferred tax	28	102
Fiscal deficit for which no deferred tax asset is reported	–3	2
Utilised, previously unreported loss carry forward	9	2
Adjustment attributable to previous year	–7	3
TAX EXPENSE	**–771**	**–1,050**

NOTE 16 INTANGIBLE FIXED ASSETS

* Indefinite useful life	* Goodwill	* Trademarks	Capitalised expenditure for development work	Client relationships	Trademarks	Other intangible fixed assets	Total
ACQUISITION COSTS							
PER 1 JANUARY 2013	4,603	12	76	66	74	50	4,881
Investments	230	–	683	23	12	124	1,072
Acquisition of companies	55,018	44	3,682	2,334	1,040	4,830	66,948
Sales/disposals	–54	–	–40	–37	–7	–63	–201
Reclassifications	93	–	–28	316	34	–153	262
Translation differences	835	–5	46	–2	18	22	914
PER 1 JANUARY 2014	60,725	51	4,419	2,700	1,171	4,810	73,876
Investments	1,049	–	743	216	37	503	2,548
Acquisition of companies	852	248	–	408	14	4	1,526
Sales/disposals	–	–	–59	–	–	–37	–96
Reclassifications	–8	–	1	–8	–	125	110
Translation differences	8,225	22	323	497	171	762	10,000
PER 31 DECEMBER 2014	70,843	321	5,427	3,813	1,393	6,167	87,964
ACCUMULATED AMORTISATION							
PER 1 JANUARY 2013	–595	–	–58	–8	–43	–39	–743
Amortisation for the year	–	–	–342	–204	–86	–483	–1,115
Acquisition of companies	–647	–	–1,007	–1,055	–396	–1,594	–4,699
Sales/disposals	6	–	8	18	3	38	73
Reclassifications	–	–	19	–	33	–31	21
Translation differences	–19	–	–14	–4	–6	–12	–55
PER 1 JANUARY 2014	–1,255	0	–1,394	–1,253	–495	–2,121	–6,518
Amortisation for the year	–	–	–427	–256	–91	–546	–1,320
Acquisition of companies	–	–	–29	–	–	–26	–55
Sales/disposals	–	–	29	–	–	32	61
Reclassifications	6	–	2	4	–	–3	9
Translation differences	–79	–	–98	–242	–82	–358	–859
PER 31 DECEMBER 2014	–1,328	0	–1,917	–1,747	–668	–3,022	–8,682
ACCUMULATED IMPAIRMENT							
PER 1 JANUARY 2013	–51	–	–	–	–	–	–51
Impairment for the year	–	–	–	–	–	–	–
PER 1 JANUARY 2014	–51	0	0	0	0	0	–51
Impairment for the year	–	–	–	–	–	–	–
PER 31 DECEMBER 2014	–51	0	0	0	0	0	–51
BOOK VALUE PER 1 JANUARY 2013	4,008	12	18	58	31	11	4,138
BOOK VALUE PER 31 DECEMBER 2013	59,419	51	3,025	1,447	676	2,689	67,307
BOOK VALUE PER 31 DECEMBER 2014	69,464	321	3,510	2,066	725	3,145	79,231

NOTE 17 TANGIBLE FIXED ASSETS

	Buildings and land	Plant and machinery	Equipment, tools, fix-tures and fittings	Equipment held for hire	Construc-tions in progress	Other tangible fixed assets	Total
ACQUISITION COSTS							
PER 1 JANUARY 2013	**588**	**1,104**	**460**	**–**	**31**	**–**	**2,183**
Investments	74	114	516	337	222	132	1,395
Acquisition of companies	2,651	1,893	2,551	3,806	226	263	11,390
Sales/disposals	–81	–175	–162	–355	–22	1	–794
Reclassifications	38	–	49	29	–94	–237	–215
Translation differences	48	40	28	8	2	2	128
PER 1 JANUARY 2014	**3,318**	**2,976**	**3,442**	**3,825**	**365**	**161**	**14,087**
Investments	35	106	487	265	274	194	1,361
Acquisition of companies	25	110	108	85	11	–	339
Sales/disposals	–325	–234	–199	–176	–2	8	–928
Reclassifications	182	39	29	15	–260	–108	–103
Translation differences	355	280	352	550	47	6	1,590
PER 31 DECEMBER 2014	**3,590**	**3,277**	**4,219**	**4,564**	**435**	**261**	**16,346**
ACCUMULATED DEPRECIATION							
PER 1 JANUARY 2013	**–273**	**–820**	**–362**	**–**	**–**	**–**	**–1,455**
Depreciation for the year	–117	–190	–308	–307	–	–	–922
Acquisition of companies	–1,203	–1,347	–1,554	–3,164	–	–	–7,268
Sales/disposals	67	138	149	293	–	–	647
Reclassifications	11	35	13	11	–	–	70
Translation differences	–24	–27	–18	–10	–	–	–79
PER 1 JANUARY 2014	**–1,539**	**–2,211**	**–2,080**	**–3,177**	**0**	**0**	**–9,007**
Depreciation for the year	–112	–200	–400	–317	–	–	–1,029
Acquisition of companies	–9	–85	–80	–58	–	–	–232
Sales/disposals	184	194	160	130	–	–	668
Reclassifications	–8	10	35	2	–	–	39
Translation differences	–141	–211	–202	–435	–	–	–989
PER 31 DECEMBER 2014	**–1,625**	**–2,503**	**–2,567**	**–3,855**	**0**	**0**	**–10,550**
ACCUMULATED IMPAIRMENT							
PER 1 JANUARY 2013	**–1**	**–**	**–**	**–**	**–**	**–**	**–1**
Impairment for the year	–	–	–	–	–	–	–
PER 1 JANUARY 2014	**–1**	**0**	**0**	**0**	**0**	**0**	**–1**
Impairment for the year	–	–	–	–	–	–	–
PER 31 DECEMBER 2014	**–1**	**0**	**0**	**0**	**0**	**0**	**–1**
BOOK VALUE PER 1 JANUARY 2013	**314**	**284**	**98**	**–**	**31**	**–**	**727**
BOOK VALUE PER 31 DECEMBER 2013	**1,778**	**765**	**1,362**	**648**	**365**	**161**	**5,079**
BOOK VALUE PER 31 DECEMBER 2014	**1,964**	**774**	**1,652**	**709**	**435**	**261**	**5,795**

NOTE 18 DERIVATIVE FINANCIAL INSTRUMENTS

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate/foreign exchange derivatives – hedging of fair value *)	–	432	52	444
Interest swaps – cash flow hedges	11	570	142	2
Forward currency agreements – cash flow hedges	293	768	562	199
TOTAL	**304**	**1,770**	**756**	**645**
of which short-term	*264*	*1,427*	*475*	*150*
of which long-term	*40*	*343*	*281*	*495*
TOTAL	**304**	**1,770**	**756**	**645**

*) Combined instruments reported in the Group's net debt

	2014		2013	
	Notional principle amount **)	Fair value	Notional principle amount **)	Fair value
Interest rate/foreign exchange derivatives *)	3,005	–432	3,005	125
Interest rate derivatives	15,688	–559	14,532	–416
Foreign exchange derivatives	8,770	–475	8,488	363
TOTAL	**27,463**	**–1,466**	**26,025**	**72**

*) Combined instruments

**) Notional principle amount refers to the nominal amount denominated in a foreign currency valued at the closing rate of exchange. The reported value of interest rate derivatives and combined instruments refers to accrued interest. The fair value of derivative instruments is determined with the aid of valuation techniques. Observable market data is used in the application of such techniques.

NOTE 19 FINANCIAL INSTRUMENTS BY CATEGORY – ASSETS IN THE BALANCE SHEET

	Assets at fair value through profit or loss	Assets held for sale	Derivatives used for hedging purposes	Loans and receivables	Total
ACQUISITION COSTS					
PER 31 DECEMBER 2014					
Derivative instruments, long and short-term	–	–	304	–	304
Accounts receivable – trade	–	–	–	8,976	8,976
Investments held as fixed assets	12	306	–	2	320
Other non-current financial receivables	–	1	–	6	7
Other receivables	–	–	–	56	56
Cash and cash equivalents	–	–	–	2,476	2,476
TOTAL	**12**	**307**	**304**	**11,516**	**12,139**
PER 31 DECEMBER 2013					
Accounts receivable – trade	–	–	–	7,688	7,688
Investments held as fixed assets	41	154	–	50	245
Other non-current financial receivables	–	–	–	2	2
Other receivables	–	–	–	23	23
Cash and cash equivalents	–	–	–	1,807	1,807
TOTAL	**41**	**154**	**–**	**9,570**	**9,765**

NOTE 20 PARTICIPATIONS IN ASSOCIATED COMPANIES

Company name	Corporate Identity Number	Registered offices
Entercircle Konfektion AB	556871-0650	Gothenburg
HealthInvest Partners AB	556680-4810	Stockholm
Synerplan OY	1032557-0	Kerava, Finland

	Share of equity, %	Share of votes, %	Number of shares	Book value 2014	Book value 2013
Entercircle Konfektion AB	43	43	5,731	12	10
HealthInvest Partners AB	27	27	386	20	11
Synerplan OY	30	30	30	4	3
TOTAL				**36**	**24**

	Group	
	2014	2013
Opening acquisition costs	31	3,797
Reclassification to participations in Group companies	–	–3,782
Investments	5	14
Sales of shares	–	–1
Share of earnings for the year	6	3
Changes in equity in associated companies	1	–
CLOSING ACCUMULATED ACQUISITION COST	**43**	**31**
Opening revaluation/impairment	–7	–
Changes for the year		
– Impairment	–	–7
CLOSING BOOK VALUE	**36**	**24**

NOTE 21 DEFERRED TAX

	Group	
	2014	2013
DEFERRED TAX ASSETS ATTRIBUTABLE TO THE FOLLOWING TEMPORARY DIFFERENCES AND LOSS CARRY FORWARDS		
Deferred tax assets attributable to:		
Temporary differences on fixed assets	398	367
Temporary differences on non-current financial receivables	268	243
Temporary differences on current assets	182	152
Deductible temporary differences	326	278
Loss carry forwards	500	203
Other deductible temporary differences	327	272
TOTAL	**2,001**	**1,515**
Deferred tax liabilities attributable to:		
Temporary differences on fixed assets	–328	–487
Other taxable temporary differences	–135	–414
TOTAL	**–463**	**–901**
DEFERRED TAX ASSETS, NET	**1,538**	**614**
DEFERRED TAX LIABILITIES ATTRIBUTABLE TO THE FOLLOWING TEMPORARY DIFFERENCES AND LOSS CARRY FORWARDS		
Deferred tax assets attributable to:		
Temporary differences on fixed assets	–963	–983
Temporary differences on current assets	–27	–119
Deductible temporary differences	–157	–148
Other deductible temporary differences	78	102
TOTAL	**–1,069**	**–1,148**
Deferred tax liabilities attributable to:		
Temporary differences on fixed assets	–464	–242
Temporary differences on current assets	–58	–70
Other deductible temporary differences	–108	–74
TOTAL	**–630**	**–386**
DEFERRED TAX LIABILITIES, NET	**–1,699**	**–1,534**
MATURITY STRUCTURE OF LOSS CARRY FORWARDS		
Maturity within 1 to 3 years	4	13
Maturity within 4 years	1	3
Maturity within 5 years	1	47
Maturity after 5 years	214	15
No maturity date	280	125
	500	203

NOTE 22 INVENTORIES

	Group	
	2014	2013
VALUED AT ACQUISITION COSTS		
Finished products and goods for resale	3,579	2,793
Raw materials and consumables	2,167	1,877
Products in progress	542	433
Work on contract	15	8
Advance payments to suppliers	18	7
INVENTORY VALUE – NET	**6,321**	**5,118**
Portion of inventory valued at fair value less sales value	147	64
Impairment of inventories reported as expenses in the income statement	–81	–55

NOTE 23 ACCOUNTS RECEIVABLE – TRADE

	Group	
	2014	2013
Accounts receivable – trade	9,262	7,949
Less: bad debt reserve	–280	–256
ACCOUNTS RECEIVABLE – TRADE – NET	**8,982**	**7,693**

As per 31 December 2014, collectible accounts receivable amounted to MSEK 5,708 (4,856).

As per 31 December 2014, accounts receivable amounting to MSEK 3,274 (2,837) were overdue without being assessed as having an impairment requirement. A maturity analysis of these receivables is presented below:

	Group	
	2014	2013
1–30 days	1,267	1,178
31–60 days	467	518
61–90 days	236	261
> 90 days	1,304	880
TOTAL OVERDUE ACCOUNTS RECEIVABLE – TRADE	**3,274**	**2,837**

As per 31 December 2014, the Group has accounts receivable amounting to MSEK 280 (256) which have been assessed as having an impairment requirement. A reserve has been reported for the full amount. A maturity analysis of these receivables is presented below:

	Group	
	2014	2013
0–30 days	17	15
31–60 days	4	3
61–90 days	6	7
> 90 days	253	231
TOTAL RESERVED ACCOUNTS RECEIVABLE – TRADE	**280**	**256**

NOTE 23 ACCOUNTS RECEIVABLE – TRADE (CONT.)

Changes in the bad debts reserve are as follows:

	Group	
	2014	2013
PER 1 JANUARY	**256**	**36**
In newly-acquired companies	5	202
Changes for the year reported in the income statement	51	52
Receivables written off during the year as non-collectible	–60	–27
Reclassifications	15	–10
Exchange rate gains/losses on receivables in foreign currencies	13	3
PER 31 DECEMBER	**280**	**256**

Transfers to and reversals from the bad debt reserve are included in the income statement item Selling expenses. There were no other significant overdue receivables as at either 31 December 2014 or 31 December 2013.

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

	Group	
	2014	2013
Accrued income	370	620
Prepaid rent	48	52
Prepaid insurance	45	30
Prepaid lease payments	8	6
Other items	438	41
TOTAL	**909**	**749**

NOTE 25 BANK OVERDRAFT FACILITIES

	Group	
	2014	2013
Utilised portion of bank overdraft facilities	186	160
Bank overdraft facilities, agreed limit, SEK	1,208	1,133

NOTE 26 CASH AND CASH EQUIVALENTS

	Group	
	2014	2013
Cash and cash equivalents in the balance sheet and the cash flow statement include the following items:		
Cash and bank balances	4 882	1 816

NOTE 27 SHARE CAPITAL

	Number of shares (thousands)	Share capital
Per 1 January 2013	105	1
Per 31 December 2013	105	1
Per 31 December 2014	105	1

Share capital is comprised of 105,000 shares, of which 5,000 shares entitle the holder to 10 votes per share and 100,000 shares entitle the holder to 1 vote per share. This totals 150,000 votes. All shares issued by the Parent Company have been paid for in full.

NOTE 28 FINANCIAL INSTRUMENTS BY CATEGORY – LIABILITIES IN THE BALANCE SHEET

	Liabilities at fair value through profit or loss	Derivatives used for hedging purposes	Other financial liabilities	Total
PER 31 DECEMBER 2014				
Interest-bearing borrowings (excluding liabilities attributable to financial leases)	–	432	24,159	24,591
Liabilities attributable to financial leases	–	–	20	20
Derivative instruments	–	1,338	–	1,338
Accounts payable – trade	–	–	2,865	2,865
Other liabilities	30	–	105	135
TOTAL	**30**	**1,770**	**27,149**	**28,949**
PER 31 DECEMBER 2013				
Interest-bearing borrowings (excluding liabilities attributable to financial leases)	–	–	21,170	21,170
Liabilities attributable to financial leases	–	–	18	18
Accounts payable – trade	–	–	2,411	2,411
Other liabilities	–	2	179	181
TOTAL	**0**	**2**	**23,778**	**23,780**

NOTE 29 BORROWINGS

	Group	
	2014	2013
INTEREST-BEARING LIABILITIES		
Non-current liabilities		
Liabilities to credit institutions	16,644	13,980
Provisions for pensions – interest-bearing	3,310	2,350
Liabilities attributable to financial leases	7	8
Other liabilities	106	112
TOTAL	**20,067**	**16,450**
Current liabilities		
Liabilities to credit institutions	7,757	7,301
Bank overdraft facilities, utilised portion	187	160
Liabilities attributable to financial leases	32	2
TOTAL	**7,976**	**7,463**
TOTAL INTEREST-BEARING LIABILITIES	**28,043**	**23,913**
MATURITIES		
The portion of non-current liabilities falling due for payment later than five years after balance sheet date		
Liabilities to credit institutions	679	586
Liabilities attributable to financial leases	2	2
TOTAL	**681**	**588**

NOTE 30 POST-EMPLOYMENT BENEFITS

Defined contribution plans: The employees in the majority of countries in which the Group operates are covered by defined contribution pension plans. These pension plans are comprised mainly of retirement pensions. During the year, premiums are paid by the Group company to a separate legal entity, such as an insurance company. Certain employees pay a portion of the premiums themselves. The amount of the premiums paid by the employee and the Group company are usually based on a specific percentage of the employee's salary.

Defined benefit plans: The Group has defined benefit plans in certain countries, among them Sweden, Germany, the USA and the UK. These pension plans are comprised mainly of retirement pensions. The respective employer usually has a commitment to pay a lifetime pension. Vesting is based on the number of years of service. The employee must be covered by the plan for a set number of years in order to achieve the full right to a retirement pension. The plans are financed by means of payments made by the respective Group companies and, in certain cases, by the employees. The pension obligations are normally calculated at year-end on the basis of actuarial assumptions. If any major changes occur during the year, the obligations are recalculated. Gains and losses arising as a result of changes in assumptions are reported in Other comprehensive income. The summary below specifies the net value of the defined benefit pension obligations:

	Funded pension plans	Unfunded pension plans	Total
31 DEC 2014			
Present value of obligations	–1,881	–3,060	–4,941
Fair value of plan assets	1,554	0	1,554
NET LIABILITY IN THE BALANCE SHEET	**–327**	**–3,060**	**–3,387**
31 DEC 2013			
Present value of obligations	–662	–2,867	–3,529
Fair value of plan assets	1,128	0	1,128
NET LIABILITY IN THE BALANCE SHEET	**466**	**–2,867**	**–2,401**

	Group	
	2014	2013
Changes in defined benefit obligations during the year:		
Net liability in the balance sheet		
OPENING BALANCE	**–2,401**	**–50**
In newly-acquired companies	–	–2,158
Vesting costs, current year	–46	–48
Interest expenses	–112	–165
Premiums paid by employees covered by the plan	169	180
Actuarial gains/losses	–698	–78
Exchange rate differences	–278	–82
Settlements	–21	–
CLOSING BALANCE	**–3,387**	**–2,401**

NOTE 30 POST-EMPLOYMENT BENEFITS (CONT.)

Composition of the defined benefit pension obligations and plan assets	Present value of the obligation	Fair value of plan assets	Net pension liability
Sweden	–492	3	–489
Germany	–1,808	4	–1,804
UK	–1,861	1,547	–314
USA	–684	0	–684
Other countries	–96	0	–96
TOTAL	**–4,941**	**1,554**	**–3,387**

	2014	2013
The most significant actuarial assumptions are as follows:		
Weighted average, %		
Discount rate	3.4	4.1
Expected salary increases	3.1	2.9
Expected rate of return on plan assets	2.9	4.1
Expected inflation	1.8	2.1

	2014
Sensitivity of the defined benefit obligation to changes in the significant weighted assumptions 2013:	
Discount rate +1%	495
Inflation +1%	–274
Salary increases +1%	–139
Expected mortality + 1 year	–422

	2014	2013
Plan assets consist of the following fair values per balance sheet date:		
Shares	965	877
Other	589	252
TOTAL	**1,554**	**1,129**

All plan assets are listed on a stock exchange.

Pension obligations for retirement pensions and family pensions for employees in Sweden are secured through insurance with Alecta. According to a statement made by the Swedish Financial Accounting Council, UFR 3 *Classification of ITP plans financed by insurance in Alecta,* this is a defined benefit plan covering several employers. For the financial year 2014, the Company did not have access to information which would enable it to report its proportional share of the plan's obligations, plan assets and expenses, implying that it has not been possible to report this plan as a defined benefit plan. The ITP 2 pension plan which is insured through insurance premiums with Alecta is, therefore, reported as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated on an individual basis and is dependent on the salary, the previously vested pension and expected remaining length of service. The expected fees for the next reporting period for ITP 2 insurance with Alecta amount to MSEK 24 (35). Alecta's surplus can be distributed to policyholders and/or the insured. At the end of 2014, Alecta's surplus in the form of the collective funding ratio amounted to 143 per cent, (148 per cent). The collective funding ratio corresponds to the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS 19.

NOTE 31 PROVISIONS

	Warranty provision	Restructuring reserve	Personnel-related provisions	Costs for premises	Other provisions	Total
PER 1 JANUARY 2014	**196**	249	**59**	**3**	**259**	**766**
Additional provisions	134	1,164	55	11	92	1,456
Acquisition of companies	–	–	–	–	–	–
Utilised during the year	–98	–756	–31	–2	–38	–925
Unutilised, reversed funds	–36	–	–	–	–5	–41
Reclassifications	10	–3	2	–2	–9	–2
Translation differences	11	–	2	–	32	45
PER 31 DECEMBER 2014	**217**	**654**	**87**	**10**	**331**	**1,299**
EXPECTED OUTFLOW OF PAYMENTS						
Within 1 year	162	654	58	10	69	953
Within 3 years	50	–	25	–	232	307
Within 5 years	4	–	1	–	3	8
Later than 5 years	1	–	3	–	27	31
PER 31 DECEMBER 2014	**217**	**654**	**87**	**10**	**331**	**1,299**
AMOUNT PER 1 JANUARY 2013	**26**	**3**	**9**	**9**	**17**	**64**
Additional provisions	116	411	40	3	74	644
Acquisition of companies	141	201	38	–	219	599
Utilised during the year	–66	–366	–27	–6	–48	–513
Unutilised, reversed funds	–21	–	–2	–3	–4	–30
Translation differences	–	–	1	–	1	2
PER 31 DECEMBER 2013	**196**	**249**	**59**	**3**	**259**	**766**
EXPECTED OUTFLOW OF PAYMENTS						
Within 1 year	138	248	32	2	68	488
Within 3 years	50	1	22	1	155	229
Within 5 years	3	–	1	–	3	7
Later than 5 years	5	–	4	–	33	42
PER 31 DECEMBER 2013	**196**	**249**	**59**	**3**	**259**	**766**

The warranty provision is based on assumptions which have not been finalised as per balance sheet date. The calculation is based on previous experience. The restructuring reserve refers primarily to projects within Getinge's business areas. In the Medical Systems business area, such expenses refer to a plan of action established in conjunction with the FDA (Food and Drug Administration) and to a restructuring programme intended to improve manufacturing efficiency in implants for vascular interventions. The manufacture of implants for vascular interventions is currently undertaken in two facilities run by the Cardiovascular division. Once the restructuring programme is completed, all production of textile-based implants for vascular interventions will be concentrated in the production unit located in La Ciotat, France. The transfer to La Ciotat is expected to be finalised during the second quarter of 2015. Restructuring reserves reported in the Extended Care business area refer to measures intended to simplify and improve efficiency in the organisational structure. Restructuring activities within the Infection Control business area refer to an on-going efficiency enhancement programme aiming to move Getinge's production of flusher-disinfectors from Växjö to the business area's manufacturing unit in Poznan, Poland. The portion that corresponds to the reserve for parttime retirement in the German companies in the Getinge Group has been determined according to actuarial assumptions. The timeframe for the utilisation of the above provisions has been prepared on the basis of the Company's best forecast and on the information available as per balance sheet date. The above amounts have not been discounted on the basis of time effects.

In addition, guarantee commitments of MSEK 384 (198) have been issued and there are other contingent liabilities of MSEK 10 (18). No provisions have been reported, as it has been assessed that no outflow of resources will be required for these obligations. Refer also to the information provided in Note 34.

NOTE 32 ACCRUED EXPENSES AND DEFERRED INCOME

	Group	
	2014	2013
Accrued salary-related expenses	1,680	1,481
Accrued interest expenses	72	57
Warranty provisions, commissions, client bonuses, etc.	195	43
Other accrued income	–	45
Other items	1,422	1,171
TOTAL	3,369	2,797

NOTE 33 PLEDGED ASSETS

	Group	
	2014	2013
FOR THE GROUP'S OWN PROVISIONS AND LIABILITIES		
Relating to liabilities to credit institutions		
– Property mortgages	54	51
– Floating charges	220	218
Other pledged assets	426	368
TOTAL REGARDING OWN LIABILITIES AND PROVISIONS	**700**	**637**
TOTAL PLEDGED ASSETS	**700**	**637**

Other pledged assets refer primarily to collateral in the form of shares in subsidiaries. Furthermore, a minor proportion of the item consists of assets subject to retention of title clauses.

NOTE 34 CONTINGENT LIABILITIES

	Group	
	2014	2013
CONTINGENT LIABILITIES		
Warranties	384	198
Other contingent liabilities	10	18
TOTAL CONTINGENT LIABILITIES	**394**	**216**

NOTE 35 TRANSACTIONS WITH RELATED PARTIES

Transactions between Carl Bennet AB, sub-groups and their subsidiaries comprising related parties of Carl Bennet AB, have been eliminated in the consolidated accounts. Transactions involving the transfer of products and services between Group companies have been undertaken on commercial terms and at market prices. Intra-Group sales amounted to MSEK 19,946 (17,540) during 2014. No Board member or senior executive has, or has had, a direct or indirect participation in any corporate transactions between themselves and Carl Bennet AB which is, or was, unusual in its nature as regards the terms and conditions of such transactions. In conjunction with Elanders' acquisition of the German companies, fotokasten and d|o|m during 2012, Carl Bennet AB issued a put option for Elanders' shares to Peter Sommer, who is responsible for Elanders' Print & Packaging Solutions business area in Germany, Hungary and Italy. Peter Sommer owns 578,000 shares in Elanders AB. The terms for the put option are that Peter Sommer can sell his shares to Carl Bennet AB by 10 June 2018 at a price of SEK 29.09 per share. No other transactions with related parties have taken place. For further information on remuneration and benefits to key management employees, refer to Notes 12 and 42.

NOTE 36 ADJUSTMENT FOR ITEMS NOT INCLUDED IN THE CASH FLOW, ETC.

	Group	
	2014	2013
Amortisation/depreciation and impairment of intangible and tangible fixed assets	3,201	2,165
Profit/loss on sales of tangible fixed assets	–12	122
Restructuring charges	–359	49
Other	–38	–76
TOTAL	**2,792**	**2,260**

NOTE 37 BUSINESS COMBINATIONS

PULSION AG

During the first quarter of 2014, Getinge's Medical Systems business area acquired just over 78% of the shares in the German company Pulsion AG. The Company, which is a supplier of hæmodynamic monitoring systems, reports sales of approximately MSEK 300 and has around 130 employees. Goodwill arising in conjunction with the transaction is attributable to the additional sales of Medical Systems' products. It is not practically possible to specify the gains arising from the acquisition since acquisition date, as a complete integration has been executed.

Net assets, MSEK	Assets and liabilities at acquisition date	Adjustment to fair value	Fair value
Intangible assets	–	473	473
Tangible assets	30	–	30
Inventories	46	–	46
Other current assets	83	–	83
Provisions	–	–140	–140
Other current liabilities	–89	–	–89
TOTAL NET ASSETS	**70**	**333**	**403**
Goodwill			838
TOTAL BUSINESS COMBINATION, WITH CASH AND CASH EQUIVALENTS			**1,241**
NET OUTFLOW OF CASH AND CASH EQUIVALENTS ATTRIBUTABLE TO THE ACQUISITION			**1,241**

NOTE 37 BUSINESS COMBINATIONS (CONT.)

ALTRAX GROUP LTD

Getinge's Infection Control business area acquired all of the shares in the English company, Altrax Group Ltd, during the second quarter of 2014. The total purchase price amounted to approximately MSEK 51. The company, which provides systems for traceability and quality assurance within the sterilisation segment, reports sales of approximately MSEK 35 and has 30 employees. Goodwill arising in conjunction with the transaction is attributable to the additional sales of Infection Control's products. It is not practically possible to specify the gains arising from the acquisition since acquisition date, as a complete integration has been executed.

Net assets, MSEK	Assets and liabilities at acquisition date	Adjustment to fair value	Fair value
Intangible assets	–	13	13
Tangible assets	1	–	1
Inventories	5	–	5
Other current assets	8	–	8
Cash and cash equivalents	8	–	8
Provisions	–	–3	–3
Current liabilities	–7	–	–7
TOTAL NET ASSETS	**15**	**10**	**25**
Goodwill			34
TOTAL BUSINESS COMBINATION, WITH CASH AND CASH EQUIVALENTS			**59**
Cash and cash equivalents in acquired operations on acquisition date			–8
NET OUTFLOW OF CASH AND CASH EQUIVALENTS ATTRIBUTABLE TO THE BUSINESS COMBINATION			**51**

CETREA A/S

Getinge's Medical Systems business area acquired all of the shares in the Danish company, Cetrea A/S, during the third quarter of 2014. The total purchase price amounted to approximately MSEK 110, of which MSEK 25 is additional purchase price. The company, which develops and markets IT systems for real-time resource planning in hospital environments, reports sales of approximately MSEK 30 and has 30 employees. Goodwill arising in conjunction with the transaction is attributable to the additional sales of Medical Systems products. It is not practically possible to specify the gains arising from the acquisition since acquisition date, as a complete integration has been implemented.

Net assets, MSEK	Assets and liabilities at acquisition date	Adjustment to fair value	Fair value
Intangible assets	35	21	56
Inventories	4	–	4
Other current assets	2	–	2
Provisions	–	–5	–5
Current liabilities	–30	–25	–55
TOTAL NET ASSETS	**11**	**–9**	**2**
Goodwill			68
TOTAL BUSINESS COMBINATION, WITH CASH AND CASH EQUIVALENTS			**70**
NET OUTFLOW OF CASH AND CASH EQUIVALENTS ATTRIBUTABLE TO THE BUSINESS COMBINATION			**70**

NOTE 37 BUSINESS COMBINATIONS (CONT.)

AUSTMEL PTY LTD

Getinge's Infection Control business area acquired the operations of the Australian company, Austmel Pty Ltd, during the third quarter of 2014. The total purchase price amounted to approximately MSEK 144. The company, which specialises in products and services for quality assurance of sterilisation and thermic processes, reports sales of approximately MSEK 80 and has around 25 employees. A preliminary acquisition analysis is presented below. Goodwill arising in conjunction with the transaction is attributable to the additional sales of Infection Control's products. It is not practically possible to specify the gains arising from the acquisition since acquisition date, as a complete integration has been implemented.

Net assets, MSEK	Assets and liabilities at acquisition date	Adjustment to fair value	Fair value
Intangible fixed assets	–	48	48
Tangible fixed assets	1	–	1
Inventories	4	–	4
Other current assets	–	–	–
Other current liabilities	–2	–	–2
TOTAL NET ASSETS	**3**	**48**	**51**
Goodwill			94
TOTAL BUSINESS COMBINATION, WITH CASH AND CASH EQUIVALENTS			**145**
NET OUTFLOW OF CASH AND CASH EQUIVALENTS ATTRIBUTABLE TO THE BUSINESS COMBINATION			**145**

MDH AG

Lifco's Dental business area acquired all of the shares in the German dental company, MDH AG, in March 2014. The company had sales of approximately MSEK 380 in 2013, with around 150 employees and approximately 5,000 German dentists as customers. The Company is the market leader in Germany within the distribution of dental products to dentists and is the largest importer of high quality technical dental work. With this acquisition, Lifco's Dental business area has strengthened its position in the German market. Goodwill arising in conjunction with the transaction is attributable to the synergy effects expected from the merger of the Group's and MDH AG's operations.

Net assets, MSEK	Assets and liabilities at acquisition date	Adjustment to fair value	Fair value
Intangible assets	14	621	635
Tangible assets	17	–	17
Accounts receivable and other receivables	47	–	47
Accounts payable and other liabilities	–56	–205	–261
Cash and cash equivalents	97	–	97
TOTAL NET ASSETS	**119**	**416**	**535**
Goodwill	–	826	826
TOTAL NET ASSETS	**119**	**1,242**	**1,361**

NOTE 37 BUSINESS COMBINATIONS (CONT.)

MENTOR MEDIA LTD

In January, Elanders acquired all of the shares in the Singapore-based supply chain company, Mentor Media Ltd. The company has around 1,550 employees and its operations span eight countries, the largest of which are China, Singapore, India and the US. Mentor Media specialises in value-adding services for companies in the electronics and computer industry, focusing specifically on product and component flows with extremely short lead times and comprehensive statistical reporting to the client. The operations are based on sophisticated IT solutions and the service offering covers, among other things, sourcing, purchases of sub-components, order and inventory management, order fulfilment systems, distribution, e-commerce solutions and diverse after-sales services. The acquisition was financed via a combination of external creditors and a new share issue. In total, the company has contributed around MSEK 1,525 to the Group's sales.

Net assets, MSEK	Assets and liabilities at acquisition date	Adjustment to fair value	Fair value
Fixed assets	57	35	92
Inventories	89	–	89
Accounts receivable – trade	265	–	265
Other current assets	28	–	28
Cash and cash equivalents	142	–	142
Accounts payable – trade	–130	–	–130
Other interest-bearing liabilities	–69	–11	–80
Interest-bearing liabilities	–48	–	–48
TOTAL NET ASSETS	**334**	**24**	**358**
Goodwill			38
TOTAL PURCHASE PRICE			**396**
Cash and cash equivalents in acquired operations			–142
TOTAL PURCHASE PRICE			**254**

NOTE 38 CONDENSED FINANCIAL INFORMATION FOR SIGNIFICANT SUBSIDIARIES

The Group's share of profits from its participation in the subsidiary Getinge AB, and its share of the assets (including goodwill) and liabilities are as follows:

	Group	
	2014	2013
GETINGE AB: SUMMARY BALANCE SHEET		
ASSETS		
Fixed assets	36,445	30,134
Current assets	16,373	14,169
TOTAL ASSETS	**52,818**	**44,303**
EQUITY AND LIABILITIES		
Equity	18,694	16,560
Non-current liabilities	19,380	17,603
Current liabilities	14,744	10,140
TOTAL EQUITY AND LIABILITIES	**52,818**	**44,303**
GETINGE AB: SUMMARY INCOME STATEMENT		
Income	26,669	25,287
Profit/loss before tax	1,987	3,153
Other comprehensive income	1,375	59
Total comprehensive income	2,823	2,354
DIVIDENDS RECEIVED BY THE PARENT COMPANY FROM GETINGE AB	**179**	**179**

The Group's share of profits from its participation in the subsidiary Lifco AB, and its share of the assets (including goodwill) and liabilities are as follows:

	Group	
	2014	2013
LIFCO AB: SUMMARY BALANCE SHEET		
ASSETS		
Fixed assets	5,117	3,435
Current assets	2,318	2,033
TOTAL ASSETS	**7,435**	**5,468**
EQUITY AND LIABILITIES		
Equity	3,473	2,382
Non-current liabilities	2,635	170
Current liabilities	1,327	2,916
TOTAL EQUITY AND LIABILITIES	**7,435**	**5,468**
LIFCO AB: SUMMARY INCOME STATEMENT		
Income	6,802	6,030
Profit/loss before tax	763	575
Other comprehensive income	131	27
Total comprehensive income	701	415
DIVIDENDS RECEIVED BY THE PARENT COMPANY FROM LIFCO AB	**100**	**100**

NOTE 38 CONDENSED FINANCIAL INFORMATION FOR SIGNIFICANT SUBSIDIARIES (CONT.)

The Group's share of profits from its participation in the subsidiary Elanders AB, and its share of the assets (including goodwill) and liabilities are as follows:

	Group	
	2014	**2013**
ELANDERS AB: SUMMARY BALANCE SHEET		
ASSETS		
Fixed assets	1,880	1,671
Current assets	1,690	793
TOTAL ASSETS	**3,570**	**2,464**
EQUITY AND LIABILITIES		
Equity	1,348	1,039
Non-current liabilities	111	502
Current liabilities	2,111	923
TOTAL EQUITY AND LIABILITIES	**3,570**	**2,464**
ELANDERS AB: SUMMARY INCOME STATEMENT		
Income	3,730	2,096
Profit/loss before tax	140	102
Other comprehensive income	118	28
Total comprehensive income	206	98
DIVIDENDS RECEIVED BY THE PARENT COMPANY FROM ELANDERS AB	**11**	**7**

For further information, refer to the respective company's published annual report.

Parent Company

PARENT COMPANY INCOME STATEMENT, MSEK

	Note	2014	2013
Net sales	39	4	4
GROSS PROFIT		**4**	**4**
Administrative expenses	40	–47	–51
Research and development costs		–13	–16
OPERATING LOSS	41, 42	**–56**	**–63**
PROFIT FROM FINANCIAL ITEMS			
Financial income	43	3,626	319
Financial expenses	43	–39	–120
TOTAL PROFIT FROM FINANCIAL ITEMS		**3,587**	**199**
PROFIT AFTER FINANCIAL ITEMS		**3,531**	**136**
Appropriations	44	–1	106
Tax on profit for the year	45	17	–6
NET PROFIT FOR THE YEAR		**3,547**	**236**

The Parent Company reports no items in Other comprehensive income, for which reason Total comprehensive income is equal to net profit for the year.

PARENT COMPANY BALANCE SHEET, MSEK

	Note	31 Dec 2014	31 Dec 2013
ASSETS			
FIXED ASSETS			
Tangible fixed assets			
Equipment	40	1	1
		1	**1**
Financial fixed assets			
Participations in Group companies	46	3,967	4,297
Participations in associated companies	47	22	17
Other investments held as fixed assets	48	165	194
Non-current receivables from Group companies	35	37	38
Other non-current receivables		17	–
		4,208	**4,546**
TOTAL FIXED ASSETS		**4,209**	**4,547**
CURRENT ASSETS			
Current receivables			
Receviables from Group companies	35	1	100
Current tax assets		6	–
Other current receivables		–	2
Prepaid expenses and accrued income	49	2	3
		9	**105**
Cash and cash equivalents	50, 51	2,398	1
TOTAL CURRENT ASSETS		**2,407**	**106**
TOTAL ASSETS		**6,616**	**4,653**

PARENT COMPANY BALANCE SHEET, MSEK (CONT.)

	Note	31 Dec 2014	31 Dec 2013
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	27	1	1
Statutory reserve		–	–
		1	**1**
Non-restricted equity			
Retained earnings		3,059	2,883
Net profit for the year		3,547	236
		6,606	**3,119**
TOTAL EQUITY		**6,607**	**3,120**
NON-CURRENT LIABILITIES			
Other non-current liabilities		4	4
TOTAL NON-CURRENT LIABILITIES		**4**	**4**
CURRENT LIABILITIES	50		
Liabilities to credit institutions		–	1,515
Accounts payable – trade		2	4
Current tax liabilities		–	2
Other current liabilities		2	1
Accrued expenses and deferred income	52	1	7
TOTAL CURRENT LIABILITIES		**5**	**1,529**
TOTAL EQUITY AND LIABILITIES		**6,616**	**4,653**
PLEDGED ASSETS		**None**	**None**
CONTINGENT LIABILITIES		**None**	**None**

CHANGES IN EQUITY FOR THE PARENT COMPANY, MSEK

	Share capital	Statutory reserve	Non-restricted equity	Total equity
OPENING BALANCE, 1 JANUARY 2013	1	–	2,943	2,944
Dividend in accordance with resolution of annual general meeting	–	–	–60	–60
Net profit for the year	–	–	236	236
CLOSING BALANCE, 31 DECEMBER 2013	**1**	**0**	**3,119**	**3,120**
Dividend in accordance with resolution of annual general meeting	–	–	–60	–60
Net profit for the year	–	–	3,547	3,547
CLOSING BALANCE, 31 DECEMBER 2014	**1**	**0**	**6,606**	**6,607**

In the Parent Company there are no items reported as Other comprehensive income which is the reason the Total results agree with the year's results.

Share capital is comprised of 105,000 shares, of which 5,000 shares entitle the holder to 10 votes per share and 100,000 shares entitle the holder to 1 vote per share. This totals 150,000 votes. All shares issued by the Parent Company have been paid for in full. The Parent Company holds none of its own shares.

CASH FLOW STATEMENT FOR THE PARENT COMPANY, MSEK

	Note	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Profit after financial items		3,531	136
Adjustment for non-cash items, etc.	53	–3,319	51
Income tax paid		–8	–6
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**204**	**181**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Other current receivables		3	–1
Increase/decrease in other current operating liabilities		–7	–1
CASH FLOW FROM OPERATING ACTIVITIES		**200**	**179**
INVESTING ACTIVITIES			
Investments in tangible fixed assets		–	–1
Investments in subsidiaries		–578	–76
Investments in associated companies		–5	–12
Acquisition of financial fixed assets		–10	–78
Divestment of financial fixed assets		4,266	40
CASH FLOW FROM INVESTING ACTIVITIES		**3,673**	**–127**
FINANCING ACTIVITIES			
Borrowings		500	16
Repayment of borrowings		–2,016	–200
Group contribution received		100	100
Dividends paid		–60	–60
CASH FLOW FROM FINANCING ACTIVITIES		**-1,476**	**–144**
CASH FLOW FOR THE YEAR		**2,397**	**–92**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1	93
CASH AND CASH EQUIVALENTS AT YEAR-END		**2,398**	**1**

Notes for the Parent Company

NOTE 39 CLASSIFICATION OF INCOME

	2014	2013
Net sales include income from:		
Services	4	4
TOTAL	4	4

NOTE 40 INVENTORIES

	2014	2013
Opening acquisition cost	2	1
Purchases	1	1
Sales and disposals	–1	–
CLOSING ACCUMULATED ACQUISITION COST	**2**	**2**
Opening depreciation	–1	–1
Depreciation for the year	–	–
Closing accumulated depreciation	–1	–1
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	**1**	**1**

NOTE 41 REMUNERATION TO AUDITORS

	2014	2013
PwC		
Audit assignment	–	–
Other services	1	1
TOTAL	1	1

Audit assignment refers to the auditing of the annual report, consolidated accounts and accounting records, as well as of the administration of the Board of Directors and CEO, the execution of other tasks required of the Company's auditors, and the provision of advice and other assistance arising due to observations made during such auditing procedures or during the execution of other such tasks. All other activities undertaken by the auditors are referred to as Other services.

NOTE 42 AVERAGE NUMBER OF EMPLOYEES AND PERSONNEL COSTS

	2014	2013
AVERAGE NUMBER OF EMPLOYEES		
Women	3	3
Men	2	2
TOTAL	**5**	**5**
SALARIES, REMUNERATION, SOCIAL SECURITY CONTRIBUTIONS AND PENSION COSTS		
Salaries and remuneration to the Board of Directors and CEO	2	2
Salaries and remuneration to other employees	4	3
	6	5
Statutory and contractual social security contributions	3	2
Pension costs for other employees	3	1
TOTAL	**12**	**8**

MEMBERS OF THE BOARD AND SENIOR EXECUTIVES

Gender distribution of Members of the Board per balance sheet date	2014	2013
Women	33%	33%
Men	67%	67%

Gender distribution of CEO and other senior executives per balance sheet date	2014	2013
Women	50%	50%
Men	50%	50%

NOTE 43 FINANCIAL INCOME AND EXPENSES

	2014	2013
FINANCIAL INCOME		
Capital gains/losses on shares in Group companies	3,308	–
Dividends from Group companies	293	289
Dividends from associated companies	9	2
Capital gains/losses on other securities	12	23
Dividends from other securities	3	4
Interest income on bank balances	1	1
TOTAL FINANCIAL INCOME	**3,626**	**319**
FINANCIAL EXPENSES		
Interest expenses on borrowings	–39	–43
Unrealised changes in value, other securities	–	–77
TOTAL FINANCIAL EXPENSES	**–39**	**–120**
TOTAL FINANCIAL ITEMS – NET	**3,587**	**199**

NOTE 44 APPROPRIATIONS

	2014	2013
Group contributions received	–	100
Group contributions paid	–1	–1
Change in tax allocation reserve	–	7
TOTAL	**–1**	**106**

NOTE 45 TAX ON PROFIT FOR THE YEAR

	2014	2013
Current tax for the year	–	–6
Deferred tax	17	–
TAX EXPENSE	**17**	**–6**

The relationship between the tax expense for the year and net profit for the period is presented in the table below. Estimated tax on net profit for the year has been calculated with the application of a tax rate of 22%.

	2014	2013
Net profit before tax	3,530	242
Tax according to applicable tax rate in Sweden, 22%	–776	–53
Tax effect of:		
– Non-taxable income tax	794	64
– Non-deductible expenses	–1	–17
TAX EXPENSE	**17**	**–6**

NOTE 46 PARTICIPATIONS IN GROUP COMPANIES

Group company name	Corporate Identity Number	Registered offices
Getinge AB	556408-5032	Gothenburg
Lifco AB	556465-3185	Enköping
Elanders AB	556008-1621	Mölnlycke
Symbrio AB	556570-1488	Stockholm
Dragesholm AB	556672-9538	Gothenburg

	Share of equity, %	Share of votes, %	Number of shares	Book value 2014	Book value 2013
Getinge AB			15,940,050 A		
			27,153,848 B		
	18.08	48.86	43,093,898	2,465	2,465
Lifco AB			6,075,970 A		
			39,437,290 B		
	50.10	68.85	45,513,260	911	1,319
Elanders AB			1,361,110 A		
			15,171,447 B		
	62.34	74.24	16,532,557	562	484
Symbrio AB	66.84	66.84	7,317,638	29	29
Dragesholm AB	100.00	100.00	1,000	–	–
TOTAL				**3,967**	**4,297**

	2014	2013
Opening acquisition costs	4,297	1,751
Investments	–	81
New share issue	78	–
Capital contribution	500	–
Sales of shares	–908	–
Reclassification from participations in associated companies	–	2,465
CLOSING ACCUMULATED ACQUISITION COSTS	**3,967**	**4,297**
CLOSING BOOK VALUE	**3,967**	**4,297**

NOTE 47 PARTICIPATIONS IN ASSOCIATED COMPANIES

Associated company name	Org. nr.	Säte
Entercircle Konfektion AB	556871-0650	Gothenburg
HealthInvest Partners AB	556680-4810	Stockholm
Biotech Invest i Albano AB	556630-4449	Stockholm

	Share of equity, %	Share of votes, %	Number of shares	Book value 2014	Book value 2013
Entercircle Konfektion AB	43	43	5,731	15	10
HealthInvest Partners AB	27	27	386	7	7
Biotech Invest i Albano AB	41	41	5,127	–	–
TOTAL				**22**	**17**

	2014	2013
Opening acquisition costs	89	2,545
Investments	–	10
New share issue	5	–
Reclassification to participations in Group companies	–	–2,466
CLOSING ACCUMULATED ACQUISITION COSTS	**94**	**89**
Opening impairment	–72	–
Changes for the year		
– Impairment losses	–	–72
CLOSING ACCUMULATED IMPAIRMENT	**–72**	**–72**
CLOSING BOOK VALUE	**22**	**17**

NOTE 48 OTHER INVESTMENTS HELD AS FIXED ASSETS

Investments held as fixed assets include available-for-sale financial assets intended to be held for a long period of time, as well as securities at fair value through profit or loss which are held for trading purposes.

	2014	2013
Available-for-sale financial assets include the following:		
Other investments held as fixed assets		
Listed shares and participations	153	192
Unlisted shares and participations	12	2
	165	**194**
Opening acquisition cost	196	135
Additional securities	10	84
Sold securities	-39	–23
CLOSING ACCUMULATED ACQUISITION COST	**167**	**196**
Opening impairment	–2	–2
CLOSING ACCUMULATED IMPAIRMENT	**–2**	**–2**
CLOSING BOOK VALUE, TOTAL	**165**	**194**
of which listed shares		
Book value	153	192
Market value or equivalent	306	287

NOTE 49 PREPAID EXPENSES AND ACCRUED INCOME

	2014	2013
Other items	2	3
TOTAL	**2**	**3**

NOTE 50 BANK OVERDRAFT FACILITIES

	2014	2013
Utilised portion of bank overdraft facilities	–	15
Bank overdraft facilities, agreed limit, SEK	–	40

NOTE 51 CASH AND CASH EQUIVALENTS

	2014	2013
Cash and cash equivalents in the balance sheet and the cash flow statement include the following items:		
Cash and bank balances	2,398	1

NOTE 52 ACCRUED EXPENSES AND DEFERRED INCOME

	2014	2013
Accrued interest expenses	–	5
Accrued salary-related expenses	–	1
Other items	1	1
TOTAL	**1**	**7**

NOTE 53 ADJUSTMENTS FOR NON-CASH ITEMS, ETC.

	2014	2013
Capital gains/losses	–3,320	–23
Impairment losses	–	77
Other	1	–3
TOTAL	**–3,319**	**51**

This annual report will be presented for adoption at the Annual General Meeting to be held on 7 May 2015.

Gothenburg, 7 May 2015

Carl Bennet
CEO and
Chairman of the Board

Johan Stern

Nina Bennet

Our audit report was presented on 7 May 2015.

PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public Accountant

Auditor's report

To the annual general meeting of the shareholders in Carl Bennet AB,
Corporate Identity Number 556379-0715.

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Carl Bennet AB for the year 2014.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and cash flows for the year then ended, in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2014 and of its financial performance and cash flows for the year then ended, in accordance with IFRS, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statements and balance sheets for the Parent Company and the Group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Carl Bennet AB for the year 2014.

Responsibilities of the Board of Directors and the CEO

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

Auditor's responsibility

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

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to assess whether the proposal is in accordance with the Swedish Companies Act.

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

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

Opinion

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

Gothenburg, 7 May 2015

PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public Accountant

Carl Bennet AB

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